

Stock code: 8418



JP Nelson Holdings
捷必勝控股股份有限公司

Handbook
2019 Annual General Meeting

Time: June 27, 2019 (Thursday)

**Venue: Hall 203, International Conference Center, National
Taiwan University Hospital
(2F, No. 2, Xuzhou Road, Taipei City)**

Table of Contents

I.	Meeting Procedures	1
II.	Meeting Agenda	2
	1. Management Presentation	3
	2. Matters to be rectified	4
	3. Election & Discussions.....	5
	4. Extemporary Motion	9
III.	Appendixes	
	1. 2018 Business report.....	10
	2. Audit Report by the Audit Committee	12
	3. Audited Annual Report and Consolidated Financial Statements	13
	4. Appropriation of Capital to Make Up 2018 Losses.....	25
	5. List of Candidates for Directors (Including Independent Directors)	26
	6. Comparison of the amended version of the summary of the Articles of Association; Amended and restated Memorandum and Articles of Association.....	28
	7. Comparison of the amended version of the summary of Regulations Governing the Acquisition and Disposal of Assets	67
	8. Comparison of the amended version of the summary of Regulations Governing Loaning of Funds to Others.....	82
	9. Comparison of the amended version of the summary of Regulations Governing Endorsements/Guarantees	85
IV.	Annexes	
	1. Articles of Association (before amendment).....	87
	2. Regulations Governing the Acquisition and Disposal of Assets (before amendment)	117
	3. Regulations Governing Loaning of Funds to Others (before amendment)	136
	4. Regulations Governing Endorsements/Guarantees (before amendment).....	142
	5. Rules of Procedures Governing General Meeting	148
	6. Regulations Governing the Procedures to Elect Directors and Supervisors	156
	7. Shareholding Status by All Directors	159
	8. The performance of the present issuance of bonus shares and its impact upon earnings per share (EPS).....	160
	9. Bonus to employees and remuneration to directors related information	160

I. Meeting Procedures

JP Nelson Holdings 2019 Annual General Meeting

1. Opening announcement
2. Chairman's remarks
3. Management presentation
4. Matters to be rectified
5. Election & discussions
6. Extemporaneous motion
7. Adjournment

II. Meeting Agenda

JP Nelson Holdings Agenda for 2019 Annual General Meeting

Time: 9am, June 27, 2019 (Thursday)

Venue: Hall 203, International Conference Centre, National Taiwan University Hospital (2F,
No. 2, Xuzhou Road, Taipei City)

1. Opening announcement (number of shares represented by attending shareholders)
2. Chairman's remarks
3. Management presentation
 - (1) 2018 Business Report
 - (2) Audit Report from Audit Committee
 - (3) Update on increases of share capital for issuance of ordinary shares via private placement
4. Matters to be rectified
 - (1) 2018 business report and financial statement
 - (2) 2018 make-up losses and capital appropriation
5. Elections & discussions
 - (1) Election of directors for the fourth board
 - (2) Removal of non-compete clause for directors newly onboard
 - (3) Amendment of parts of the Articles of Association (to be passed by special resolution)
 - (4) Amendment of parts of Regulations Governing the Acquisition and Disposal of Assets
 - (5) Amendment of parts of Regulations Governing Loaning of Funds to Others
 - (6) Amendment of parts of Regulations Governing Endorsements/Guarantees
 - (7) Issuance of ordinary shares via private placement (to be passed by special resolution)
6. Extemporary motion
7. Adjournment

Management Presentation

1. 2018 Business Report
Explanations: Please refer to Appendix 1 (page 10).
2. Audit Report by Audit Committee
Explanations: Please refer to Appendix 2 (page 12).
3. Update on increases of share capital for issuance of ordinary shares via private placement

Explanations: The Company issued new shares for cash injection via private placement in May 2018. Below is a summary of use of proceeds.

- (1) Use of proceeds
Amount of funds utilized up to date: NTD\$44,100,000
Progress according to schedule: 100%
Purpose: working capital
- (2) Progress according to schedule: completion as planned in the second quarter of 2018
- (3) Benefits of the private placement: improvement of working capital and financial structure; enhancement of capital capacity and flexibility.

Matters to be rectified

Proposal 1: (by the board)

Subject: Please kindly rectify the 2018 Business Report and financial statements.

Explanations:

1. The 2018 Business Report and consolidated financial statements are submitted to the annual general meeting for rectification.
2. The 2018 consolidated financial statements were audited by CPA Bo-Ren Weng and CPA Jacky M. Chen of Deloitte Taiwan and approved by the board on March 25, 2019. The Audit Committee has completed the review of the financial statements and issued an audit report accordingly.
3. Please refer to Appendix 1 (page 10) for the 2018 Business Report and to Appendix 3 (page 13) for consolidated financial statements.

Resolution:

Proposal 2: (by the board)

Subject: Please kindly rectify the appropriation of capital to make up the 2018 losses.

Explanations:

1. The Company does not intend to issue dividends given the losses in 2018.
2. Please refer to Appendix 4 (page 25) for the appropriation of capital to make up the 2018 losses.

Resolution:

Election & Discussions

Proposal 1: (by the board)

Subject: Election of directors for the fourth board

- Explanations:
1. The directors of the third board were originally supposed to finish their term on June 12, 2019. This has been moved to June 27, 2018 for the convening of the 2019 Annual General Meeting and the election of the directors for the fourth board on June 27, 2019.
 2. The fourth board requires a total of seven directors, including three independent ones. All the candidates are nominated. The newly elected directors shall serve a term of three years, from June 27, 2019 to June 26, 2022.
 3. The candidates for independent directors have passed the review by the board on May 10, 2019 for their qualifications and backgrounds. Please refer to Appendix 5 in the Handbook (page 26) for the List of Candidates for Directors (Including Independent Directors) and their relevant data.
 4. Please kindly cast your votes.

Election results:

Proposal 2: (by the board)

Subject: Removal of the non-compete restrictions on newly elected directors.

- Explanations:
1. According to Article 28.6 of the Articles of Association, directors shall explain to an annual general meeting and obtain approval of an action engaging in business for himself/herself or on behalf of another person that is within the scope of the Company's business.
 2. The Annual General Meeting is asked to consider agreeing to the removal of non-compete restrictions on newly elected directors in order to meet operational requirements.

Resolution:

Proposal 3: (by the board)

Subject: Amendment of parts of the Articles of Association

- Explanations:
1. Management intends to amend parts of the Articles of Association according to the Checklist for Protection of Shareholders' Rights in the Country or Territory the Foreign Issuer Is Domiciled for as amended by the Taipei Exchange.
 2. The amended and restated Memorandum and the Articles of

Association shall replace the existing version of the Memorandum and the Articles of Association.

3. Please refer to Appendix 6 (page 28) for the new version of Memorandum and the Articles of Association, and the comparison of the amended version of the summary of the Articles of Association.
4. Management intends to authorize the company's registered agent to file reports to the registration office of the Cayman Islands.
5. Please cast your votes in the form of special resolution.

Resolution:

Proposal 4: (by the board)

Subject: Amendment of parts of Regulations Governing the Acquisition and Disposal of Assets

- Explanations:
1. The amendment of parts of Regulations Governing the Acquisition and Disposal of Assets is intended for compliance with IFRS 16 Leases, enhanced quality of information disclosed for asset acquisitions and disposals as a public company and defined responsibility for external experts.
 2. Please refer to Appendix 7 (page 67) for the comparison of the amended version of the summary of Regulations Governing the Acquisition and Disposal of Assets.

Resolution:

Proposal 5: (by the board)

Subject: Amendment of parts of Regulations Governing Loaning of Funds to Others

- Explanations:
1. The amendment of parts of Regulations Governing Loaning of Funds to Others is to comply with laws and regulations and meet the practical requirements.
 2. Please refer to Appendix 8 (page 82) for the comparison of the amended version of the summary of Regulations Governing Loaning of Funds to Others.

Resolution:

Proposal 6: (by the board)

Subject: Amendment of parts of Regulations Governing Endorsements/Guarantees

- Explanations:
1. The amendment of parts of Regulations Governing Endorsements/Guarantees is to comply with laws and regulations

- and meet the practical requirements.
2. Please refer to Appendix 9 (page 85) for the Comparison of the amended version of the summary of Regulations Governing Endorsements/Guarantees.

Resolution:

Proposal 7: (by the board)

Subject: Please kindly discuss the issuance of ordinary shares via private placement.

- Explanations:
1. In order to strengthen working capital and introduce strategic investors for funding requirements and better competitiveness going forward, management proposes that the annual general meeting should authorize the board to issue up to a total of 7,000,000 ordinary shares at a face value of NTD\$10 per share via private placement in multiple tranches within one year after the approval from the annual general meeting.
 2. The principles for this private placement according to the regulatory requirements stipulated by Article 43-6 of the Securities and Exchange Act are as follows:
 - (1) Basis and reasonability of private placement pricing:
 - A. The reference price shall be the higher of the following two basis prices:
 - a. The arithmetic mean closing price of ordinary shares for either the one day, three days or five days before the pricing date less ex-rights and cash dividends, and then adding back the share price post capital deductions and reverse ex-rights;
 - b. The arithmetic mean closing price of ordinary shares for thirty days before the pricing date less ex-rights and cash dividends, and then adding back the share price post capital deductions and reverse ex-rights.
 - B. The issued price of the ordinary shares via placement shall not be lower than 80% of the reference price or lower than the face value of NTD\$10 per share.
 - C. Depending on market conditions and relevant laws and regulations set by the competent authorities, the board, authorized by the annual general meeting, shall determine the issued price of the ordinary shares via placement according to laws and regulations and at a level not lower than the basis and the range determined by the general meetings. The pricing date shall also be determined by the board, depending on the negotiations with specific persons.

- D. The basis for the pricing of the ordinary shares issued via private placement is in line with the Directions for Public Companies Conducting Private Placements of Securities and hence should be reasonable.
- (2) Selection of investors via private placement
We intend to limit the pool of potential investors as qualified by Article 43-6 of the of the Securities and Exchange Act and the official letter Tai-Finance-Securities (1) No. 0910003455 issued by the Financial Supervisory Commission on June 13, 2002. We have yet to contact specific persons. We would like to ask the board to authorize the Chairman to select specific persons with the top priority given to those who would benefit, directly or indirectly, the operations of the company. The selection of the specific persons shall comply with the regulations stipulated by the competent authorities.
 - (3) Necessity for private placement and expected benefits
 - A. Not opt for open offerings:
It is not easy to stay on top of conditions and sentiments in the capital market. The introduction of strategic investors in a timely manner via private placement helps to ensure the feasibility of cash injections, timeliness and easiness of fund raising. This enhances the mobility and efficiency of capital raising for the company.
 - B. Use of proceeds and expected benefits:
The funds raised via private placement will be used as working capital. This will strengthen the company's financial structure, improve the capital flexibility and reduce financial and operational risks.
- 3. Rights and obligations associated with the private placement of marketable securities concerned:
The rights and obligations of the ordinary shares issued via private placement are identical with those of ordinary shares already issued by the company, other than the adherence of Article 43-8, the Securities and Exchange Act, within three years after the delivery date regarding the transfer of these ordinary shares. Management intends to authorize the board for the issuance of ordinary shares via private placement and apply with the competent authorities to complete supplementary procedures for classification as a publicly issued company and an initial public offering on the Taipei Exchange after three years post the delivery date of these ordinary according to the Securities & Exchange Act and relevant laws and regulations.
 - 4. If it is necessary to issue the ordinary shares via private placement in trenches, management intends to request the annual general meeting to authorize the board to issue these shares in two trenches within one year after the date when the annual general meeting approves on the

private placement, as well as the public announcement within fifteen days after the completion of share subscription payments. If it is impossible to complete the private placement within the one-year period, and the board decides not to continue with the private placement before the deadline, the company shall disclose the material information via Market Observation Post System.

Expected number of tranches	Expected number of issued shares	Planned use of proceeds	Expected benefits
First trench	≤3,500,000 shares	Working capital	To strengthen the company's financial structure, improve the capital flexibility, reduce financial and operational risks and protect shareholders' equity
Second trench	≤3,500,000 shares		

5. If there are any modifications to the key features of this private placement, such as issue prices, number of issued shares, terms and conditions, project items, use of proceeds, expected benefits and any other matters not covered other than pricing range in response to changes to laws/regulations, guidance from competent authorities or the market conditions, the board shall have the full discretion as to actions taken, once the annual general meeting has granted authorization to the board.
6. After the annual general meeting has approved the private placement of ordinary shares, it shall authorize the Chairman or the designated person with full discretion to act on behalf of the Company to sign all the contracts and documents in relation to the issuance of ordinary shares via private placement and proceed with all the matters necessary for the private placement of ordinary shares.
7. Please cast your votes in the form of special resolution.

Resolution:

Extemporary Motion

Adjournment

III. Appendixes

【Appendix 1】

JP Nelson Holdings 2018 Business Report

Dear Shareholders:

The lower growth of global trading volumes in 2018 caused economic slowdowns in the Eurozone, China and other emerging markets. Whilst the trade war between China and the U.S. did suppress the overall trading volumes, demand softness from emerging markets remain the key reason for slower trades. The South East Asian markets (such as Thailand, Malaysia and Hong Kong) were also affected to various degrees, with developments delayed or pushed back. The only exception was Singapore where the construction market was supported with multiple infrastructure projects. Meanwhile, price competition is still fierce in the machinery market. With the collective efforts from our employees, we stay on top of the market changes and adjust operational strategies and marketing campaigns in a flexible manner. As a result, we managed to post significant year-over-year growth in the topline. In the meantime, management continued to trim down avoidable costs and expenses and exercise a tight review over the timing and necessity of procurements. We also keep a close eye on the infrastructure development in new markets such as Vietnam and Malaysia in order to gradually increase the contribution from overseas revenues. As far as our internal management is concerned, we seek to adjust the product mix, utilize assets and equipment, retire the facilities with low returns, and increase the percentage of equipment that creates good profits. All these endeavors have streamlined our operations and prepared us for challenges to come.

1. 2018 Business Report
 - (1) Business achievements

Expressed in thousands of New Taiwan Dollars

Item	2017	2018
Revenue	1,496,225	1,937,991
Net income	(390,601)	(136,022)
Net income margin	(26.11)	(7.01)

The 2018 revenue grew approx. by 29.52% from 2017, primarily due to the demand for drillers and other large tools from public infrastructure projects in Singapore during the second half of the year. The company accurately gauged the market demand and launched products with a high performance-to-price ratio to grasp the business opportunity. The 2018 revenue from equipment increased significantly by NTD\$266,658,000 or 64.23% from 2017. The leasing revenue increased by about NTD\$15,600,000 or 22.05% year-over-year. Despite the heated market competition, selling prices and leasing prices have been gradually recovering. The gross margin in 2018 jumped back to 9% compared to the previous year. Selling, general & administrative expenses reduced by NTD\$27,837,000, or 12.4% or so, from the 2017 level. However, the expected credit loss increased by NTD\$96,913,000 in 2018, bringing operating expenses up to NTD\$293,491,000. Non-operating incomes and expenses during the period saw the reversal of asset impairment by NTD\$592,000 and the gain from disposal of buildings and properties for NTD\$47,223,000. As a result, the

year 2018 reported a loss of NTD\$136,022,000, a narrowing of losses by 65% (or -NTD\$254,579,000) from 2017.

2. 2019 Business Plan and Strategy

The world moves into the year 2019 with a still unclear outlook for the economy. The trade tensions persist, and tariff problems heat up between China and the U.S. The troubled situation with Brexit is having a spillover effect. The China economy is seeing a slowdown. All these issues may impede economic growth.

According to the statistics from the Asian Development Bank, the five economies in South East Asia (i.e. Indonesia, Malaysia, the Philippines, Singapore and Thailand) reported a weighted GDP growth of 4.8% in 2018, lower than 5.1% in 2017. Whilst it was the first slowdown over the past three years, the South East Asian region remained the bright spot in the global economy. The continued trade war between China and the U.S. and the elections in South East Asian countries in 2019 are expected to suppress the economic momentum of these five countries. Nonetheless, the large-scale infrastructure projects and increasing family spending in the region will continue to support the economic growth in South East Asia over the next three to five years.

Going forward, any business cycle change will become shorter and quicker than we knew it. JP Nelson Holdings believes that there is no short cut to success. All we can do is keep trying and keep up with changes. Instead of sitting around and waiting for economic recovery, we should stand to create opportunities. With efforts from all of our employees, we have made some progress in 2018. Although the results are not completely satisfactory, it was a starting point. We think the worst is behind us. JP Nelson Holdings will take a more proactive approach to participation of infrastructure projects under planning in South East Asia. We will identify like-minded business partners and source a variety of quality products. We endeavor to provide flexible, efficient and real-time services to meet customer needs. It is our hope that shareholders will continue to give us support and encouragement.

Chairman Lim Eng Koo

【Appendix 2】

JP Nelson Holdings

Audit Report by the Audit Committee

The Audit Committee has reviewed the Company's 2018 business report, consolidated financial statements and proposal for the appropriation of capital to make up the losses, and has not identifies any non-compliance. Hence, the Audit Committee is presenting its audit report pursuant to the requirements stipulated in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

JP Nelson Holdings

Convener of the Audit Committee
Chen Chung Cheng

March 25, 2019

【Appendix 3】

JP Nelson Holdings (Cayman) and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2018 and 2017 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
JP Nelson Holdings (Cayman)

Opinion

We have audited the accompanying consolidated financial statements of JP Nelson Holdings (Cayman) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Property, Plant and Equipment

The Group's property, plant and equipment have a carrying amount of \$2,515,804 thousand as at December 31, 2018, which make up 65% of the total consolidated assets. This is considered material to the consolidated financial statements. Refer to Notes 4(h), 5 and 13 for more detailed information on the accounting policies, estimation uncertainty and other disclosures related to property, plant and equipment.

The Group specializes in trading, leasing and maintenance of construction and civil engineering machines and equipment, as well as trading of the related machine parts. The management of the Group forecasted that the future cash flows from the use of property, plant and equipment will decrease, meaning the recoverable amount will be smaller than the carrying amount. The calculation of the recoverable amount includes the value in use and the fair value, and since the calculation of the recoverable amount involves many estimates and assumptions, management decided to assess recoverable amount as the fair value less cost of sale. The determination of the fair value is based on the opinion of the valuation expert's report, as such opinion is highly professional. Therefore, the impairment assessment of property, plant and equipment is considered as one of the 2018 key audit matters.

Our main audit procedures performed in respect of above matter include the following:

1. We understood the procedures for assessing impairment of property, plant and equipment and the relevant approval process followed by the Group's management.
2. We obtained the evaluation report on the impairment assessment of individual cash generating assets from the Group's management.
3. We consulted with the professionals in Deloitte Financial Advisory Corporation in Taiwan and confirmed that the fair value was assessed by an experienced and qualified third party and that the assessment conformed with professional standards.
4. We ascertained transactions and information provided by the third party with the assistance of the professionals in Deloitte Financial Advisory Corporation in Taiwan who tested the sample of data selected by us and confirmed that all information agreed with the original data or external evidence.
5. We evaluated whether the forecasts of the Group's future performance and profit margin prepared by the management were reasonable.

Impairment of Accounts Receivable

The net amount of the Group's accounts receivable was \$500,893 thousand (excluding allowance for doubtful debt of \$16,320 thousand) as at December 31, 2018. The amount of overdue receivables was \$189,756 thousand; such amount was fully provided with allowance for doubtful debt. Refer to Notes 4(k), 5 and 8 to the accompanying consolidated financial statements for the related accounting policies, estimation uncertainty and other detailed information.

The management made significant decisions in the process of assessing the allowance for doubtful debt, including determining the collection rate and credit periods for customers. Therefore, the impairment of accounts receivable is classified as one of the 2018 key audit matters.

In view of the above audit matter, we assessed the relevance of the allowance for doubtful debts in respect of individual customers whose accounts receivable balances are significant and have a record of delayed payments. In addition, the major audit procedures that we have performed are stated as follows:

1. We understood the management's policies on the recording of allowance for doubtful debts; we tested the aging report of accounts receivable; and we evaluated the appropriateness of the allowance for doubtful debts based on the expected credit loss basis with prospective adjustments.

2. We evaluated the recoverability of overdue receivables based on the actual recovery rate in the past and we ascertained that no additional allowance is needed to be recognized.
3. We tested the accuracy and completeness of accounts receivable data by tracing the records to the source documents.
4. We performed confirmation procedures and checked the reconciliations prepared by the Group.

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 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, 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 audit committee, 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, 2018 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 Po-Jen Weng and Hui-Min, Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2019

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.

JP NELSON HOLDINGS (CAYMAN) AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 174,680	5	\$ 91,100	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	5	-	7	-
Notes receivable (Notes 4, 5, 8 and 30)	3,370	-	986	-
Trade receivables (Notes 4, 5, 8 and 30)	484,518	12	418,056	11
Trade receivables from related parties (Notes 4, 5, 8, 30 and 31)	16,375	-	3,909	-
Other receivables (Notes 4, 8 and 30)	10,192	-	4,910	-
Other receivables from related parties (Notes 4, 8, 30 and 31)	721	-	5,085	-
Current tax assets (Note 24)	857	-	7,171	-
Inventories (Notes 4, 9 and 32)	497,358	13	351,924	10
Prepayments (Notes 14, 15 and 32)	34,077	1	28,114	1
Non-current assets held for sale (Notes 4, 10, 23 and 32)	-	-	85,969	2
Other current assets (Notes 15, 30 and 32)	-	-	4,011	-
Total current assets	<u>1,222,153</u>	<u>31</u>	<u>1,001,242</u>	<u>27</u>
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 12)	2,595	-	3,213	-
Property, plant and equipment (Notes 4, 5, 13, 23, 31 and 32)	2,515,804	65	2,544,927	69
Deferred tax assets (Notes 4 and 24)	71,750	2	58,852	2
Refundable deposits (Notes 15 and 30)	10,965	-	3,241	-
Long-term prepayments for leases (Notes 14 and 32)	<u>65,099</u>	<u>2</u>	<u>65,810</u>	<u>2</u>
Total non-current assets	<u>2,666,213</u>	<u>69</u>	<u>2,676,043</u>	<u>73</u>
TOTAL	<u>\$ 3,888,366</u>	<u>100</u>	<u>\$ 3,677,285</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bills payable and borrowings (Notes 16 and 30)	\$ 436,706	11	\$ 343,336	9
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 30)	336	-	75	-
Contract liabilities - current (Note 22)	11,940	-	-	-
Trade payables (Notes 17 and 30)	333,237	9	60,941	2
Trade payables to related parties (Notes 17, 30 and 31)	-	-	7,144	-
Other payables (Notes 19 and 30)	139,410	4	129,183	4
Other payables to related parties (Notes 19, 30 and 31)	97,361	3	105,286	3
Current tax liabilities (Note 24)	6,075	-	11,316	-
Current portion of long-term borrowings (Notes 16, 30 and 32)	451,524	12	381,828	11
Unearned receipts	1,423	-	45,618	1
Lease payables - current (Notes 18 and 30)	13,144	-	-	-
Other current liabilities	<u>29</u>	<u>-</u>	<u>2,598</u>	<u>-</u>
Total current liabilities	<u>1,491,185</u>	<u>39</u>	<u>1,087,325</u>	<u>30</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16, 30 and 32)	935,654	24	1,129,331	31
Deferred tax liabilities (Notes 4 and 24)	131,171	3	117,679	3
Lease payables - non-current (Notes 18 and 30)	20,379	1	-	-
Guarantee deposits received (Note 30)	4,520	-	4,747	-
Other non-current liabilities	<u>3,873</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>1,095,597</u>	<u>28</u>	<u>1,251,757</u>	<u>34</u>
Total liabilities	<u>2,586,782</u>	<u>67</u>	<u>2,339,082</u>	<u>64</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Share capital	<u>759,950</u>	<u>20</u>	<u>729,950</u>	<u>20</u>
Capital surplus				
Additional paid-in capital in excess of par	<u>731,292</u>	<u>19</u>	<u>1,107,793</u>	<u>30</u>
Unappropriated earnings	<u>(135,372)</u>	<u>(4)</u>	<u>(390,601)</u>	<u>(11)</u>
Exchange differences on translating foreign operations	<u>(96,965)</u>	<u>(3)</u>	<u>(108,939)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	<u>1,258,905</u>	<u>32</u>	<u>1,338,203</u>	<u>36</u>
NON-CONTROLLING INTERESTS				
	<u>42,679</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,301,584</u>	<u>33</u>	<u>1,338,203</u>	<u>36</u>
TOTAL	<u>\$ 3,888,366</u>	<u>100</u>	<u>\$ 3,677,285</u>	<u>100</u>

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

JP NELSON HOLDINGS (CAYMAN) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 31)	\$ 1,937,991	100	\$ 1,496,225	100
OPERATING COSTS (Notes 9, 23 and 31)	<u>(1,763,701)</u>	<u>(91)</u>	<u>(1,495,066)</u>	<u>(100)</u>
GROSS PROFIT	174,290	9	1,159	-
UNREALIZED LOSS ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	-	-	-	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>970</u>	<u>-</u>	<u>961</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>175,260</u>	<u>9</u>	<u>2,120</u>	<u>-</u>
OPERATING EXPENSES (Notes 23 and 31)				
Selling and marketing expenses	(48,013)	(2)	(59,508)	(4)
General and administrative expenses	(148,565)	(8)	(164,907)	(11)
Expected credit losses	<u>(96,913)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(293,491)</u>	<u>(15)</u>	<u>(224,415)</u>	<u>(15)</u>
LOSS FROM OPERATIONS	<u>(118,231)</u>	<u>(6)</u>	<u>(222,295)</u>	<u>(15)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 23 and 26)	5,692	-	30,962	2
Other gains and losses (Notes 10, 13, 23 and 31)	58,348	3	(81,763)	(5)
Finance costs (Note 23)	(74,256)	(4)	(78,107)	(5)
Share of profit (loss) of associates (Notes 4 and 12)	<u>504</u>	<u>-</u>	<u>(7,410)</u>	<u>(1)</u>
Total non-operating expenses	<u>(9,712)</u>	<u>(1)</u>	<u>(136,318)</u>	<u>(9)</u>
LOSS BEFORE INCOME TAX	(127,943)	(7)	(358,613)	(24)
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(8,079)</u>	<u>-</u>	<u>(31,988)</u>	<u>(2)</u>
NET LOSS FOR THE YEAR	<u>(136,022)</u>	<u>(7)</u>	<u>(390,601)</u>	<u>(26)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21)				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

JP NELSON HOLDINGS (CAYMAN) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2018		2017	
	Amount	%	Amount	%
Exchange differences arising on translation to the presentation currency	11,202	1	(5,680)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>772</u>	<u>-</u>	<u>(6,339)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>11,974</u>	<u>1</u>	<u>(12,019)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (124,048)</u>	<u>(6)</u>	<u>\$ (402,620)</u>	<u>(27)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (135,372)	(7)	\$ (390,601)	(26)
Non-controlling interests	<u>(650)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (136,022)</u>	<u>(7)</u>	<u>\$ (390,601)</u>	<u>(26)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (123,398)	(6)	\$ (402,620)	(27)
Non-controlling interests	<u>(650)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (124,048)</u>	<u>(6)</u>	<u>\$ (402,620)</u>	<u>(27)</u>
LOSS PER SHARE (Note 25)				
Basic	<u>\$ (1.81)</u>		<u>\$ (5.54)</u>	
Diluted	<u>\$ (1.81)</u>		<u>\$ (5.54)</u>	

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

JP NELSON HOLDINGS (CAYMAN) AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to the Owners of the Company							Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings Unappropriated Earnings	Other Equity Exchange Differences on Translating Foreign Operations	Total			
	Shares (In Thousands)	Amount							
BALANCE AT JANUARY 1, 2017	67,995	\$ 679,950	\$ 1,170,145	\$ (88,403)	\$ (96,920)	\$ 1,664,772	\$ -	\$ 1,664,772	
Capital reduction for covering accumulated deficits	-	-	(88,403)	88,403	-	-	-	-	
Issuance of share dividends from capital surplus	-	-	(13,599)	-	-	(13,599)	-	(13,599)	
Net loss for the year ended December 31, 2017	-	-	-	(390,601)	-	(390,601)	-	(390,601)	
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	(12,019)	(12,019)	-	(12,019)	
Total comprehensive loss for the year ended December 31, 2017	-	-	-	(390,601)	(12,019)	(402,620)	-	(402,620)	
Issuance of ordinary shares for cash	5,000	50,000	39,650	-	-	89,650	-	89,650	
BALANCE AT DECEMBER 31, 2017	72,995	729,950	1,107,793	(390,601)	(108,939)	1,338,203	-	1,338,203	
Capital reduction for covering accumulated deficits	-	-	(390,601)	390,601	-	-	-	-	
Net profit (loss) for the year ended December 31, 2018	-	-	-	(135,372)	-	(135,372)	(650)	(136,022)	
Other comprehensive loss for the year ended December 31, 2018, net of income tax	-	-	-	-	11,974	11,974	-	11,974	
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	(135,372)	11,974	(123,398)	(650)	(124,048)	
Issuance of ordinary shares for cash	3,000	30,000	14,100	-	-	44,100	-	44,100	
Additional non-controlling interests recognized	-	-	-	-	-	-	43,329	43,329	
BALANCE AT DECEMBER 31, 2018	75,995	\$ 759,950	\$ 731,292	\$ (135,372)	\$ (96,965)	\$ 1,258,905	\$ 42,679	\$ 1,301,584	

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

JP NELSON HOLDINGS (CAYMAN) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$(127,943)	\$(358,613)
Adjustments for:		
Depreciation expenses	532,614	551,974
Expected credit loss recognized on trade receivables	96,913	-
Impairment loss recognized on trade receivables	-	33,703
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	265	78
Share of profit (loss) of associates	(504)	7,410
Finance costs	74,256	78,107
Interest income	(22)	(109)
(Gain) loss on disposal of property, plant and equipment	(1,814)	1,032
Impairment loss (reversed) recognized on property, plant and equipment	(592)	61,608
Gain on disposal of non-current assets held for sale	(47,223)	-
Impairment (gain) loss of non-financial assets	3,564	(78)
Net loss (gain) on foreign currency exchange	750	(3,276)
Amortization of prepayments for rent	1,203	1,610
Realized gain on the transactions with associates	(970)	(961)
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	-	56
(Increase) decrease in notes receivable	(2,384)	1,513
Increase in trade receivables	(164,114)	(8,227)
(Increase) decrease in trade receivables from related parties	(12,466)	7,960
Increase in other receivables	(5,282)	(4,194)
Decrease (increase) in other receivables from related parties	682	(409)
Increase in inventories	(580,717)	(144,621)
(Increase) decrease in prepayments	(5,955)	28,088
Decrease in financial liabilities held for trading	(2)	(590)
Increase (decrease) in trade payables	272,296	(25,943)
Decrease in trade payables to related parties	(7,144)	(2,464)
Increase (decrease) in other payables	9,093	(6,917)
(Decrease) increase in other payables to related parties	(7,925)	15,182
Decrease in unearned receipts	(22,477)	(3,890)
Decrease in contract liabilities	(9,778)	-
(Decrease) increase in other current liabilities	(2,569)	865
Increase in other non-current liabilities	3,939	-
Cash (used in) generated from operations	(4,306)	228,894
Interest received	22	109
Interest paid	(73,122)	(78,744)
Income taxes paid	(6,412)	(14,241)
Net cash (used in) generated from operating activities	<u>(83,818)</u>	<u>136,018</u>

CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)

JP NELSON HOLDINGS (CAYMAN) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Proceeds from disposal of non-current assets held for sale	135,799	-
Payments for property, plant and equipment	(20,267)	(16,227)
Proceeds from disposal of property, plant and equipment	6,563	1,455
(Increase) decrease in refundable deposits	(7,724)	306
Decrease in other financial assets	<u>4,011</u>	<u>5,020</u>
Net cash generated from (used in) investing activities	<u>118,382</u>	<u>(9,446)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bills payable and borrowings	92,620	(189,711)
Repayments of long-term borrowings	(123,981)	(24,779)
(Decrease) increase in guarantee deposits received	(227)	4,247
Decrease in lease payables	(1,109)	-
Dividends paid to owners of the Company	-	(13,599)
Issuance of ordinary shares for cash	44,100	89,650
Changes in non-controlling interests	<u>43,329</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>54,732</u>	<u>(134,192)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(5,716)</u>	<u>(97,160)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	83,580	(104,780)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>91,100</u>	<u>195,880</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 174,680</u>	<u>\$ 91,100</u>

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

【Appendix 4】

JP Nelson Holdings

Appropriation of Capital to Make Up 2018 Losses



Expressed in thousands of New Taiwan Dollars

Retained earnings at the beginning of the period	0
Net losses during the period	(135,371,713)
Unappropriated losses during the period	<hr/> (135,371,713)
Appropriation	
Capital Reserve	<hr/> 135,371,713
Cumulative losses at the end of the period	<hr/> <hr/> 0

Chairman:

Manager:

Accounting Supervisor:

【Appendix 5】

List of Candidates for Directors (Including Independent Directors)

Candidacy	Nominee	Educational and professional background	Current positions	No. of shares held
Independent director candidate	Low Beng Tin	MBA, National University of Singapore Chairman, Cosmosteel Holdings Pte Ltd Independent director, Singapore-listed China Yongsheng Limited Chairman, Nanyang Residents Committee	1. Director, AA Vehicle Inspection Centre Pte Ltd 2. Director, Agropak Engineering (S) Pte Ltd 3. Executive director of Assimilated Technologies (S) Pte Ltd 4. Director, Autoswift Recovery Pte Ltd 5. Independent director, Cosmosteel Holdings Limited 6. Independent director, Lian Beng Group Ltd 7. Director, SMF Centre For Corporate Learning Pte Ltd 8. Director, Fuji Offset Plates Manufacturing Ltd 9. Director, Singapore Innovation & Productivity Institute Pte. Ltd.	0
Independent director candidate	Chen Chung Cheng	Bachelor of Science, College of Science, National Taiwan University MBA, Department of Business Management, Tatung University Director and Vice President, Everlight Chemical Industrial Corp. CEO, Evershine CPAs Firm Independent Director, SCAN-D Corporation Supervisor, UIC Inc.	CEO, Evershine CPAs Firm Independent Director, SCAN-D Corporation Supervisor, UIC Inc. Supervisor, PHARMADAX Inc.	0
Independent director candidate	Chen Jiin-feng	PhD, Accounting and Information Systems, University of Wisconsin-Madison Associate Professor, Department of Accounting, College of Commerce, National Chengchi University Director, HanTech Venture Capital Corp.	Associate Professor and Department Head, English-Taught Undergraduate Program in International Business, College of Management Shih Chien University Director, HanTech Venture Capital Corp. Supervisor, Mega International Commercial Bank.	0
Director candidate	Lim Eng Koo	Singapore-Cambridge General Certificate of Education (Ordinary Level) Founder of JP Nelson	Chairman/CEO, JP Nelson Holdings	33,409,000
Director candidate	Seh Yin Yoke	Bachelor, Business Management, University of Bradford, UK MBA, the University of Nottingham	Director and CAO, JP Nelson Holdings	6,717,245
Director candidate	Lim Pok Chin	Chairman, SCAN-D Corporation Chairman, HAWAII	Chairman, SCAN-D Corporation Chairman, HAWAII FURNISHING PTE	304,335

		FURNISHING PTE LTD St. Joseph's Institution	LTD Chairman, Yi-Jia International Investment Director, Redwood Group Ltd.	
Director candidate	Kanamoto Co., Ltd. Representative: KIM KWAN JOONG	Keio University President and Chief Executive (Corporate Officer), Kanamoto Co., Ltd.	Chairman of the Board and Representative Director, Kanamoto Co., Ltd. Chairman, Kanamoto (China) Investment Co., Ltd.	11,300,000

【Appendix 6】

JP NELSON HOLDINGS

Comparison of the amended version of the summary of the Articles of Association (Original English)

Proposal for the Amendment	Original Article	Reason for Amendments
ELEVENTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION OF JP NELSON HOLDINGS COMPARISON OF THE AMENDED VERSION OF THE SUMMARY		
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (<u>Revised</u>) or any other laws of the Cayman Islands.	3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (<u>2013 Revision</u>) or any other laws of the Cayman Islands.	This Article is amended to reflect the version of the Companies Law.
ELEVENTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF JP NELSON HOLDINGS COMPARISON OF THE AMENDED VERSION OF THE SUMMARY		
1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith: Statute means the Companies Law (<u>Revised</u>) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force.	1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith: Statute means the Companies Law (<u>2013 Revision</u>) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force.	This Article is amended to reflect the version of the Companies Law.
2.6 The <u>pre-emptive right of employees under Article 2.3 and</u> the pre-emptive right of Members under Article 2.4 shall not apply in the event that new Shares are issued due to the following reasons or for the following purposes: (a) in connection with a Merger, or pursuant to any reorganization of the Company; (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof; (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hererof; (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire Shares; (e) in connection with meeting the Company's obligations under Preferred Shares vested	2.6 The pre-emptive right of Members under Article 2.4 shall not apply in the event that new Shares are issued due to the following reasons or for the following purposes: (a) in connection with a Merger, or pursuant to any reorganization of the Company; (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof; (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hererof; (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire Shares; (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire Shares;	This Article is amended to clarify that the employees do not have pre-emptive right in each situation listed in this Article.

<p>with rights to acquire Shares; (f) <u>in connection with the issue of shares in accordance with Article 35.3;</u> or (g) in connection with Private Placement.</p>	<p>or (f) in connection with Private Placement.</p>	
<p>2.7 The Company shall not issue any unpaid shares or partly paid shares.</p>	<p>2.7 The Company shall not issue any unpaid shares or partly paid-up shares.</p>	<p>Wording is slightly amended.</p>
<p><u>15.6 Any one or more Member(s) may summon an extraordinary general meeting, provided that such Member or Members shall hold more than fifty per cent. of the total issued Shares of the Company for a continuous period of no less than three months. The number of the Shares held by a Member and the period during which a Member holds such Shares, shall be calculated and determined based on the Register of Members as of the first day of the period that the Register of Members shall be closed for transfers.</u></p>		<p>This Article was added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
<p><u>15.7 If the Board does not or is unable to convene a general meeting (including the annual general meeting) or it is for the Company's benefit, the Independent Director may convene a general meeting when he/she in his/her absolute discretion deems necessary.</u></p>		<p>This Article was added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
<p>16.7 The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion. (a) election or discharge of Directors; (b) alteration of the Articles; (c) <u>capital deduction;</u> (d) <u>application to terminate the public offering of the Shares;</u> (e) (i) dissolution, Merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part or, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the</p>	<p>16.7 The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion. (a) election or discharge of Directors; (b) alteration of the Articles; (c) (i) dissolution, Merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part or, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation; (d) approval of an action by Director(s) who engage(s) in</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p>(f) Company's operation; approval of an action by Director(s) who engage(s) in business for himself/herself or on behalf of another person that is within the scope of the Company's business;</p> <p>(g) distribution of the whole or part of the surplus profit of the Company in the form of new Shares;</p> <p>(h) distribution of Capital Reserve in the form of new Shares or cash; and</p> <p>(i) Private Placement of any equity-type securities issued by the Company.</p> <p><u>The major content of the above matters can be announced at the website designated by Taiwan securities authority or by the Company, and the Company shall specify the link to the website in the notice of the relevant general meeting.</u></p>	<p>business for himself/herself or on behalf of another person that is within the scope of the Company's business;</p> <p>(e) distribution of the whole or part of the surplus profit of the Company in the form of new Shares;</p> <p>(f) distribution of Capital Reserve in the form of new Shares or cash; and</p> <p>(g) Private Placement of any equity-type securities issued by the Company.</p>	
<p>16.8 The Board shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the Company's Registered Office (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents. <u>If the relevant documents are kept by the Company's stock affairs agent, upon the request of any Member, the Company shall order the Company's stock affairs agent to provide such Member with the requested documents.</u></p>	<p>16.8 The Board shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the Company's Registered Office (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
<p>16.12 <u>If the general meeting is convened by the Board and other person entitled to convene a general meeting in accordance with these Articles, the Applicable Public Company Rules, the Statute or such other rules or legislation applicable to the Company, the Board and such person may request the Company or the Company's stock affairs agent to provide the Register of Members. Upon the request, the Company shall (and shall order the Company's stock</u></p>		<p>This Article was added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p><u>affairs agent to) provide the Register of Members.</u></p>		
<p>17.6 Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing <u>or any electronic means designated by the Company</u> a matter for discussion at an annual general meeting. <u>The Company shall give a public notice in such manner and at such time as permitted by the Applicable Public Company Rules, the Statute or such other rules or legislation applicable to the Company specifying the place and a period of not less than ten days for Members to submit proposals. The Board shall include the proposal in the agenda of the annual general meeting unless (a) the proposing Member(s) holds less than one per cent of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting or the proposal exceeds 300 Chinese words; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company outside the period fixed and announced by the Company for accepting Member(s)' proposal(s). If the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibilities, the Board may accept such proposal to be discussed in general meeting.</u></p>	<p>17.6 Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing a matter for discussion at an annual general meeting. <u>Proposals shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) the matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).</u></p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
<p>26.1 The office of a Director shall be vacated if:</p> <ul style="list-style-type: none"> (a) the Director is removed from office pursuant to the Articles; (b) the Director gives notice in writing to the Company that he resigns the office of Director; (c) the Director dies; (d) <u>the Director has been adjudicated bankrupt or the court has declared a liquidation process in connection with the Director, and such Director has not been reinstated to his rights and privileges;</u> (e) an order is made by any competent court or official on 	<p>26.1 The office of a Director shall be vacated if:</p> <ul style="list-style-type: none"> (a) the Director is removed from office pursuant to the Articles; (b) the Director gives notice in writing to the Company that he resigns the office of Director; (c) <u>the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;</u> (d) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to the applicable laws; 	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p>the grounds that he has no legal capacity, or his legal capacity is restricted according to the applicable laws;</p> <p>(f) <u>the Director has been adjudicated of the commencement of assistantship (as defined under the Taiwan Civil Code) or similar declaration and such assistantship/declaration has not been revoked yet;</u></p> <p>(g) <u>the Director has committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five years, or (D) was pardoned for less than five years;</u></p> <p>(h) <u>the Director has committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of one year or more by a final judgement, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;</u></p> <p>(i) <u>the Director has been adjudicated guilty by a final judgment for committing offenses under the Taiwan Anti-Corruption Act during the time of his public service, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;</u></p>	<p>(e) <u>having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of such sentence is less than five years;</u></p> <p>(f) <u>having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of one year or more, and the time elapsed after he has served the full term of such sentence is less than two years;</u></p> <p>(g) <u>having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is for less than two years;</u></p> <p>(h) <u>having been dishonoured for use of negotiable instruments, and the term of such sanction has not yet expired;</u></p> <p>(i) <u>the Director is automatically removed in accordance with Article 26.2; or</u></p> <p>(j) <u>the Director ceases to be a Director in accordance with Article 26.3.</u></p> <p>In the event that any of the foregoing events described in clauses (c), (d), (e), (f), (g) and (h) has occurred to a candidate for election of Director, such person shall be disqualified from being elected as a Director.</p>	
---	--	--

<p>(j) having been dishonoured for use of negotiable instruments, and the term of such sanction has not yet expired;</p> <p>(k) the Director is automatically removed in accordance with Article 26.2; or</p> <p>(l) the Director ceases to be a Director in accordance with Article 26.3.</p> <p>In the event that any of the foregoing events described in clauses (d), (e), (f), (g), (h) and (j) has occurred to a candidate for election of Director, such person shall be disqualified from being elected as a Director.</p>		
<p>26.2 In case a Director (<u>other than an Independent Director</u>) has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and no shareholders' approval shall be required.</p>	<p>26.2 In case a Director has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and no shareholders' approval shall be required.</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
<p>26.3 If any Director (<u>other than an Independent Director</u>) has, after having been elected as a Director and before his inauguration of the office of Director, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, then he shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him within the share transfer prohibition period prior to a shareholders' meeting according to the Applicable Public Company Rules, then he shall immediately cease to be a Director and no shareholders' approval shall be required.</p>	<p>26.3 If any Director has, after having been elected as a Director and before his inauguration of the office of Director, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, then he shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him within the share transfer prohibition period prior to a shareholders' meeting according to the Applicable Public Company Rules, then he shall immediately cease to be a Director and no shareholders' approval shall be required.</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
<p>28.8 Notwithstanding anything to the contrary contained in this Article 28, a Director who has a personal interest in the matter under discussion at a meeting of the Board, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors</p>	<p>28.8 Notwithstanding anything to the contrary contained in this Article 28, a Director who has a personal interest in the matter under discussion at a meeting of the Board, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p>present at the meeting of the Board. <u>Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relation with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms “controlling” and “controlled” shall be interpreted in accordance with the Applicable Public Company Rules.</u></p>	<p>present at the meeting of the Board.</p>	
<p>45 Derivative Action To the extent permitted under the laws of the Cayman Islands, Members continuously holding <u>1%</u> or more of the total issued Shares of the Company for <u>six months</u> or longer may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors.</p>	<p>45 Derivative Action To the extent permitted under the laws of the Cayman Islands, Members continuously holding <u>3%</u> or more of the total issued Shares of the Company for <u>a year</u> or longer may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors.</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
<p>47 Shareholder Protection Mechanism <u>If the Company proposes to undertake:</u> (a) <u>a merger or consolidation which will result in the Company being dissolved;</u> (b) <u>a sale, transfer or assignment of all of the Company's assets and businesses to another entity;</u> (c) <u>a share swap; or</u> (d) <u>a demerger (spin off), which would result in the termination of the Company's listing on the GTSM, and where the shares of (in the case of (a) above) the surviving entity, (in the case of (b) above) the transferee, (in the case of (c) above) the entity whose shares has been allotted or who pays cash or uses its assets as the consideration in exchange for the Company's shares and, (in the case of (d) above) the existing or newly incorporated spun-off company are not listed on the GTSM or the Taiwan Stock Exchange Corporation, then in addition to any requirements to be satisfied under the Statute, such action shall be first approved at a general meeting by a resolution passed by Members holding two-thirds or more of the total number of issued and voting shares of the Company.</u></p>		<p>This Article was added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on March 19, 2018.</p>
<p>48 Social Responsibilities</p>		<p>This Article was</p>

<p><u>When the Company conducts the business, the Company shall comply with the laws and regulations as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities.</u></p>		<p>added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
---	--	--

【Amended and restated Memorandum and Articles of Association】

**THE COMPANIES LAW (REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**ELEVENTH AMENDED AND RESTATED
MEMORANDUM AND ARTICLES OF ASSOCIATION**

OF

JP NELSON HOLDINGS

(adopted by a Special Resolution passed on [-], 2019)

**THE COMPANIES LAW (REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**ELEVENTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION
OF
JP NELSON HOLDINGS**

(adopted by a Special Resolution passed on [-], 2019)

- 1 The name of the Company is **JP NELSON HOLDINGS**.
- 2 The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place within the Cayman Islands as the Board may from time to time decide.
- 3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (Revised) or any other laws of the Cayman Islands.
- 4 The liability of each Member is limited to the amount unpaid on such Member's shares.
- 5 The share capital of the Company is New Taiwan Dollar 1,500,000,000 divided into 150,000,000 shares of a par value of New Taiwan Dollar 10.00 each.
- 6 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
- 7 Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

**THE COMPANIES LAW (REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**ELEVENTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF
JP NELSON HOLDINGS**

(adopted by a Special Resolution passed on [-], 2019)

1 Interpretation

1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

“Applicable Public Company Rules” means the ROC laws, rules and regulations (including, without limitation, the Company Law, the Securities and Exchange Law, the rules and regulations promulgated by the FSC, and the rules and regulations promulgated by the GTSM, as amended from time to time) affecting public companies or companies listed on any ROC stock exchange or securities market that from time to time are required by the relevant regulator as applicable to the Company.

“Articles” means these articles of association of the Company.

“Audit Committee” means a committee of the Board, which shall comprise solely of Independent Directors.

“Board” means the board of directors appointed or elected pursuant to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles.

“Capital Redemption Reserve” means the reserve established by the Company for the purpose of section 37(4) of the Statute which shall comprise of, inter alia, (i) where Shares are redeemed or purchased wholly out of the Company's profits, the amounts by which the Company's issued share capital is diminished in accordance with section 37(3)(g) of the Statute on cancellation of the Shares redeemed or purchased; (ii) where Shares are redeemed or purchased wholly or partly out of the proceeds of a fresh issue and the aggregate amount of those proceeds is less than the aggregate nominal value of the Shares redeemed or purchased, the amount of such difference, unless section 37(4)(c) of the Statute applies; (iii) where Shares are redeemed or purchased out of capital and the capital payment for Shares redeemed or purchased and cancelled is less than their nominal amount, the amount of such difference, subject to section 37(5)(f) of the Statute; subject to any reduction in accordance with section 37(5)(e) of the Statute and other provisions of the Statute.

“Capital Reserve” means the premium paid on the issuance of any Share and income from endowments received by the Company.

“Chairman” means the Director elected amongst all the Directors as the chairman of the Board.

“Company” means the above named company.

“Directors”	means the directors for the time being of the Company and shall include any and all Independent Director(s).
“Dividend”	means any dividend resolved to be paid on Shares pursuant to the Articles.
“Electronic Record”	has the same meaning as in the Electronic Transactions Law.
“Electronic Transactions Law”	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands.
“FSC”	means the Financial Supervisory Commission of the ROC.
“Gross Negligence”	in relation to a person means a standard of conduct beyond negligence whereby a person acts with reckless disregard for the consequences of his action or inaction.
“GTSM”	means the Taipei Exchange.
“Independent Directors”	means the Directors who are elected as “Independent Directors” for the purpose of the Applicable Public Company Rules.
“Market Observation Post System”	means the public company reporting system maintained by the Taiwan Stock Exchange Corporation.
“Member”	has the same meaning as in the Statute.
“Memorandum”	means the memorandum of association of the Company.
“Merger”	means a transaction whereby: (a) (i) all of the companies participating in such transaction are combined into a new company, which new company generally assumes all rights and obligations of the combined companies; or (ii) all of the companies participating in such transaction are merged into one of such companies as the surviving company, and the surviving company generally assumes all rights and obligations of the merged companies, and in each case the consideration for the transaction being the shares of the surviving or consolidated company or any other company, cash or other assets; or (b) other forms of mergers and acquisitions which fall within the definition of “merger and/or consolidation” under the Applicable Public Company Rules.
“Ordinary Resolution”	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
“Preferred Shares”	has the meaning given thereto in Article 3.
“Private Placement”	means, after the Shares are listed on the GTSM, obtaining subscription for, or the sale of, Shares,

	options, warrants, rights of holders of debt or equity securities which enable those holders to subscribe further securities (including Shares), or other securities of the Company, either by the Company itself or a person authorized by the Company, primarily from or to specific investors in the ROC as prescribed under the Applicable Public Company Rules and permitted by the competent securities authority in the ROC, but excluding any employee incentive programme or subscription agreement, warrant, option or issuance of Shares under Articles 2.5, 2.8 and 2.10 hereof;
“Register of Members”	means the register of members maintained in accordance with the Statute.
“Registered Office”	means the registered office for the time being of the Company.
“Restricted Shares”	has the meaning given thereto in Article 2.5;
“ROC”	means Taiwan, the Republic of China.
“Seal”	means the common seal of the Company and includes every duplicate seal.
“Share”	means a share in the Company.
“Special Resolution”	subject to the Statute, means a resolution passed by a majority of at least two-thirds of the votes cast by such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.
“Statute”	means the Companies Law (Revised) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force.
“Subsidiary”	means, with respect to any company, (i) the entity, more than one half of whose total number of the outstanding voting shares or the total amount of the capital stock are directly or indirectly held by such company; (ii) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (iii) the entity, one half or more of whose executive shareholders or board directors are concurrently acting as the executive shareholders or board directors of such company; and (iv) the entity, one half or more of whose total number of outstanding voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company.
“Supermajority Resolution”	means a resolution passed by a majority vote of the Members at a general meeting attended by Members who represent two-thirds or more of the total outstanding Shares or, if the total number of Shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding Shares, but more than one half of the total outstanding Shares, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting.

“TDCC” means the Taiwan Depository & Clearing Corporation.

“Treasury Shares” has the meaning given thereto in Article 37.1.

1.2 In the Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing the masculine gender include the feminine gender;
- (c) words importing persons include corporations as well as any other legal or natural person;
- (d) “written” and “in writing” include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- (e) “shall” shall be construed as imperative and “may” shall be construed as permissive;
- (f) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced;
- (g) any phrase introduced by the terms “including”, “include” “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (h) the term “and/or” is used herein to mean both “and” as well as “or.” The use of “and/or” in certain contexts in no respects qualifies or modifies the use of the terms “and” or “or” in others. The term “or” shall not be interpreted to be exclusive and the term “and” shall not be interpreted to require the conjunctive (in each case, unless the context otherwise requires);
- (i) headings are inserted for reference only and shall be ignored in construing the Articles;
- (j) Section 8 of the Electronic Transactions Law shall not apply; and
- (k) the term “holder” in relation to a Share means a person whose name is entered in the Register of Members as the holder of such Share.

2 Issue of Shares

- 2.1 Subject to the provisions, if any, in the Memorandum and these Articles and without prejudice to any rights attached to any existing Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute and the Articles) vary such rights; provided that no Share shall be issued at a discount except in accordance with the Statute.
- 2.2 The issue of new Shares shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and shall at all times be subject to the sufficiency of the authorised share capital of the Company.
- 2.3 Where the Company increases its issued share capital by issuing new Shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new Shares to be issued, for public offering in the ROC, unless it is deemed as either unnecessary or inappropriate by the FSC or GTSM for the Company to conduct the aforementioned public offering. Any percentage higher than the aforementioned 10% as resolved by a general meeting for public offering in the ROC shall prevail. The Company may also reserve up to 15% of the total

amount of such newly issued Shares for subscription by the employees of the Company and its Subsidiaries.

- 2.4 Unless otherwise resolved by the Members at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he is entitled to exercise a pre-emptive right to purchase his pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion in Article 2.3) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe his pro rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his pre-emptive right to subscribe such newly-issued Shares. In the event that the number of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued Share, Shares held by several Members may be calculated together for joint subscription of newly-issued Shares or for subscription of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such Shares into the public offering tranche or offer any un-subscribed new Shares to a specific person or persons according to the Applicable Public Company Rules.
- 2.5 Subject to the provisions of the Statute, the Company may issue new Shares with restricted rights ("**Restricted Shares**") to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution; provided that Article 2.3 hereof shall not apply in respect of the issue of such Shares. For so long as the Shares are listed on the GTSM, the terms of issue of Restricted Shares, including but not limited to the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.
- 2.6 The pre-emptive right of employees under Article 2.3 and the pre-emptive right of Members under Article 2.4 shall not apply in the event that new Shares are issued due to the following reasons or for the following purposes:
- (a) in connection with a Merger, or pursuant to any reorganization of the Company;
 - (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof;
 - (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hererof;
 - (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire Shares;
 - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire Shares;
 - (f) in connection with the issue of shares in accordance with Article 35.3; or
 - (g) in connection with Private Placement.
- 2.7 The Company shall not issue any unpaid Shares or partly paid Shares.
- 2.8 Notwithstanding Article 2.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries.
- 2.9 Options, warrants or other similar instruments issued in accordance with Article 2.8 above are not transferable save by inheritance.

2.10 The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 2.8 above, whereby employees may subscribe for, within a specific period, a specific number of the Shares. The terms and conditions of such agreements shall be no less restrictive on relevant employee than the terms specified in the applicable incentive programme.

2.11 Share may not be issued in bearer form.

3 Preferred Shares

3.1 Notwithstanding any provisions of these Articles, the Company may by Special Resolution create Shares of any class with preferred or other rights ("**Preferred Shares**"), the rights and obligations of which shall be set forth in these Articles.

3.2 The rights and obligations of Preferred Shares may include (but not limited to) the following terms and shall be consistent with the Applicable Public Company Rules:

- (a) the order of priority and fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
- (b) the order of priority and fixed amount or fixed ratio of allocation of surplus assets of the Company;
- (c) the order of priority for or restriction on the voting right(s) (including declaring no voting rights whatsoever) of the Members holding the Preferred Shares;
- (d) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
- (e) other matters concerning rights and obligations incidental to Preferred Shares.

4 Register of Members

The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute.

5 Closing Register of Members or Fixing Record Date

5.1 For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose, the Board may provide that the Register of Members shall be closed for transfers for a stated period as prescribed by the Applicable Public Company Rules.

5.2 In lieu of, or apart from, closing the Register of Members, the Board may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose.

5.3 If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend or other distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Board resolving to pay such Dividend or other distribution is passed, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

6 Certificates for Shares

- 6.1 The Company shall issue Shares without printing share certificates for the Shares issued unless the issuance of share certificates is required by the provisions of the Applicable Public Company Rules. So long as the Shares are listed on the GTSM, notwithstanding anything contained in the Articles and subject always to the law of the Cayman Islands, the details regarding such issue of Shares shall be recorded by the TDCC in accordance with the Applicable Public Company Rules, and the Company shall recognize as a Member each person identified as a holder of a Share in the records provided by the TDCC to the Company and such records shall constitute the Register of Members. In the event that the Company shall issue certificates for Shares in accordance with the Applicable Public Company Rules, share certificates representing Shares, if any, shall be in such form as the Board may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Board. The Board may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and subject to the Articles no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.
- 6.2 In the event that the Company shall issue certificated shares, the Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
- 6.3 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Board may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.
- 6.4 Every share certificate sent in accordance with the Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.
- 6.5 In the event that the Company shall issue certificated shares, the Company shall deliver the share certificates to the subscribers within thirty days from the date such Shares may be issued pursuant to the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules.

7 Transfer of Shares

- 7.1 Subject to Article 2.1, Shares are transferable.
- 7.2 The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Board so requires, signed by or on behalf of the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.
- 7.3 Notwithstanding the foregoing, in the event that the Shares are listed on the GTSM, the transfer of such Shares may be effected through the book-entry system of the TDCC and pursuant to the Applicable Public Company Rules.

8 Redemption and Repurchase of Shares

- 8.1 Subject to the provisions of the Statute, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner as the Company may, by Special Resolution, determine before the issue of the Shares.
- 8.2 Subject to the provisions of the Statute and these Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the

Directors, purchase its own Shares (including any redeemable Shares and the Shares listed on the GTSM) on such terms and in such manner as the Directors may determine.

- 8.3 In the event that the Company proposes to purchase the Share listed on the GTSM pursuant to Article 8.2, the resolution of the Board approving such proposal and the implementation thereof should be reported to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase the Shares listed on the GTSM for any reason.
- 8.4 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.

9 Variation of Rights of Shares

- 9.1 If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class. Notwithstanding the foregoing, if any modification or alteration in the Articles is prejudicial to the preferential rights of any class of Shares, such modification or alteration shall be passed by a Special Resolution of the Company and shall also be passed by a Special Resolution passed at a separate meeting of Members of that class of Shares. To any such meeting all the provisions of the Articles relating to general meetings shall apply *mutatis mutandis*.
- 9.2 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

10 Non Recognition of Trusts

The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by the Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the holder.

11 Transmission of Shares

- 11.1 If a Member dies, the survivor or survivors (where he was a joint holder) or his legal personal representatives (where he was a sole holder), shall be the only persons recognised by the Company as having any title to his Shares. The estate of a deceased Member is not thereby released from any liability in respect of any Share, for which he was a joint or sole holder.
- 11.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any way other than by transfer) may, upon such evidence being produced as may from time to time be required by the Board, elect, by a notice in writing sent by him to the Company, either to become the holder of such Share or to have some person nominated by him registered as the holder of such Share. If he elects to have another person registered as the holder of such Share, he shall sign an instrument of transfer of that Share to that person.
- 11.3 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any case other than by transfer) shall be entitled to the same Dividend, other distributions and other advantages to which he would be entitled if he were the registered holder of such Share. However, he shall not, before becoming a Member in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company and the Board may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the Share. If the notice is not complied with within ninety days of being

received or deemed to be received (as determined pursuant to the Articles) the Board may thereafter withhold payment of all Dividends, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

- 11.4 Notwithstanding the above, for as long as the Shares are listed on the GTSM, the transmission of the Shares may be effected through the book-entry system of the TDCC and pursuant to the Applicable Public Company Rules.

12 Amendments of Memorandum and Articles of Association and Alteration of Capital

- 12.1 The Company may by Ordinary Resolution:

- (a) increase its share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination; and
- (d) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

- 12.2 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the transfer, transmission and otherwise as the Shares in the original share capital.

- 12.3 Subject to the provisions of the Statute and the provisions of the Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:

- (a) change its name;
- (b) alter or add to the Articles;
- (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
- (d) reduce its share capital and any Capital Redemption Reserve.

- 12.4 Subject to the Statute and Article 12.5, the Company may from time to time by Supermajority Resolution:

- (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 36 hereof;
- (b) effect any Merger (except for any Merger which falls within the definition of "merger and/or consolidation" under the Statute, which requires the approval of the Company by Special Resolution only), or spin-off of the Company;
- (c) enter into, amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for frequent joint operation with others;
- (d) transfer its business or assets, in whole or in any essential part; or
- (e) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.

- 12.5 Subject to the Statute, the Company may be voluntarily wound up:
- (a) if the Company resolves by Ordinary Resolution that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
 - (b) if the Company resolves by Special Resolution that it be wound up voluntarily for reasons other than set out in Article 12.5(a) above.
- 12.6 Subject to the Statute, the Company may, by Special Resolution, issue securities by way of Private Placement within the territory of the ROC in accordance with Applicable Public Company Rules provided that, the ordinary corporate bonds to be issued through Private Placement by the Company in accordance with the Articles and the Applicable Public Company Rules may be offered in different tranches within one year of the date of the meeting of the Board approving such Private Placement.
- 12.7 The Company may by Special Resolution reduce its share capital and any Capital Redemption Reserve in any manner authorised by the Statute and the Applicable Public Company Rules. Any such reduction of share capital shall be effected based on the percentage of shareholding of the Members pro rata, unless otherwise provided for in the Statute or the Applicable Public Company Rules.
- 12.8 Subject to the Statute, the Company may by Supermajority Resolution, distribute its Capital Reserve, in whole or in part, by issuing new Shares which shall be distributed as bonus shares to its original Members in proportion to the number of Shares being held by each of them or by cash.

13 Offices and Places of Business

Subject to the provisions of the Statute, the Company may by resolution of the Board change the location of its Registered Office. The Company may, in addition to its Registered Office, maintain such other offices or places of business as the Board may determine.

14 Annual General Meetings

- 14.1 The Company shall in each year hold a general meeting as its annual general meeting and such meeting shall be held within six months following the end of each financial year.
- 14.2 The Board shall call general meetings.
- 14.3 Unless otherwise provided by the Statute, the general meetings (including annual general meetings and extraordinary general meetings) shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall seek approval from the GTSM within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration matters of such general meeting (including but not limited to the handling of the voting of proxies submitted by any Members).

15 Extraordinary General Meetings

- 15.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 15.2 The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or desirable, and they shall on a Member's requisition as defined in Article 15.3 forthwith proceed to convene an extraordinary general meeting of the Company.
- 15.3 A Member's requisition set forth in Article 15.2 is a requisition of one or more Members of the Company holding in the aggregate at the date of deposit of the requisition not less than three per

cent of the total number of the outstanding Shares which as at that date have been held by such Members for at least one year.

- 15.4 The Member's requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 15.5 If the Board does not within fifteen days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the GTSM for its prior approval.
- 15.6 Any one or more Member(s) may summon an extraordinary general meeting, provided that such Member or Members shall hold more than fifty per cent. of the total issued Shares of the Company for a continuous period of no less than three months. The number of the Shares held by a Member and the period of which a Member holds such Shares, shall be calculated and determined based on the Register of Members as of the first day of the period that the Register of Members shall be closed for transfers.
- 15.7 If the Board does not or is unable to convene a general meeting (including the annual general meeting) or it is for the Company's benefit, the Independent Director may convene a general meeting when he/she in his/her absolute discretion deems necessary.

16 Notice of General Meetings

- 16.1 At least thirty days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat. The notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at such meeting.
- 16.2 At least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat. The notice shall specify the place, the date and time at which the meeting is to be held and the general nature of the business to be conducted at such meeting.
- 16.3 The Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly in accordance with Applicable Public Company Rules.
- 16.4 A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in the Articles, be deemed to have been properly called if it is so agreed by all the Members entitled to attend an annual general meeting or an extraordinary general meeting (as the case may be).
- 16.5 Subject to Article 17.4, the accidental omission to give notice of a general meeting to, or the non receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.
- 16.6 For so long as the Shares are listed on the GTSM, the Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the meetings, including but not limited to, election or discharge of Directors, in accordance with Articles 16.1 and 16.2 hereof, and shall transmit the same via the Market Observation Post System in accordance with Applicable Public Company Rules. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Articles 16.1 and 16.2. The Board shall prepare a meeting handbook of the relevant general meeting and supplemental

materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in accordance with Applicable Public Company Rules.

- 16.7 The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion.
- (a) election or discharge of Directors;
 - (b) alteration of the Articles;
 - (c) capital deduction;
 - (d) application to terminate the public offering of the Shares;
 - (e) (i) dissolution, Merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part or, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation;
 - (f) approval of an action by Director(s) who engage(s) in business for himself/herself or on behalf of another person that is within the scope of the Company's business;
 - (g) distribution of the whole or part of the surplus profit of the Company in the form of new Shares;
 - (h) distribution of Capital Reserve in the form of new Shares or cash; and
 - (i) Private Placement of any equity-type securities issued by the Company.

The major content of the above matters can be announced at the website designated by Taiwan securities authority or by the Company, and the Company shall specify the link to the website in the notice of the relevant general meeting.

- 16.8 The Board shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the Company's Registered Office (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents. If the relevant documents are kept by the Company's stock affairs agent, upon the request of any Member, the Company shall order the Company's stock affairs agent to provide such Member with the requested documents.
- 16.9 The Company shall make available all statements and records prepared by the Board and the report prepared by the Audit Committee, which will be submitted to the Members at the annual general meeting, at the Registered Office (if applicable) and its stock affairs agent located in the ROC ten days prior to such annual general meeting in accordance with Applicable Public Company Rules. Members may inspect and review the foregoing documents from time to time and may be accompanied by their lawyers or certified public accountants for the purpose of such inspection and review.
- 16.10 The Board may postpone any general meeting called in accordance with the Articles and a notice of postponement shall be given to each Member before the time scheduled for such meeting. A notice of the adjourned meeting shall be given as in the case of an original meeting.
- 16.11 The Directors shall be entitled to receive notice of, attend and be heard at the general meeting.
- 16.12 If the general meeting is convened by the Board and other person entitled to convene a general meeting in accordance with these Articles, the Applicable Public Company Rules, the Statute or

such other rules or legislation applicable to the Company, the Board and such person may request the Company or the Company's stock affairs agent to provide the Register of Members. Upon the request, the Company shall (and shall order the Company's stock affairs agent to) provide the Register of Members.

17 Proceedings at General Meetings

- 17.1 No resolutions shall be adopted at any general meeting unless a quorum is present. Unless otherwise provided for in the Articles, Members present in person or by proxy, representing more than one-half of the total outstanding Shares, shall constitute a quorum for any general meeting.
- 17.2 The Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members as required by the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies of the ratified financial statements and the Company's resolutions on distribution of profits or allocation of losses, to each Member, provided that the Board may make a public announcement of the foregoing documents instead.
- 17.3 Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on poll. No resolution put to the vote shall be decided by a show of hands.
- 17.4 Nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court for adjudicating any disputes arising out of the foregoing.
- 17.5 Unless otherwise expressly required by the Statute, the Memorandum or the Articles, any matter which has been presented for resolutions, approval, confirmation or adoption by the Members at any general meeting may be passed by Ordinary Resolution.
- 17.6 Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing or any electronic means designated by the Company a matter for discussion at an annual general meeting. The Company shall give a public notice in such manner and at such time as permitted by the Applicable Public Company Rules, the Statute or such other rules or legislation applicable to the Company specifying the place and a period of not less than ten days for Members to submit proposals. The Board shall include the proposal in the agenda of the annual general meeting unless (a) the proposing Member(s) holds less than one per cent of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting or the proposal exceeds 300 Chinese words; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company outside the period fixed and announced by the Company for accepting Member(s)' proposal(s). If the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibilities, the Board may accept such proposal to be discussed in general meeting.
- 17.7 Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman shall act as chairman at all general meetings at which such person is present. In his absence a chairman shall be appointed or elected by the Members present at the meeting and entitled to vote.
- 17.8 Unless otherwise provided in the Articles, if a quorum is not present at the time appointed for the general meeting, the chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed two times, but at the postponed general meeting a quorum is still not present, the chairman shall declare the general meeting as dissolved, and if it is still necessary to convene a

general meeting, it shall be reconvened as a new general meeting in accordance with the Articles.

18 Votes of Members

- 18.1 Subject to any rights or restrictions attached to any Shares, every Member who (being an individual) is present in person or by proxy or, if a corporation is present by its duly authorised representative or by proxy, shall have one vote for every Share of which he is the holder. If a Member holds Shares for others, such Member may exercise his voting power separately. The qualifications, scope, methods of exercise, operating procedures and other matters for compliance with respect to exercising voting power separately shall comply with the Applicable Public Company Rules.
- 18.2 No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of Shares unless he is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.
- 18.3 Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.
- 18.4 Subject to the Statute, the Company shall provide the Members with a method for exercising their voting power by way of electronic transmission; provided, however, that if a general meeting is to be held outside the ROC or otherwise required under the Applicable Public Company Rules, the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electric document. The chairman as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electric document and/or any amendment to resolution(s) proposed at the said general meeting. For the purposes of clarification, such Member voting in such manner shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.
- 18.5 In the event any Member who intended to exercise his voting power by way of a written ballot or electronic transmission and has served his voting decision on the Company pursuant to Article 18.4 hereof later intends to attend the general meetings in person, he shall, at least two days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous voting decision. Such separate notice shall be sent to the Company in the same manner (e.g., by courier, registered mail or electronic transmission, as applicable) as the manner the previous voting decision under Article 18.4 was given to the Company. Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke his voting decision before the prescribed time.

19 Proxies

- 19.1 The instrument of proxy shall be in the form approved by the Board from time to time and be expressed to be for a particular meeting only. An instrument of proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the

appointor is a corporation, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.

- 19.2 Subject to the Applicable Public Company Rules, except for trust enterprises organized under the laws of the ROC or a stock affairs agent approved pursuant to Applicable Public Company Rules, save with respect to the chairman being deemed appointed as proxy under Article 18.4, in the event a person acts as the proxy for two or more Members, the sum of Shares entitled to be voted as represented by such proxy shall be no more than 3% of the total outstanding voting Shares immediately prior to the relevant book closed period, during which the Company closes its Register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.
- 19.3 In the event that a Member exercises his voting power by way of a written ballot or electronic transmission and has also authorized a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two days prior to the date of such general meeting, serve the Company with a separate written notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.
- 19.4 The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company no less than five days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, save with respect to the deemed appointment of the chairman as proxy under Article 18.4. Where more than one instrument to vote are received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.
- 19.5 For so long as the shares are listed on the GTSM, the use and solicitation of proxies shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

20 Corporate Members

- 20.1 Any corporation which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member.

21 Dissenting Member's Appraisal Right

- 21.1 In the event any of the following resolutions are adopted at a general meeting, any Member who has notified the Company in writing of his objection to such matter prior to the meeting and has raised again his objection at the meeting, may request the Company to purchase all of his Shares at the then prevailing fair price:
- (a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;
 - (b) the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or

- (c) the Company acquires or assumes the whole business or assets of another person, which has a material effect on the Company's operations.

21.2 In the event any part of the Company's business is spun off or involved in any Merger, any Member, who has abstained from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting approving such spin off or Merger, may request the Company to purchase all of his Shares at the then prevailing fair price.

22 Shares that May Not be Voted

22.1 Shares held:

- (a) beneficially by the Company itself;
- (b) by any entity in which the Company owns, legally or beneficially, more than 50% of its issued and voting share capital or equity capital; or
- (c) by any entity in which the Company, together with (i) the holding company of the Company and/or (ii) any Subsidiary of (a) the holding company of the Company or (b) the Company owns, legally or beneficially, directly or indirectly, more than 50% of its issued and voting share capital or equity capital;

shall not carry any voting rights nor be counted in the total number of outstanding Shares at any given time.

22.2 A Member who has a personal interest in any motion discussed at a general meeting, which interest may be in conflict with and impair those of the Company, shall abstain from voting such Member's Shares in regard to such motion and such Shares shall not be counted in determining the number of votes of the Members present at the said meeting. However, such Shares may be counted in determining the number of Shares of the Members present at such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member.

22.3 If the number of Shares pledged by a Director at any time amounts to more than fifty per cent of the total Shares held by such Director at the time of his latest appointment, such pledged Shares exceeding fifty per cent of the total Shares held by such Director at the time of his latest appointment, shall not carry any voting rights and such above-threshold Shares shall not be counted in determining the number of votes of the Members present at a general meeting but shall be counted towards the quorum of the general meeting.

23 Directors

23.1 There shall be a Board consisting of not less than five persons, each of whom shall serve for a term of office not exceeding three years. Directors may be eligible for re-election. The Company may from time to time by Special Resolution increase or reduce the limits in the number of Directors set forth in this Article, provided that the requirements by relevant laws and regulations (including but not limited to any listing requirements) are met.

23.2 Unless otherwise approved by the ROC competent authority, the number of Directors having a spousal relationship or familial relationship within the second degree of kinship with any other Directors shall be less than half of the total number of Directors.

23.3 In the event that the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 23.2 hereof, the non-qualifying Director(s) who was elected with the fewest number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 23.2 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall vacate his position of Director automatically.

- 23.4 Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three Independent Directors; provided, however, that the total number of Independent Directors shall amount to one-fifth or more of the total number of the Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the ROC and at least one of them shall have accounting or financial expertise.
- 23.5 Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be governed by the Applicable Public Company Rules.
- 23.6 Unless provided otherwise in these Articles, the qualifications, composition, appointment, removal, exercise of power in performing duties and other matters with respect to the Directors, Independent Directors, compensation committee and Audit Committee, shall comply with the provisions under the ROC Securities and Exchange Act and the regulations issued pursuant to the ROC Securities and Exchange Act applicable to the Company.

24 Powers of Directors

- 24.1 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by a resolution of Members adopted in accordance with the Articles, the business of the Company shall be managed by the Board which may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.
- 24.2 Subject to the Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

25 Appointment and Removal of Directors

- 25.1 The Members may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 25.2 below. Members present in person or by proxy, representing more than one-half of the total outstanding Shares shall constitute a quorum for any general meeting to elect one or more Directors.
- 25.2 The election of Independent Directors and non-independent directors shall be held together and shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors (including the Independent Directors and non-independent directors) to be elected ("**Special Ballot Votes**"), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director/Independent Director candidate or may be split for election amongst multiple Director/Independent Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the respective number of the Directors/Independent Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors/Independent Directors elected. The Company shall adopt a candidate nomination mechanism for the election of the Directors (including Independent Directors and non-independent Directors). Subject to the Statute, the nomination of Independent Directors and related announcement shall comply with the Applicable Public Company Rules.
- 25.3 If the number of Independent Directors is less than three persons due to the resignation or removal of any of the Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent

Directors are resigned or removed, the Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.

- 25.4 If the number of Directors is less than five persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Directors to fill the vacancies.
- 25.5 Where a legal entity is a Member, its authorized representative may also be elected as Director of the Company in accordance with these Articles. If there are more than one authorized representatives, each of them may be so elected.
- 25.6 The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another person to fill the vacancy. Prior to the expiration of the term of office of the current Directors, the Members may at a general meeting re-elect all Directors, which vote shall be calculated in accordance with Article 25.2 above. The term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors.
- 25.7 Where a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or in significant violation of applicable laws, regulations or the Articles, but has not been removed by Supermajority Resolution at any given general meeting, the Member(s) holding 3% or more of the total outstanding Shares may, within thirty days after that general meeting, institute a lawsuit in the competent court for a judgment to remove such Director from office. The Taiwan Taipei District Court, ROC, may be the court for this matter.

26 Vacation of Office of Director

- 26.1 The office of a Director shall be vacated if:
- (a) the Director is removed from office pursuant to the Articles;
 - (b) the Director gives notice in writing to the Company that he resigns the office of Director;
 - (c) the Director dies;
 - (d) the Director has been adjudicated bankrupt or the court has declared a liquidation process in connection with the Director, and such Director has not been reinstated to his rights and privileges;
 - (e) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to the applicable laws;
 - (f) the Director has been adjudicated of the commencement of assistantship (as defined under the Taiwan Civil Code) or similar declaration and such assistantship/declaration has not been revoked yet;
 - (g) the Director has committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five years, or (D) was pardoned for less than five years;
 - (h) the Director has committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of one year or more by a final judgement, and (A) has not started serving the sentence, (B) has not

completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;

- (i) the Director has been adjudicated guilty by a final judgment for committing offenses under the Taiwan Anti-Corruption Act during the time of his public service, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;
- (j) having been dishonoured for use of negotiable instruments, and the term of such sanction has not yet expired;
- (k) the Director is automatically removed in accordance with Article 26.2; or
- (l) the Director ceases to be a Director in accordance with Article 26.3.

In the event that any of the foregoing events described in clauses (d), (e), (f), (g), (h) and (j) has occurred to a candidate for election of Director, such person shall be disqualified from being elected as a Director.

26.2 In case a Director (other than an Independent Director) has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and no shareholders' approval shall be required.

26.3 If any Director (other than an Independent Director) has, after having been elected as a Director and before his inauguration of the office of Director, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, then he shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him within the share transfer prohibition period prior to a shareholders' meeting according to the Applicable Public Company Rules, then he shall immediately cease to be a Director and no shareholders' approval shall be required.

27 Proceedings of the Board

27.1 Subject to the Applicable Public Company Rules, the Chairman of the Board may call a meeting of the Board and the Board may meet (either within or outside of the Cayman Islands) at any time and from time to time for the transaction of business, adjourn and otherwise regulate its meetings as it thinks fit before the Shares are listed on the GTSM. For so long as the Shares are listed on the GTSM, at least seven days' prior notice setting forth the matters to be discussed shall be given for any meeting of the Board provided that upon the occurrence of emergencies, the Chairman may summon a meeting of the Board with a shorter notice period. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and no resolution shall be passed in the case of an equality of votes.

27.2 The quorum for the transaction of the business of the Board may be fixed by the Board, and unless so fixed at any other number, shall be more than one-half of the total number of the Directors for the time being in office or as otherwise provided in these Articles. A person who holds office as an alternate Director shall, if his appointor is not present, be counted in the quorum. A Director who also acts as an alternate Director shall, if his appointor is not present, count twice towards the quorum.

27.3 To the extent permitted by the Applicable Public Company Rules, a Director may participate in a meeting of the Board or committee of Directors by video conference or, to the extent permitted by the Applicable Public Company Rules, or other communications equipment by means of which all the persons participating in the meeting can communicate with each other at the same time. Participation by a person in a meeting in this manner is treated as presence in person at that meeting.

- 27.4 Notice of a meeting of the Board shall be deemed to be duly given to a Director if given to such Director either personally or by sending it by courier, post, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.
- 27.5 The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles and the Applicable Public Company Rules as the necessary quorum of the Board, the continuing Directors may act for the purpose of increasing the number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose.
- 27.6 All acts done by any meeting of the Board or of a committee of the Directors (including any person acting as an alternate Director) shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or alternate Director, and/or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not disqualified to be a Director or alternate Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.
- 27.7 A Director but not an alternate Director may be represented at any meetings of the Board by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

28 Directors' Interests

- 28.1 A Director or alternate Director, other than an Independent Director, may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Board may determine.
- 28.2 A Director or alternate Director, other than an Independent Director, may act by himself or by, through or on behalf of his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
- 28.3 A Director or alternate Director, other than an Independent Director, may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a shareholder, a contracting party or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
- 28.4 No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established; provided that this Article 28.4 does not apply to the Independent Directors.
- 28.5 A Director or alternate Director who is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall declare the nature of such interest to the Company as required by relevant laws and regulations.
- 28.6 Notwithstanding anything to the contrary contained in this Article 28, a Director who engages in anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek its approval by Supermajority Resolution.

- 28.7 Notwithstanding anything to the contrary contained in this Article 28, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall declare the nature of and the essential contents of his interest at the relevant meeting of the Board.
- 28.8 Notwithstanding anything to the contrary contained in this Article 28, a Director who has a personal interest in the matter under discussion at a meeting of the Board, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the meeting of the Board. Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relation with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms “controlling” and “controlled” shall be interpreted in accordance with the Applicable Public Company Rules.

29 Minutes

The Board shall cause minutes to be made in books kept for the purpose of:

- (a) all appointments of officers made by the Board; and
- (b) all proceedings and resolutions at meetings of the Members or the holders of any class of Shares and of the Board, and of committees of the Directors, including the names of the Directors or alternate Directors present at each meeting.

30 Delegation of the Board's Powers

- 30.1 The Board may, in accordance with the Applicable Public Company Rules, delegate any of its powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of one or more Directors. They may also delegate to any managing director or any Director holding any other executive office such of their powers, authorities and discretions as they consider desirable to be exercised by him provided that an alternate Director may not act as managing director and the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Board may impose and either collaterally with or to the exclusion of their own powers and any such delegation may be revoked or altered by the Board. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of the Board, so far as they are capable of applying.
- 30.2 The Board may establish any committees or appoint any person to be a manager or agent for managing the affairs of the Company. Any such appointment may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and any such appointment may be revoked or altered by the Board.
- 30.3 The Board may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Board may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Board at any time.
- 30.4 The Board may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under the Articles) and for such period and subject to such conditions as it may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Board may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.
- 30.5 The Board may appoint such officers of the Company (including, for the avoidance of doubt and without limitation, any secretary) as it considers necessary on such terms, at such remuneration

and to perform such duties, and subject to such provisions as to disqualification and removal as the Board may think fit. Unless otherwise specified in the terms of his appointment an officer of the Company may be removed by resolution of the Board or Members. An officer of the Company may vacate his office at any time if he gives notice in writing to the Company that he resigns his office.

31 Alternate Directors

- 31.1 Any Director (but not an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him.
- 31.2 An alternate Director shall be entitled to receive notice of all meetings of the Board and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence, save that he may not himself appoint an alternate Director or proxy.
- 31.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.
- 31.4 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Board.
- 31.5 An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

32 Tender Offer

Within seven days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigious or non-litigious agent appointed pursuant to the Applicable Public Company Rules, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:

- (a) the types and number of the Shares held by the Directors and the Members holding more than 10% of the outstanding Shares in their own names or in the names of other persons.
- (b) recommendations to the Members on the tender offer, which shall specify the names of the Directors who abstain or object to the tender offer and the reason(s) therefor.
- (c) whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any.
- (d) the types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the outstanding Shares held in their own names or in the name of other persons.

33 Remuneration of Directors

- 33.1 The Board shall, in accordance with the Applicable Public Company Rules, establish a compensation committee comprised of at least three members, one of whom shall be an Independent Director. The professional qualifications of the members of the compensation committee, the responsibilities, powers and other related matters of the compensation committee shall comply with the Applicable Public Company Rules. Upon the establishment of the compensation committee, the Board shall, by a resolution, adopt a charter for the compensation committee the provisions of which are consistent with the Applicable Public Company Rules.

- 33.2 The compensation referred in Article 33.1 shall include the compensation, stock option and other incentive payments of Directors and managers of the Company.
- 33.3 The remuneration of the Directors shall be decided by the Board by reference to the suggestion made by the compensation committee (applicable only after the establishment of such compensation committee), the standard generally adopted by other enterprises in the same industry, and shall be paid regardless whether the Company has profits or suffers losses. The Directors may also be entitled to be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, or general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to distribution of profits of the Company in accordance with the Articles, the Statute, the Applicable Public Company Rules, the service agreement or other similar contract that he has entered into with the Company.

34 Seal

- 34.1 The Company may, if the Board so determine, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of the Directors authorised by the Board. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer of the Company or other person appointed by the Board for the purpose.
- 34.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Board so determines, with the addition on its face of the name of every place where it is to be used.
- 34.3 A Director or officer, representative or attorney of the Company may without further authority of the Board affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

35 Dividends, Distributions and Reserve

- 35.1 Subject to the Statute, Article 12.4(a) and this Article and except as otherwise provided by the rights attached to any Shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in annual general meetings. No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or any reserve, fund, or account as otherwise permitted by the Statute. Except as otherwise provided by the rights attached to any Shares, all Dividends and other distributions shall be paid according to the number of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.
- 35.2 In determining the Company's dividend policy, the Board recognises that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the Dividend or other distribution it recommends to Members for approval in any financial year, the Board:
- (a) may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of shareholders' rights and interests;
 - (b) shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules;

- (c) after complying with item (b) above, may set aside such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, at the discretion of the Board, be employed in the business of the Company.

35.3 Subject to compliance with the Statute and after setting aside such amounts as the Board deems fit in accordance with the distribution policy set out in Article 35.2, the Dividend or other distribution the Board recommends to Members for approval in any financial year shall be distributed in the following sequence and manner upon approval by the Members:

- (a) no more than 15% as employees' bonus;
- (b) no more than 8% as directors' bonus; and
- (c) no less than 15% to the Members as Dividends, provided that, cash Dividends shall not be less than 10% of the total amount of Dividends.

The employees' bonus may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares for allocation and distribution crediting as fully paid up shares to employees. When the employees' bonus is distributed by way of an issue of fully paid shares or cash, the recipients may include qualified employees of the Company's Subsidiaries. No unpaid dividend and bonus shall bear interest as against the Company.

35.4 The Board may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company for any reason.

35.5 Subject to Article 35.3 and the Statute, the Board may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways subject, however (a) the obtaining of (i) the approval in a general meeting of the type of specific assets and the corresponding amount of such substitutive distribution; and (ii) the consent from the Member who will receive such assets; and (b) the value of specific assets and the corresponding amount of such substitutive distribution shall be assessed by an ROC certified public accountant before the Board submit the same to a general meeting for approval. Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient and in particular may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Board.

35.6 Any Dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.

35.7 No Dividend or other distribution shall bear interest against the Company.

35.8 The Board shall fix any date as the record date for determining the Members entitled to receive any Dividend or other distribution. The Register of Members shall be closed for a period of five days before the relevant fixed record date or such other period as may be required by the Applicable Public Company Rules or the Statute.

35.9 Any Dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Board, be paid into a separate account in the Company's

name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

36 Capitalisation

36.1 Subject to the Statute, the Board may, with the authority of a Supermajority Resolution, at any time capitalise any sum standing to the credit of any of the Company's reserve accounts of funds (including the share premium account and Capital Redemption Reserve) or any sum standing to the credit of the profit and loss account or otherwise available for distribution; appropriate such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend or other distribution; and apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Board shall do all acts and things required to give effect to such capitalisation, with full power given to the Board to make such provisions as it thinks fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Board may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

37 Treasury Shares

37.1 Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or held as treasury shares ("**Treasury Shares**") at the discretion of the Directors.

37.2 No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company in respect of a Treasury Share.

37.3 The Company shall be entered in the Register of Members as the holder of the Treasury Shares provided that:

- (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
- (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Statute.

37.4 A proposal to transfer the Treasury Shares to the employees of the Company and its Subsidiaries at a price below the average actual repurchase price shall be approved by Special Resolution and the items required by the Applicable Public Company Rules shall be specified in the notice of the general meeting and may not be proposed as an extemporary motion. The aggregate number of Treasury Shares resolved at the general meetings and transferred to the employees of the Company and its Subsidiaries shall not exceed 5% of the total issued and outstanding Shares, and each employee may not subscribe for more than 0.5% of the total issued and outstanding Shares in aggregate. The Company may prohibit such employees from transferring such Treasury Shares within a certain period; provided, however, that such a period cannot be more than two years.

37.5 Subject to Article 37.4, Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

38 Books of Account

- 38.1 The Board shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books of account shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions. Such books of account shall be kept for at least five years from the date they are prepared.
- 38.2 The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant laws and regulations shall be kept for at least one year; provided, however, that if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information, they shall be kept until the conclusion of the lawsuit if the lawsuit period is longer than one year.

39 Audit Committee

- 39.1 The Company shall establish an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and all Independent Directors shall be members of the Audit Committee. There should be no less than three committee members. One of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members. The rules and procedures of meeting of the Audit Committee shall be adopted by the Board in accordance with the Articles and the Applicable Public Company Rules.
- 39.2 Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the Board for resolution:
- (a) adoption of or amendment to an internal control system;
 - (b) assessment of the effectiveness of the internal control system;
 - (c) adoption of or amendment to the 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;
 - (d) any matter relating to the personal interest of the Directors;
 - (e) a material asset or derivatives transaction;
 - (f) a material monetary loan, endorsement, or provision of guarantee;
 - (g) the offering, issuance, or Private Placement of any equity-type securities;
 - (h) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
 - (i) the appointment or discharge of a financial, accounting, or internal auditing officer;
 - (j) approval of annual and semi-annual financial reports; and
 - (k) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

With the exception of item (j), any other matter that has not been approved with the consent of one-half or more of all Audit Committee members may be undertaken upon the consent of

two-thirds or more of the members of the Board, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

40 Notices

40.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members or to such other address given for such purpose.

40.2 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays in the ROC) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays in the ROC) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.

40.3 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under the Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

40.4 Notice of every general meeting shall be given in any manner authorised by the Articles to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

41 Winding Up

41.1 If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the Company's issued share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

41.2 If the Company shall be wound up the liquidator may, subject to the rights attaching to any Shares and with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in proportion to the number of the Shares held by them in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction,

shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

42 Indemnity and Insurance

- 42.1 Every Director and officer of the Company, together with every former Director and former officer of the Company (each an “**Indemnified Person**”) shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud, Gross Negligence or wilful default of such Indemnified Person or in violation of his duties provided under Article 42.3. No person shall be found to have committed actual fraud, Gross Negligence or wilful default under this Article unless or until a court of competent jurisdiction shall have made a finding to that effect.
- 42.2 The Company shall advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any advance of any expenses hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person.
- 42.3 Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Statute, a Director shall assume fiduciary duty to the Company and exercise the care as a good administrator in conducting the business operation of the Company. A Director shall be liable to the Company if he has acted contrary to the above. In case such action is made for himself or on behalf of another person in violation of the provisions above, the Company may, with the sanction of an Ordinary Resolution, demand the Director to disgorge any profit so realized by the Director as if such misconduct is done for the benefit of the Company. If a Director and/or an officer of the Company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, he shall be liable, jointly and severally with the Company, for the damage to such other person.
- 42.4 The Board, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

43 Financial Year

Unless the Board otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

44 Transfer by Way of Continuation

If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

45 Derivative Action

To the extent permitted under the laws of the Cayman Islands, Members continuously holding 1% or more of the total issued Shares of the Company for six months or longer may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors.

46 Litigious and Non-litigious Agent

So long as the Shares are listed on the GTSM, the Company shall appoint a litigious and non-litigious agent pursuant to the Applicable Public Company Rules to act as the Company's responsible person in the ROC under the ROC Securities and Exchange Act. The Company's litigious and non-litigious agent shall be a natural person and have a residence or domicile in the ROC.

47 Shareholder Protection Mechanism

If the Company proposes to undertake:

- (a) a merger or consolidation which will result in the Company being dissolved;
- (b) a sale, transfer or assignment of all of the Company's assets and businesses to another entity;
- (c) a share swap; or
- (d) a demerger (spin off),

which would result in the termination of the Company's listing on the GTSM, and where (in the case of (a) above) the surviving entity, (in the case of (b) above) the transferee, (in the case of (c) above) the entity whose shares has been allotted or who pays cash or uses its assets as the consideration in exchange for the Company's shares and, (in the case of (d) above) the existing or newly incorporated spun-off company's shares are not listed on the GTSM or the Taiwan Stock Exchange Corporation, then in addition to any requirements to be satisfied under the Statute, such action shall be first approved at a general meeting by a resolution passed by Members holding two-thirds or more of the total number of issued and voting shares of the Company.

48 Social Responsibilities

When the Company conducts the business, the Company shall comply with the laws and regulations as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities.

【Appendix 7】

Comparison of the amended version of the summary of Regulations Governing the Acquisition and Disposal of Assets

Amended article	Original article	Explanation
<p>II. Scope:</p> <p>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2. Real estate (including land, houses and buildings, investment-oriented real estate) and equipment not oriented to business operation.</p> <p>3. Certificates of memberships.</p> <p>4. Patents, copyrights, trademarks, franchise rights, and such intangible assets.</p> <p>5. <u>Right-of-use assets.</u></p> <p>6. Claims for creditor's rights of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>7. Derivatives.</p> <p>8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law</p> <p>9. Other significant assets.</p>	<p>II. Scope:</p> <p>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2. Real estate (including land, houses and buildings, investment-oriented real estate, <u>and rights to use land</u>) and equipment not oriented to business operation.</p> <p>3. Certificates of memberships.</p> <p>4. Patents, copyrights, trademarks, franchise rights, and such intangible assets.</p> <p>5. Claims for creditor's rights of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>6. Derivatives.</p> <p>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law</p> <p>8. Other significant assets.</p>	<p>In coordination with IFRS 16 Leases, with enhancement of the quality in disclosure of the acquisition and disposal of assets by public companies to expressly define the responsibility of the external experts, it amends in response to request by the competent authority.</p>
<p>IV. Contents of business operations:</p> <p>1. Definition of terminology:</p> <p>(1) Derivatives: The forward contracts, options contracts, futures contracts, <u>leverage contracts</u>, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" as set forth herein excludes insurance contracts, contracts for performance, after-sales services contracts, long-term lease contracts and long-term purchase (sales) <u>contracts.</u></p> <p>(2) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law: This refers to</p>	<p>IV. Contents of business operations:</p> <p>1. Definition of terminology:</p> <p>(1) Derivatives: The forward contracts, option contracts, futures contracts and swap contracts the values of which derive from assets, interest rates, exchange rates, indices or other interests and the contracts combined with the aforementioned commodities. The term "forward contracts" as set forth herein excludes insurance contracts, contracts for performance, after-sales services contracts, long-term lease contracts and long-term purchase (sales) contracts.</p> <p>(2) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law: This refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, The Financial</p>	<p>In coordination with IFRS 16 Leases, with enhancement of the quality in disclosure of the acquisition and disposal of assets by public companies to expressly define the responsibility of the external experts, it amends in response to request by the competent authority.</p>

Amended article	Original article	Explanation
<p>assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, The Financial Institution Merger Act and other acts concerned, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as “transfer of shares”) under Article 156-3 of the Company Act.</p> <p>(3) “Related party” or “subsidiary”: As defined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>(4) “Professional appraiser”: This refers to a real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or equipment.</p> <p>(5) Date of occurrence of the fact: This refers to the date of contract signing, date of payment, date of consigned trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date comes earlier; provided that, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>(6) In case of a provision 10% of aggregate total assets in the Regulations, such asset value shall be counted based on the amount of the total assets of the most recent parent company only or individual financial statements defined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>Institution Merger Act and other acts concerned, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as “transfer of shares”) under Paragraph 6, Article 156 of the Company Act.</p> <p>(3) “Related party” or “subsidiary”: As defined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>(4) “Professional appraiser”: This refers to a real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or equipment.</p> <p>(5) Date of occurrence of the fact: This refers to the date of contract signing, date of payment, date of consigned trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date comes earlier; provided that, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>(6) In case of a provision 10% of aggregate total assets in the Regulations, such asset value shall be counted based on the amount of the total assets of the most recent parent company only or individual financial statements defined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	
<p>IV. Contents of business operations:</p> <p>2. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>meet the following requirements:</u></p> <p>(1) <u>Having not previously received a final and unappealable sentence to imprisonment for 1 year or longer for</u></p>	<p>IV. Contents of business operations:</p> <p>2. Those professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be in the status as a related party.</p>	<p>In coordination with IFRS 16 Leases, with enhancement of the quality in disclosure of the acquisition and disposal of assets by public companies to expressly define the responsibility of the external experts, it amends in response to request by the</p>

Amended article	Original article	Explanation
<p><u>a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>(2) Shall not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>(3) In the event that the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers shall not be related parties or de facto related parties of each other. Upon issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>(1) Prior to accepting a case, such personnel shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>(2) Upon auditing a case, they shall appropriately plan and execute adequate working procedures in order to produce a conclusion and use the conclusion as the base for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case worksheets.</u></p> <p><u>(3) Such personnel shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>(4) Declarations: Such personnel shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>		<p>competent authority.</p>

Amended article	Original article	Explanation
<p>IV. Contents of business operations:</p> <p>3. The handling procedures to acquire or dispose of real estate or non-operation equipment <u>or right-of-use assets thereof</u>:</p> <p>(1) Evaluation & operational procedures: The acquisition or disposal procedures of the Company's real estate, non-operation equipment <u>or right-of-use assets thereof</u> shall be duly handled exactly in accordance with the internal control system—fixed assets circulation process.</p> <p>(2) Procedures stipulated for transaction conditions</p> <p>A. In handling procedures to acquire or dispose of real estate <u>or right-of-use assets thereof</u>, the Company shall take reference to the substantial transaction prices traded in vicinity or the appraisal reports issued by a professional appraiser(s), the resolved conditions and trading prices. Accordingly, the analytical reports shall be worked out and submitted to the Managing Director. A case involving an amount below <u>SGD\$2,000,000</u> shall be submitted to the Managing Director for approval and reported to the Audit Committee and Board of Directors in the most recent meetings afterward. A case involving an amount in excess of <u>SGD\$2,000,000</u> shall not be conducted until submitted to and approved by the Audit Committee and Board of Directors beforehand.</p> <p>B. In handling procedures to acquire or dispose of non-operation equipment <u>or right-of-use assets thereof</u>, the Company shall proceed with through price inquiry, price competition, price negotiation. A case involving an amount below <u>SGD\$2,000,000</u> (inclusive) shall be submitted to the Managing Director for approval. A case involving an amount at <u>SGD\$2,000,000~SGD\$4,000,000</u> shall be submitted to the Managing Director for approval and reported to the Audit Committee and Board of Directors in the most recent meetings afterward. A case involving an amount in excess of <u>SGD\$4,000,000</u> shall not be conducted until submitted to and approved by the Audit Committee and Board of Directors beforehand.</p>	<p>IV. Contents of business operations:</p> <p>3. The handling procedures to acquire or dispose of real estate or non-operation equipment:</p> <p>(1) Evaluation & operational procedures: The acquisition or disposal procedures of the Company's real estate or non-operation equipment shall be duly handled exactly in accordance with the internal control system—fixed assets circulation process.</p> <p>(2) Procedures stipulated for transaction conditions</p> <p>A. In handling procedures to acquire or dispose of real estate, the Company shall take reference to the substantial transaction prices traded in vicinity or the appraisal reports issued by a professional appraiser(s), the resolved conditions and trading prices. Accordingly, the analytical reports shall be worked out and submitted to the Managing Director. A case involving an amount below SGD\$2,000,000 shall be submitted to the Managing Director for approval and reported to the Audit Committee and Board of Directors in the most recent meetings afterward. A case involving an amount in excess of SGD\$2,000,000 shall not be conducted until submitted to and approved by the Audit Committee and Board of Directors beforehand.</p> <p>B. In handling procedures to acquire or dispose of non-operation equipment, the Company shall proceed with through price inquiry, price competition, price negotiation. A case involving an amount below SGD\$2,000,000 (inclusive) shall be submitted to the Managing Director for approval. A case involving an amount at SGD\$2,000,000~SGD\$4,000,000 shall be submitted to the Managing Director for approval and reported to the Audit Committee and Board of Directors in the most recent meetings afterward. A case involving an amount in excess of SGD\$4,000,000 shall not be conducted until submitted to and approved by the Audit Committee and Board of Directors beforehand.</p> <p>(3) Execution unit</p> <p>In handling procedures to acquire or dispose of real estate or non-operation equipment, after the case is submitted</p>	<p>In coordination with IFRS 16 Leases, with enhancement of the quality in disclosure of the acquisition and disposal of assets by public companies to expressly define the responsibility of the external experts, it amends in response to request by the competent authority with partial amendment to the wording.</p>

Amended article	Original article	Explanation
<p>(3) Execution unit In handling procedures to acquire or dispose of real estate or non-operation equipment <u>or right-of-use assets thereof</u>, after the case is submitted for approval through the approving power mentioned in the preceding paragraph, the user department(s), procuring department (s) and relevant competent department (s) shall assume the responsibility for execution.</p> <p>(4) Appraisal reports for real estate, non-operation equipment <u>or right-of-use assets thereof</u>: In handling procedures to acquire or dispose of real estate, non-operation equipment <u>or right-of-use assets thereof</u>, except a case of acquisition with the <u>domestic</u> government (Republic of China), a case engaging others to build on the Company's own land, <u>engaging others to build on rented land</u>, a case in acquisition or disposal of non-operation equipment for use into business operation <u>or right-of-use assets thereof</u>, in a case of transaction in an amount in excess of 20% of the Company's paid-in capital or <u>SGD\$12,000,000</u> (equivalent appropriately to <u>NTD\$300,000,000</u>), the Company shall obtain an appraisal report from professional appraiser beforehand and shall further comply with the following requirements:</p> <p>A. Where amidst an extraordinarily circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any <u>subsequent</u> change to the terms and conditions of the transaction.</p> <p>B. Where the transaction amount is in excess of <u>SGD\$42,000,000</u>(equivalent appropriately to <u>NTD\$1,000,000,000</u>), appraisal reports from two or more professional appraisers shall be obtained.</p> <p>C. Where any one among the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the</p>	<p>for approval through the approving power mentioned in the preceding paragraph, the user department(s), procuring department (s) and relevant competent department (s) shall assume the responsibility for execution.</p> <p>(4) Appraisal reports for real estate or non-operation equipment: In handling procedures to acquire or dispose of real estate or non-operation equipment, except a case of acquisition with the government, a case engaging others to build on the Company's own land or a case in acquisition or disposal of non-operation equipment for use into business operation, in a case of transaction in an amount in excess of 20% of the Company's paid-in capital or SGD\$12,000,000 (equivalent appropriately to NTD\$300,000,000), the Company shall obtain an appraisal report from professional appraiser beforehand and shall further comply with the following requirements:</p> <p>A. Where amidst an extraordinarily circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction in the future.</p> <p>B. Where the transaction amount is in excess of SGD\$42,000,000 (equivalent appropriately to NTD\$1,000,000,000), appraisal reports from two or more professional appraisers shall be obtained.</p> <p>C. Where any one among the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be retained to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the</p>	

Amended article	Original article	Explanation
<p>transaction amount, a certified public accountant shall be retained to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>I. The discrepancy between the appraisal result and the transaction amount is in excess of 20% of the transaction amount.</p> <p>II. The discrepancy between the appraisal results of two or more professional appraisers is in excess of 10% of the transaction amount.</p> <p>D. No more than three (3) months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided that, where the publicly announced current value for the same period is used and not more than six (6) months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(5) In a case of acquisition or disposal of assets through the procedures of auction by a court, the supporting certificate(s) issued by the court may be accepted instead of an appraisal report or the Certified Public Accountant opinions.</p>	<p>appropriateness of the transaction price:</p> <p>I. The discrepancy between the appraisal result and the transaction amount is in excess of 20% of the transaction amount.</p> <p>II. The discrepancy between the appraisal results of two or more professional appraisers is in excess of 10% of the transaction amount.</p> <p>D. No more than three (3) months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided that, where the publicly announced current value for the same period is used and not more than six (6) months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(5) In a case of acquisition or disposal of assets through the procedures of auction by a court, the supporting certificate(s) issued by the court may be accepted instead of an appraisal report or the Certified Public Accountant opinions.</p>	
<p>IV. Contents of business operations:</p> <p>5. Procedures of transactions with a related party:</p> <p>(1) Where the Company acquires or disposes of assets from a related party, in addition to the procedures for acquisition or disposal of real estate, <u>non-operation equipment</u> or <u>right-of-use assets thereof</u> as set forth under Article 3, the Company shall further proceed with the resolution procedures and appraisal of the transaction conditions to verify the rationality. Where the amount in the transaction is up to 10% of the Company's paid-in capital, the Company shall further consult with a professional appraiser for appraisal report or Certified Public Accountant opinions. The provisions under this Paragraph, nevertheless, do not apply to an event of acquisition or disposal of assets for sales or for rent in the</p>	<p>IV. Contents of business operations:</p> <p>5. Procedures of transactions with a related party:</p> <p>(1) Where the Company acquires or disposes of assets from a related party, in addition to the procedures for acquisition or disposal of real estate <u>or other fixed assets</u> as set forth under Article 3, the Company shall further proceed with the resolution procedures and appraisal of the transaction conditions to verify the rationality. Where the amount in the transaction is up to 10% of the Company's paid-in capital, the Company shall further consult with a professional appraiser for appraisal report or Certified Public Accountant opinions. The provisions under this Paragraph, nevertheless, do not apply to an event of acquisition or disposal of assets for sales or for rent in the business operation.</p> <p>(2) Evaluation & operational procedures:</p>	<p>In coordination with IFRS 16 Leases, with enhancement of the quality in disclosure of the acquisition and disposal of assets by public companies to expressly define the responsibility of the external experts, it amends in response to request by the competent authority with partial amendment to the wording.</p>

Amended article	Original article	Explanation
<p>business operation.</p> <p>(2) Evaluation & operational procedures: Where the Company intends to acquire or dispose of real estate <u>or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10 percent or more of the Company's total assets, or <u>SGD\$13,000,000</u> (equivalent appropriately to <u>NTD\$300,000,000</u>) or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:</p> <p>A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>B. The reason for choosing the related party as a transaction counterparty.</p> <p>C. With respect to the acquisition of real estate <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph (5) of this Article.</p> <p>D. The date and price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>E. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Paragraph (1) of this Article.</p> <p>G. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>(3) The amount of transaction in Paragraph (2) of this Article shall be</p>	<p>Where the Company acquires or disposes of real estate or assets <u>other than real estate</u> from a related party in the amount in the transaction is up to 20% of the Company's paid-in capital , 10% of the Company's total assets or NTD\$300,000,000 (equivalent approximately to SGD\$13,000,000, to be converted based on the exchange rate prevalent that time), except in trading of government bonds or bonds under repurchase and resale agreements, or subscription to or redemption of money market, the Company shall not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to and approved by the Audit Committee and Board of Directors:</p> <p>A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>B. The reason for choosing the related party as a transaction counterparty.</p> <p>C. With respect to the acquisition of real estate from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph (5) of this Article.</p> <p>D. The date and price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>E. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Paragraph (1) of this Article.</p> <p>G. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>(3) The amount of transaction in Paragraph (2) of this Article shall be calculated in accordance with Paragraph (2) of Article 9. The term within one year shall be counted based on the date of occurrence of the fact, for the preceding period of one year retrospectively. The period is not required to be counted inclusive if</p>	

Amended article	Original article	Explanation
<p>calculated in accordance with Paragraph (2) of Article 9. The term within one year shall be counted based on the date of occurrence of the fact, for the preceding period of one year retrospectively. The period is not required to be counted inclusive if having been submitted to and approved by the Audit Committee and Board of Directors.</p> <p>(4) <u>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital:</u></p> <p>A. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p>B. <u>Acquisition or disposal of real estate right-of-use assets thereof held for business use.</u> The Board of Directors may authorize the chairman to approve to go ahead beforehand within the specified limit in accordance with Article 3 before the case is reported to the most recent board of directors meeting for retrospective acknowledgement.</p> <p>(5) Evaluation of rationality on price costs of real estate or right-of-use assets thereof transactions:</p> <p>A. A public company that acquires real estate or right-of-use assets thereof from a related party shall evaluate the rationality of the transaction costs by the following means:</p> <p>I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The term "necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property</p> <p>II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, nevertheless, this shall not apply where the financial institution is</p>	<p>having been submitted to and approved by the Audit Committee and Board of Directors.</p> <p>(4) In a case of acquisition or disposal of machinery & equipment for leasehold or sales not oriented to business operation, the Board of Directors may authorize the chairman to approve to go ahead beforehand within the specified limit in accordance with Article 3 before the case is reported to the most recent board of directors meeting for retrospective acknowledgement.</p> <p>(5) Evaluation of rationality on price costs of real estate transactions:</p> <p>A. A public company that acquires real estate from a related party shall evaluate the rationality of the transaction costs by the following means:</p> <p>I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The term "necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property</p> <p>II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, nevertheless, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>B. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>C. Where the Company acquires real estate from a related party, it shall consult with a Certified Public Accountant for a recheck and offering concrete opinions.</p> <p>D. Where the Company acquires real estate from a related party and one of the following circumstances exists, the</p>	

Amended article	Original article	Explanation
<p>a related party of one of the transaction counterparties.</p> <p>B. Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>C. Where the Company acquires real estate <u>or right-of-use assets thereof</u> from a related party, it shall consult with a Certified Public Accountant for a recheck and offering concrete opinions.</p> <p>D. Where the Company acquires real estate <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph (2) of this Article and the provisions set forth under (5) A~C of this Article do not apply:</p> <p>I. Where the related party acquired the real estate <u>or right-of-use assets thereof</u> through inheritance or as a bestowed gift.</p> <p>II. Where a period more than five (5) years has elapsed from the time the related party signed the contract to obtain the real estate <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>III. Where the real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land.</p> <p>IV. <u>The Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital either directly or indirectly, in acquisition of real estate and right-of-use assets for business use.</u></p> <p>E. In the event that the outcomes evaluated under Paragraph (5)~A of this Article are higher than the transaction prices in all cases, the Company should provide objective evidence (exhibits) and obtain opinions about the rationality from real estate appraisers and Certified Public Accountant(s) except an event</p>	<p>acquisition shall be conducted in accordance with Paragraph (2) of this Article and the provisions set forth under (5) A~C of this Article do not apply:</p> <p>I. Where the related party acquired the real estate through inheritance or as a bestowed gift.</p> <p>II. Where a period more than five (5) years has elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.</p> <p>III. Where the real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land.</p> <p>E. In the event that the outcomes evaluated under Paragraph (5)~A of this Article are higher than the transaction prices in all cases, the Company should provide objective evidence (exhibits) and obtain opinions about the rationality from real estate appraisers and Certified Public Accountant(s) except an event under Article 16 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” where the Company submits objective evidence (exhibits) and obtains concrete opinions about the rationality from professional real estate appraisers and Certified Public Accountant(s).</p> <p>F. Where a public company acquires real estate from a related party and the results of appraisals conducted in accordance with Paragraph (5) of this Article are lower than the transaction price in all cases, the following steps shall be undertaken:</p> <p>I. A special reserve shall be set aside against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>II. The Audit Committee shall duly handle in accordance with Article 218 of the Company Act.</p> <p>III. The facts of handling in accordance with Paragraphs I and II shall be reported to the annual general meeting and the detailed contents of the transaction shall be disclosed in the</p>	

Amended article	Original article	Explanation
<p>under Article 18 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” where the Company submits objective evidence (exhibits) and obtains concrete opinions about the rationality from professional real estate appraisers and Certified Public Accountant(s).</p> <p>F. Where a public company acquires real estate <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with Paragraph (5) of this Article are lower than the transaction price in all cases, the following steps shall be undertaken:</p> <p>I. A special reserve shall be set aside against the difference between the real estate <u>or right-of-use assets thereof</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>II. The Audit Committee shall duly handle in accordance with Article 218 of the Company Act.</p> <p>III. The facts of handling in accordance with Paragraphs I and II shall be reported to the annual general meeting and the detailed contents of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>G. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority has given its consent. <u>When the Company obtains real estate or right-of-use assets thereof from a related party, it shall also comply with the aforementioned provisions if there is other evidence indicating that the acquisition was not an arm's length transaction.</u></p>	<p>annual report and the prospectus.</p> <p>G. The Company that has set aside a special reserve under the aforementioned provisions shall not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a higher price, or they have been disposed of, or adequate compensation has been made, or status quo ante has been restored or there have been other evidence (exhibits) proving no irrationality or until the competent authority approves.</p>	
<p>IV. Contents of business operations:</p> <p>6. The evaluation procedures for acquisition or disposal of memberships <u>or intangible assets or</u></p>	<p>IV. Contents of business operations:</p> <p>6. The evaluation procedures for acquisition or disposal of memberships <u>and</u> intangible assets:</p>	<p>In coordination with IFRS 16 Leases, with enhancement of the quality in disclosure of</p>

Amended article	Original article	Explanation
<p><u>right-of-use assets thereof:</u> Where the transaction amount in acquisition or disposal of memberships and intangible assets is up to 20% of the Company's paid-in capital or <u>SGD\$13,000,000 (equivalent appropriately to NTD\$300,000,000)</u>, except a case of transaction with government authority, the Company should consult with a Certified Public Accountant(s) to offer opinion about price rationality before date of occurrence of the fact.</p>	<p>Where the transaction amount in acquisition or disposal of memberships and intangible assets is up to 20% of the Company's paid-in capital or NTD\$300 million, except a case of transaction with government authority, the Company should consult with a Certified Public Accountant(s) to offer opinion about price rationality before date of occurrence of the fact.</p>	<p>the acquisition and disposal of assets by public companies to expressly define the responsibility of the external experts, it amends in response to request by the competent authority with partial amendment to the wording.</p>
<p>IV. Contents of business operations: 7. Handling procedures for acquisition or disposal of assets of derivatives: (1) Transaction principles and policies: B. Division of powers and responsibilities: I. Degree of authorization for derivatives: a. Power to approve hedging transaction: Each case of transaction in excess of <u>USD1,000,000</u> calls for permit from the Managing Director. A case with net accumulated position in excess of <u>USD5,000,000</u> calls for permit from the Managing Director beforehand. b. Transactions of derivatives for other purposes of use call for submittal to and approval from the Board of Directors beforehand.</p>	<p>IV. Contents of business operations: 7. Handling procedures for acquisition or disposal of assets of derivatives: (1) Transaction principles and policies: B. Division of powers and responsibilities: I. Degree of authorization for derivatives: a. Power to approve hedging transaction: Each case of transaction in excess of USD1,000,000 calls for permit from the Managing Director. A case with net accumulated position in excess of USD5,000,000 calls for permit from the Managing Director beforehand. b. Transactions of derivatives for other purposes of use call for submittal to and approval from the Board of Directors beforehand.</p>	<p>Polishing in wording.</p>
<p>IV. Contents of business operations: 7. Handling procedures for acquisition or disposal of assets of derivatives: (1) Transaction principles and policies: B. Division of powers and responsibilities: VI. Internal audit system: a. The internal auditors shall look into the fairness and rationality of the internal control over transactions of derivatives and shall audit derivatives under transaction, transaction handling procedures and compliance and shall further analyse the contents of the transaction on a monthly basis. Such personnel shall further work out “internal audit reports” and serve notices in writing to <u>independent directors</u> whenever a significant default is noticed. b. The internal auditors shall declare the audit reports along with the annual audit performance report to the Financial Supervisory Commission, Executive Yuan in the interval as stipulated by the Securities and Futures Bureau, Financial Supervisory</p>	<p>IV. Contents of business operations: 7. Handling procedures for acquisition or disposal of assets of derivatives: (1) Transaction principles and policies: B. Division of powers and responsibilities: VI. Internal audit system: a. The internal auditors shall look into the fairness and rationality of the internal control over transactions of derivatives and shall audit derivatives under transaction, transaction handling procedures and compliance and shall further analyse the contents of the transaction on a monthly basis. Such personnel shall further work out “internal audit reports” and serve notices in writing whenever a significant default is noticed. b. The internal auditors shall declare the audit reports along with the annual audit performance report to the Financial Supervisory Commission, Executive Yuan in the interval as stipulated by the Securities and Futures Bureau, Financial Supervisory</p>	<p>In coordination with IFRS 16 Leases, with enhancement of the quality in disclosure of the acquisition and disposal of assets by public companies to expressly define the responsibility of the external experts, it amends in response to request by the competent authority.</p>

Amended article	Original article	Explanation
<p>Commission and shall further declare the performance of corrective action taken against the abnormalities to the Financial Supervisory Commission, Executive Yuan for information in the internal as stipulated by the Financial Supervisory Commission, Executive Yuan.</p>	<p>the performance of corrective action taken against the abnormalities to the Financial Supervisory Commission, Executive Yuan for information in the internal as stipulated by the Financial Supervisory Commission, Executive Yuan.</p>	
<p>IV. Contents of business operations: 7. Handling procedures for acquisition or disposal of assets of derivatives: (1) Transaction principles and policies: B. Division of powers and responsibilities: VII. The principles for superintendence and management by the Board of Directors over transactions in derivatives: a. The Board of Directors shall designate senior management personnel to closely watch the superintendence and control over the potential risks in the transactions of derivatives. The managerial principles are as enumerated below: To evaluate and make sure on a regular basis whether the risk management measures used currently are appropriate and to handle such issues exactly in accordance with these Rules and the procedures for transaction in derivatives enacted by the Company. To oversee the transaction and profit and/or loss and to, whenever an abnormality is found, adopt countermeasures as necessary and report to the Audit Committee and Board of Directors forthwith. b. The Board of Directors shall evaluate on a regular basis whether the performance by the Company in engaging in transaction in derivatives would be consistent with the Company's established strategies and whether the potential risks to be borne by the Company is within the tolerability to the Company. c. Where the transaction in derivatives by the Company is handled by the relevant personnel duly authorized in accordance with the Operational Procedures to Engage in Transaction of Derivatives, the transactions shall be reported to the most recent board of directors meeting afterward. d. Where the Company engages in Where the transaction in derivatives, the Company shall duly prepare for the "Record Book for Transaction in</p>	<p>IV. Contents of business operations: 7. Handling procedures for acquisition or disposal of assets of derivatives: (1) Transaction principles and policies: B. Division of powers and responsibilities: VII. The principles for superintendence and management by the Board of Directors over transactions in derivatives: a. The Board of Directors shall designate senior management personnel to closely watch the superintendence and control over the potential risks in the transactions of derivatives. The managerial principles are as enumerated below: To evaluate and make sure on a regular basis whether the risk management measures used currently are appropriate and to handle such issues exactly in accordance with these Rules and the procedures for transaction in derivatives enacted by the Company. To oversee the transaction and profit and/or loss and to, whenever an abnormality is found, adopt countermeasures as necessary and report to the Audit Committee and Board of Directors forthwith. b. The Board of Directors shall evaluate on a regular basis whether the performance by the Company in engaging in transaction in derivatives would be consistent with the Company's established strategies and whether the potential risks to be borne by the Company is within the tolerability to the Company. c. Where the transaction in derivatives by the Company is handled by the relevant personnel duly authorized in accordance with the Operational Procedures to Engage in Transaction of Derivatives, the transactions shall be reported to the most recent board of directors meeting afterward. d. Where the Company engages in Where the transaction in derivatives, the Company shall duly prepare for the "Record Book for Transaction in</p>	<p>In coordination with IFRS 16 Leases, with enhancement of the quality in disclosure of the acquisition and disposal of assets by public companies to expressly define the responsibility of the external experts, it amends in response to request by the competent authority.</p>

Amended article	Original article	Explanation
<p>Derivatives” in which the categories, amounts of the transaction in derivatives, date of approval by the Board of Directors and the issues which call for prudential review shall be entered in detail for the record.</p> <p>e. <u>Where the Company does no longer intend to engage in derivatives trading, it may, after obtaining the approval of the board of directors, be exempted from adopting procedures governing derivatives trading. If it subsequently wishes to engage in derivatives trading, it will still be required first to comply with the provisions of the preceding article and the preceding paragraph before doing so.</u></p>	<p>Derivatives” in which the categories, amounts of the transaction in derivatives, date of approval by the Board of Directors and the issues which call for prudential review shall be entered in detail for the record.</p>	
<p>IV. Contents of business operations:</p> <p>8. The handling procedures for entrepreneurial merger, demerger, acquisition or acceptance of share transfer:</p> <p>(1) Evaluation & operational procedures:</p> <p>A. Where the Company engages in merger, demerger, acquisition or acceptance of share, the Company shall, before the Board of Directors resolves the decision, retain Certified Public Accountant(s), lawyer(s) or securities underwriter(s) to present expert opinions on rationality of the share conversion ratios, acquisition prices or cash or other properties to be allocated to shareholders and shall pose the issues to the Board of Directors for discussion and approval. <u>Nevertheless, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.</u></p>	<p>IV. Contents of business operations:</p> <p>8. The handling procedures for entrepreneurial merger, demerger, acquisition or acceptance of share transfer:</p> <p>(1) Evaluation & operational procedures:</p> <p>A. Where the Company engages in merger, demerger, acquisition or acceptance of share, the Company shall, before the Board of Directors resolves the decision, retain Certified Public Accountant(s), lawyer(s) or securities underwriter(s) to present expert opinions on rationality of the share conversion ratios, acquisition prices or cash or other properties to be allocated to shareholders and shall pose the issues to the Board of Directors for discussion and approval.</p>	<p>In coordination with IFRS 16 Leases, with enhancement of the quality in disclosure of the acquisition and disposal of assets by public companies to expressly define the responsibility of the external experts, it amends in response to request by the competent authority.</p>
<p>IV. Contents of business operations:</p> <p>9. Exposure of information to public:</p> <p>(1) Whenever the Company meets any one among those enumerated below, the Company shall launch promulgation and declaration within two (2) days from date of occurrence of the fact:</p> <p>A. Where the Company intends to acquire or dispose of real estate or</p>	<p>IV. Contents of business operations:</p> <p>9. Exposure of information to public:</p> <p>(1) Whenever the Company meets any one among those enumerated below, the Company shall launch promulgation and declaration within two (2) days from date of occurrence of the fact:</p> <p>A. Where the Company acquires or disposes of real estate or assets other</p>	<p>In coordination with IFRS 16 Leases, with enhancement of the quality in disclosure of the acquisition and disposal of assets by public companies to expressly define the responsibility of the external experts, it</p>

Amended article	Original article	Explanation
<p><u>right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof</u> (except leasehold and sales to meet the need in business operation) from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, <u>or SGD\$13,000,000</u> (equivalent <u>appropriately to NTD\$300,000,000</u>) or more, except buys and sales of government bonds, bonds in repurchase, resale agreement (repo and reverse repo), subscription to or redemption of domestic money market funds.</p> <p>B. Where the Company engages in merger, demerger, acquisition or acceptance of share transfer.</p> <p>C. The amount of maximum limit of the entire or individual contract loss where the Company engages in derivatives under the handling procedures.</p> <p>D. Transactions in assets other than those under Paragraphs A~C or the creditor's rights disposed of by a financial institution, with amount of transaction in excess of 20% of the Company's paid-in capital or <u>SGD\$13,000,000</u> (equivalent <u>appropriately to NTD\$300,000,000</u>) except those as enumerated below:</p> <p>I. Buys and sales of government bonds</p> <p>II. Bonds in repurchase, resale agreement (repo and reverse repo), subscription to or redemption of domestic money market funds.</p> <p>III. Where the Company acquires or disposes of assets in the categories as machinery & equipment <u>or right-of-use assets thereof</u> oriented to business operation use with the transaction counterparty not as a related party, with amount of transaction not up to <u>SGD\$21,000,000</u> (equivalent <u>appropriately to NTD\$500,000,000</u>) or over.</p> <p>(2) The amounts of transactions under Paragraphs (1)~D of this Article shall be counted in the methods as enumerated below. The term "within one year" shall be one year respectively prior to the date of occurrence of the fact and the part having been promulgated as required is exempted from being counted</p>	<p>than real estate from a related party (excluding those for rent or for sale to meet the need in business operation) with transaction amount in excess of 20% of the Company's paid-in capital, 10% of the Company's total assets or NTD\$300 million (equivalent approximately to SGD\$13,000,000, to be converted based on the exchange rate prevalent that time) except buys and sales of government bonds, bonds in repurchase, resale agreement (repo and reverse repo), subscription to or redemption of domestic money market funds.</p> <p>B. Where the Company engages in merger, demerger, acquisition or acceptance of share transfer.</p> <p>C. The amount of maximum limit of the entire or individual contract loss where the Company engages in derivatives under the handling procedures.</p> <p>D. Transactions in assets other than those under Paragraphs A~C or the creditor's rights disposed of by a financial institution, with amount of transaction in excess of 20% of the Company's paid-in capital or NTD\$300,000,000 (equivalent approximately to SGD\$13,000,000, to be converted based on the exchange rate prevalent that time) except those as enumerated below:</p> <p>I. Buys and sales of government bonds</p> <p>II. Bonds in repurchase, resale agreement (repo and reverse repo), subscription to or redemption of domestic money market funds.</p> <p>III. Where the Company acquires or disposes of assets in the categories as machinery & equipment oriented to business operation use with the transaction counterparty not as a related party, with amount of transaction not up to NTD\$500,000,000 (or SGD\$21,000,000, to be converted based on the exchange rate prevalent that time) or over.</p> <p>(2) The amounts of transactions under Paragraphs (1)~D of this Article shall be counted in the methods as enumerated below. The term "within one year" shall be one year respectively prior to the date of occurrence of the fact and the part having been promulgated as required is exempted from being counted</p>	<p>amends in response to request by the competent authority with partial amendment to the wording.</p>

Amended article	Original article	Explanation
<p>within.</p> <p>A. Amount of every transaction case:</p> <p>B. The amounts of transactions with acquisition or disposal of the targets of the same attributes with a same counterparty accumulated within one year.</p> <p>C. The amount of real estate <u>or right-of-use assets thereof</u> of a same development project acquired or disposed of within one year (with acquisition or disposal to be accumulated respectively).</p> <p>D. The amount of negotiable securities acquired or disposed of within one year (with acquisition or disposal to be accumulated respectively).</p>	<p>within.</p> <p>A. Amount of every transaction case:</p> <p>B. The amounts of transactions with acquisition or disposal of the targets of the same attributes with a same counterparty accumulated within one year.</p> <p>C. The amount of real estate of a same development project acquired or disposed of within one year (with acquisition or disposal to be accumulated respectively).</p> <p>D. The amount of negotiable securities acquired or disposed of within one year (with acquisition or disposal to be accumulated respectively).</p>	

【Appendix 8】

Comparison of the amended version of the summary of Regulations Governing Loaning of Funds to Others

Amended article	Original article	Explanation
<p>IV. Contents of business operations: 2. The maximum limits of the aggregate total the funds loaned and the funds loaned to individual targets: (3) Where the Company loans funds toward overseas companies which it holds 100% voting powers either directly or indirectly, <u>or where an overseas company holds 100% voting powers either directly or indirectly loans fund to the Company</u>, the aggregate total of fund loaned shall not exceed 80% of the Company's net worth and the limit of the fund loaned to an individual loanee shall not exceed 50% of the Company's net worth.</p>	<p>IV. Contents of business operations: 2. The maximum limits of the aggregate total the funds loaned and the funds loaned to individual targets: (3) Where the Company loans its funds to an overseas company where the Company holds 100% voting powers either directly or indirectly, the aggregate total of the funds so loaned shall not exceed 80% of the Company's net worth. The amount granted to an individual loanee shall not exceed 50% of the Company's net worth.</p>	<p>In coordination with the laws that ease up the restriction and increase the flexibility in internal fund scheduling.</p>
<p>IV. Contents of business operations: 2. The maximum limits of the aggregate total the funds loaned and the funds loaned to individual targets: (4) <u>Where the Company's funds loaned exceed the maximum limit set forth under these Regulations, the Company's responsible person shall team up with the loanee to jointly assume the responsibility for payback and to assume the responsibility for indemnity if the Company undergoes an impairment as a result, if any.</u></p>	<p>Nil</p>	<p>An addition to conform with laws and ordinances concerned.</p>
<p>IV. Contents of business operations: 3. Duration of the funds loaned and method of interest-bearing: (1) In each loan granted by the Company to a company or firm in a need of short-term financing, the period starting from the date on which the loan is granted shall not exceed one year maximum. In each loan granted by the Company to a company or firm in in business transaction, the period starting from the date on which the loan is granted shall not exceed one year or one business cycle (whichever is the longer) maximum. In case of a loan granted amidst the Company and</p>	<p>IV. Contents of business operations: 3. Duration of the funds loaned and method of interest-bearing: (1) In each loan granted by the Company to a company or firm in a need of short-term financing, the period starting from the date on which the loan is granted shall not exceed one year maximum. In each loan granted by the Company to a company or firm in in business transaction, the period starting from the date on which the loan is granted shall not exceed one year or one business cycle (whichever is the longer) maximum. In case of a loan granted amidst the Company and</p>	<p>In coordination with the laws that ease up the restriction and increase the flexibility in internal fund scheduling.</p>

Amended article	Original article	Explanation
<p>its subsidiary (s), the duration shall not exceed five (5) years maximum.</p> <p>Between the Company and overseas companies where the Company holds 100% <u>voting power either directly or indirectly, or between overseas companies where the Company holds 100% voting power either directly and the Company,</u> the loan to meet the financial need shall not exceed the maximum limit of five (5) years.</p>	<p>its subsidiary (s), the duration shall not exceed five (5) years maximum.</p> <p>In case of a loan granted by the Company toward a foreign company where the Company holds 100% voting powers either directly or indirectly in response to a need of financing of fund, the duration shall not exceed five (5) years maximum.</p>	
<p>IV. Contents of business operations:</p> <p>11. Timeframe and contents of the public announcement and filing:</p> <p>(2) Where the funds loaned meet any one among those circumstances enumerated below, the public announcement and filing shall be conducted within two days after date of occurrence of the fact:</p> <p>C. Where the funds newly loaned by the Company or its subsidiaries is up to <u>SGD\$435,000 (equivalent appropriately to NTD\$10,000,000)</u> and is up to 2% or more of the Company's net worth as shown through its financial statements of the most recent term.</p>	<p>IV. Contents of business operations:</p> <p>11. Timeframe and contents of the public announcement and filing:</p> <p>(2) Where the funds loaned meet any one among those circumstances enumerated below, the public announcement and filing shall be conducted within two days after date of occurrence of the fact:</p> <p>C. Where the funds newly loaned by the Company or its subsidiaries is up to NTD\$10 million (equivalent approximately to SGD\$435,000, to be converted based on the exchange rate prevalent that time) and is up to 2% or more of the Company's net worth as shown through its financial statements of the most recent term.</p>	<p>Polishing in wording.</p>
<p>IV. Contents of business operations:</p> <p>13. Implementations & amendments</p> <p>(2) <u>Enactment of or amendment to these Operational Procedures for Loaning of Funds to Others shall be subject to consent by more than one half of the Audit Committee members and shall be submitted to the Board of Directors for approval. In the event that consent of by more than one half of the Audit Committee members is not obtained, it may be resolved by at least two-thirds of the voting powers cast by all directors and the decision so resolved in the Audit Committee shall be expressly remarked onto the minutes of the board of directors meeting. The terms "entire Audit Committee members" and "all</u></p>	<p>IV. Contents of business operations:</p> <p>13. Implementations & amendments</p> <p>(2) <u>Where the Company submits these Operational Procedures to the Board of Directors into discussion based on the requirements set forth under the preceding paragraph, the opinions of the independent directors shall be taken into adequate account and their opinions, both pros and cons shall be expressly entered into the "Minutes of the board of directors meeting".</u></p>	<p>An amendment to conform with laws and ordinances concerned.</p>

Amended article	Original article	Explanation
<u>directors" as set forth in the preceding paragraph denotes those incumbent ones actually serving the posts.</u>		

【Appendix 9】

Comparison of the amended version of the summary of Regulations Governing Endorsements/Guarantees

Amended article	Original article	Explanation
<p>IV. Contents of business operations: 11. Implementations & amendments (2) <u>Enactment of or amendment to these Operational Procedures for Endorsements/Guarantees shall be subject to consent by more than one half of the Audit Committee members vote and shall be submitted to the Board of Directors for approval. In the event that consent of by more than one half of the Audit Committee members is not obtained, it may be resolved by at least two-thirds of the voting powers cast by all directors and the decision so resolved in the Audit Committee shall be expressly remarked onto the minutes of the board of directors meeting. The terms "entire Audit Committee members" and "all directors" as set forth in the preceding paragraph denotes those incumbent ones actually serving the posts.</u></p>	<p>IV. Contents of business operations: 11. Implementations & amendments (2) <u>Where the Company submits these Operational Procedures to the Board of Directors into discussion in accordance with the preceding paragraph, it shall take into full consideration of each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</u></p>	<p>An amendment to conform with laws and ordinances concerned.</p>
<p>IV. Contents of business operations: 8. Timeframe and contents of public announcement and filing: (2) Where the balance of endorsements/guarantees of the Company and its subsidiaries reaches any one among those standards/criteria enumerated below, the Company shall launch public announcement and filing within two days from the very date of occurrence of the fact: C. Where the balance of endorsements/guarantees granted by the Company and its Subsidiary(ies) toward a single enterprise is up to <u>SGD\$435,000 (equivalent to appropriately NTD\$10,000,000)</u> and total of the <u>book amount of investment in equity method</u> is up to 30% of the Company's net worth as shown through its financial statements in the most recent</p>	<p>IV. Contents of business operations: 8. Timeframe and contents of public announcement and filing: (2) Where the balance of endorsements/guarantees of the Company and its subsidiaries reaches any one among those standards/criteria enumerated below, the Company shall launch public announcement and filing within two days from the very date of occurrence of the fact: C. Where the balance of endorsements/guarantees of the Company and its subsidiaries rendered to a single enterprise reaches <u>NTD\$10 million (equivalent approximately to SGD\$435,000, to be converted based on the exchange rate prevalent that time);</u> and total of the <u>long-term investment and</u></p>	<p>Polishing in wording pursuant to the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers to expressly define the long-term investment.</p>

Amended article	Original article	Explanation
<p>term.</p> <p>D. Where the newly increased endorsements/guarantees of the Company and its subsidiaries reach <u>SGD\$1,305,000 (equivalent to appropriately NTD\$30,000,000)</u> or more and reaches 5% or more of the Company's net worth as shown through its financial statements of the most recent term.</p>	<p>funds loaned reaches 30% or more of the Company's net worth as shown through its financial statements of the most recent term.</p> <p>D. Where the newly increased endorsements/guarantees of the Company and its subsidiaries reach NTD\$30 million (equivalent approximately to SGD\$1,305,000, to be converted based on the exchange rate prevalent that time) or more and reaches 5% or more of the Company's net worth as shown through its financial statements of the most recent term.</p>	

【Annex 1】 Articles of Association (Original English)

**THE COMPANIES LAW (2013 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**TENTH AMENDED AND RESTATED
MEMORANDUM AND ARTICLES OF ASSOCIATION**

OF

JP NELSON HOLDINGS

(adopted by a Special Resolution passed on June 13, 2016)

**THE COMPANIES LAW (2013 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**TENTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION
OF
JP NELSON HOLDINGS**

(adopted by a Special Resolution passed on June 13, 2016)

- 1 The name of the Company is **JP NELSON HOLDINGS**.
- 2 The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place within the Cayman Islands as the Board may from time to time decide.
- 3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2013 Revision) or any other laws of the Cayman Islands.
- 4 The liability of each Member is limited to the amount unpaid on such Member's shares.
- 5 The share capital of the Company is New Taiwan Dollar 1,500,000,000 divided into 150,000,000 shares of a par value of New Taiwan Dollar 10.00 each.
- 6 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
- 7 Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

**THE COMPANIES LAW (2013 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**TENTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF
JP NELSON HOLDINGS**

(adopted by a Special Resolution passed on June 13, 2016)

1. Interpretation

1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

“Applicable Public Company Rules” means the ROC laws, rules and regulations (including, without limitation, the Company Law, the Securities and Exchange Law, the rules and regulations promulgated by the FSC, and the rules and regulations promulgated by the GTSM, as amended from time to time) affecting public companies or companies listed on any ROC stock exchange or securities market that from time to time are required by the relevant regulator as applicable to the Company.

“Articles” means these articles of association of the Company.

“Audit Committee” means a committee of the Board, which shall comprise solely of Independent Directors.

“Board” means the board of directors appointed or elected pursuant to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles.

“Capital Reserve” **Redemption** means the reserve established by the Company for the purpose of section 37(4) of the Statute which shall comprise of, inter alia, (i) where Shares are redeemed or purchased wholly out of the Company's profits, the amounts by which the Company's issued share capital is diminished in accordance with section 37(3)(g) of the Statute on cancellation of the Shares redeemed or purchased; (ii) where Shares are redeemed or purchased wholly or partly out of the proceeds of a fresh issue and the aggregate amount of those proceeds is less than the aggregate nominal value of the Shares redeemed or purchased, the amount of such difference, unless section 37(4)(c) of the Statute applies; (iii) where Shares are redeemed or purchased out of capital and the capital payment for Shares redeemed or purchased and cancelled is less than their nominal amount, the amount of such difference, subject to section 37(5)(f) of the Statute; subject to any reduction in accordance with section 37(5)(e) of the Statute and other provisions of the Statute.

“Capital Reserve” means the premium paid on the issuance of any Share and income from endowments received by the Company.

“Chairman” means the Director elected amongst all the Directors as the chairman of the Board.

“Company” means the above named company.

“Directors”	means the directors for the time being of the Company and shall include any and all Independent Director(s).
“Dividend”	means any dividend resolved to be paid on Shares pursuant to the Articles.
“Electronic Record”	has the same meaning as in the Electronic Transactions Law.
“Electronic Transactions Law”	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands.
“FSC”	means the Financial Supervisory Commission of the ROC.
“Gross Negligence”	in relation to a person means a standard of conduct beyond negligence whereby a person acts with reckless disregard for the consequences of his action or inaction.
“GTSM”	means the Taipei Exchange.
“Independent Directors”	means the Directors who are elected as “Independent Directors” for the purpose of the Applicable Public Company Rules.
“Market Observation Post System”	means the public company reporting system maintained by the Taiwan Stock Exchange Corporation.
“Member”	has the same meaning as in the Statute.
“Memorandum”	means the memorandum of association of the Company.
“Merger”	means a transaction whereby: (a) (i) all of the companies participating in such transaction are combined into a new company, which new company generally assumes all rights and obligations of the combined companies; or (ii) all of the companies participating in such transaction are merged into one of such companies as the surviving company, and the surviving company generally assumes all rights and obligations of the merged companies, and in each case the consideration for the transaction being the shares of the surviving or consolidated company or any other company, cash or other assets; or (b) other forms of mergers and acquisitions which fall within the definition of “merger and/or consolidation” under the Applicable Public Company Rules.
“Ordinary Resolution”	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
“Preferred Shares”	has the meaning given thereto in Article 3.
“Private Placement”	means, after the Shares are listed on the GTSM, obtaining subscription for, or the sale of, Shares, options, warrants, rights of holders of debt or equity securities which enable those holders to subscribe further securities (including Shares), or other securities of the Company, either by the Company itself or a person authorized by the Company, primarily from or to specific investors in the ROC as prescribed under the Applicable Public Company Rules and permitted by the competent securities authority in the ROC, but excluding any employee incentive programme or subscription agreement, warrant, option or issuance of Shares under Articles 2.5, 2.8

	and 2.10 hereof;
“Register of Members”	means the register of members maintained in accordance with the Statute.
“Registered Office”	means the registered office for the time being of the Company.
“Restricted Shares”	has the meaning given thereto in Article 2.5;
“ROC”	means Taiwan, the Republic of China.
“Seal”	means the common seal of the Company and includes every duplicate seal.
“Share”	means a share in the Company.
“Special Resolution”	subject to the Statute, means a resolution passed by a majority of at least two-thirds of the votes cast by such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.
“Statute”	means the Companies Law (2013 Revision) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force.
“Subsidiary”	means, with respect to any company, (i) the entity, more than one half of whose total number of the outstanding voting shares or the total amount of the capital stock are directly or indirectly held by such company; (ii) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (iii) the entity, one half or more of whose executive shareholders or board directors are concurrently acting as the executive shareholders or board directors of such company; and (iv) the entity, one half or more of whose total number of outstanding voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company.
“Supermajority Resolution”	means a resolution passed by a majority vote of the Members at a general meeting attended by Members who represent two-thirds or more of the total outstanding Shares or, if the total number of Shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding Shares, but more than one half of the total outstanding Shares, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting.
“TDCC”	means the Taiwan Depository & Clearing Corporation.
“Treasury Shares”	has the meaning given thereto in Article 37.1.

1.2 In the Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing the masculine gender include the feminine gender;
- (c) words importing persons include corporations as well as any other legal or natural person;

- (d) “written” and “in writing” include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- (e) “shall” shall be construed as imperative and “may” shall be construed as permissive;
- (f) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced;
- (g) any phrase introduced by the terms “including”, “include” “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (h) the term “and/or” is used herein to mean both “and” as well as “or.” The use of “and/or” in certain contexts in no respects qualifies or modifies the use of the terms “and” or “or” in others. The term “or” shall not be interpreted to be exclusive and the term “and” shall not be interpreted to require the conjunctive (in each case, unless the context otherwise requires);
- (i) headings are inserted for reference only and shall be ignored in construing the Articles;
- (j) Section 8 of the Electronic Transactions Law shall not apply; and
- (k) the term “holder” in relation to a Share means a person whose name is entered in the Register of Members as the holder of such Share.

2. Issue of Shares

- 2.1 Subject to the provisions, if any, in the Memorandum and these Articles and without prejudice to any rights attached to any existing Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute and the Articles) vary such rights; provided that no Share shall be issued at a discount except in accordance with the Statute.
- 2.2 The issue of new Shares shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and shall at all times be subject to the sufficiency of the authorised share capital of the Company.
- 2.3 Where the Company increases its issued share capital by issuing new Shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new Shares to be issued, for public offering in the ROC, unless it is deemed as either unnecessary or inappropriate by the FSC or GTSM for the Company to conduct the aforementioned public offering. Any percentage higher than the aforementioned 10% as resolved by a general meeting for public offering in the ROC shall prevail. The Company may also reserve up to 15% of the total amount of such newly issued Shares for subscription by the employees of the Company and its Subsidiaries.
- 2.4 Unless otherwise resolved by the Members at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he is entitled to exercise a pre-emptive right to purchase his pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion in Article 2.3) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe his pro rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his pre-emptive right to subscribe such newly-issued Shares. In the event that the number of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued Share, Shares held by several Members may

be calculated together for joint subscription of newly-issued Shares or for subscription of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such Shares into the public offering tranche or offer any un-subscribed new Shares to a specific person or persons according to the Applicable Public Company Rules.

- 2.5 Subject to the provisions of the Statute, the Company may issue new Shares with restricted rights ("**Restricted Shares**") to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution; provided that Article 2.3 hereof shall not apply in respect of the issue of such Shares. For so long as the Shares are listed on the GTSM, the terms of issue of Restricted Shares, including but not limited to the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.
- 2.6 The pre-emptive right of Members under Article 2.4 shall not apply in the event that new Shares are issued due to the following reasons or for the following purposes:
- (a) in connection with a Merger, or pursuant to any reorganization of the Company;
 - (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof;
 - (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hererof;
 - (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire Shares;
 - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire Shares; or
 - (f) in connection with Private Placement.
- 2.7 The Company shall not issue any unpaid Shares or partly paid-up Shares.
- 2.8 Notwithstanding Article 2.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries.
- 2.9 Options, warrants or other similar instruments issued in accordance with Article 2.8 above are not transferable save by inheritance.
- 2.10 The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 2.8 above, whereby employees may subscribe for, within a specific period, a specific number of the Shares. The terms and conditions of such agreements shall be no less restrictive on relevant employee than the terms specified in the applicable incentive programme.
- 2.11 Share may not be issued in bearer form.

3. Preferred Shares

- 3.1 Notwithstanding any provisions of these Articles, the Company may by Special Resolution create Shares of any class with preferred or other rights ("**Preferred Shares**"), the rights and obligations of which shall be set forth in these Articles.
- 3.2 The rights and obligations of Preferred Shares may include (but not limited to) the following terms and shall be consistent with the Applicable Public Company Rules:

- (a) the order of priority and fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
- (b) the order of priority and fixed amount or fixed ratio of allocation of surplus assets of the Company;
- (c) the order of priority for or restriction on the voting right(s) (including declaring no voting rights whatsoever) of the Members holding the Preferred Shares;
- (d) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
- (e) other matters concerning rights and obligations incidental to Preferred Shares.

4. Register of Members

- 4.1 The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute.

5. Closing Register of Members or Fixing Record Date

- 5.1 For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose, the Board may provide that the Register of Members shall be closed for transfers for a stated period as prescribed by the Applicable Public Company Rules.
- 5.2 In lieu of, or apart from, closing the Register of Members, the Board may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose.
- 5.3 If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend or other distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Board resolving to pay such Dividend or other distribution is passed, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

6. Certificates for Shares

- 6.1 The Company shall issue Shares without printing share certificates for the Shares issued unless the issuance of share certificates is required by the provisions of the Applicable Public Company Rules. So long as the Shares are listed on the GTSM, notwithstanding anything contained in the Articles and subject always to the law of the Cayman Islands, the details regarding such issue of Shares shall be recorded by the TDCC in accordance with the Applicable Public Company Rules, and the Company shall recognize as a Member each person identified as a holder of a Share in the records provided by the TDCC to the Company and such records shall constitute the Register of Members. In the event that the Company shall issue certificates for Shares in accordance with the Applicable Public Company Rules, share certificates representing Shares, if any, shall be in such form as the Board may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Board. The Board may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and subject to the Articles no new certificate shall be issued until the former

certificate representing a like number of relevant Shares shall have been surrendered and cancelled.

- 6.2 In the event that the Company shall issue certificated shares, the Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
- 6.3 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Board may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.
- 6.4 Every share certificate sent in accordance with the Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.
- 6.5 In the event that the Company shall issue certificated shares, the Company shall deliver the share certificates to the subscribers within thirty days from the date such Shares may be issued pursuant to the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules.

7. Transfer of Shares

- 7.1 Subject to Article 2.1, Shares are transferable.
- 7.2 The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Board so requires, signed by or on behalf of the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.
- 7.3 Notwithstanding the foregoing, in the event that the Shares are listed on the GTSM, the transfer of such Shares may be effected through the book-entry system of the TDCC and pursuant to the Applicable Public Company Rules.

8. Redemption and Repurchase of Shares

- 8.1 Subject to the provisions of the Statute, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner as the Company may, by Special Resolution, determine before the issue of the Shares.
- 8.2 Subject to the provisions of the Statute and these Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own Shares (including any redeemable Shares and the Shares listed on the GTSM) on such terms and in such manner as the Directors may determine.
- 8.3 In the event that the Company proposes to purchase the Share listed on the GTSM pursuant to Article 8.2, the resolution of the Board approving such proposal and the implementation thereof should be reported to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase the Shares listed on the GTSM for any reason.
- 8.4 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.

9. Variation of Rights of Shares

- 9.1 If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the

Shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class. Notwithstanding the foregoing, if any modification or alteration in the Articles is prejudicial to the preferential rights of any class of Shares, such modification or alteration shall be passed by a Special Resolution of the Company and shall also be passed by a Special Resolution passed at a separate meeting of Members of that class of Shares. To any such meeting all the provisions of the Articles relating to general meetings shall apply *mutatis mutandis*.

- 9.2 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

10. Non Recognition of Trusts

The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by the Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the holder.

11. Transmission of Shares

- 11.1 If a Member dies, the survivor or survivors (where he was a joint holder) or his legal personal representatives (where he was a sole holder), shall be the only persons recognised by the Company as having any title to his Shares. The estate of a deceased Member is not thereby released from any liability in respect of any Share, for which he was a joint or sole holder.
- 11.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any way other than by transfer) may, upon such evidence being produced as may from time to time be required by the Board, elect, by a notice in writing sent by him to the Company, either to become the holder of such Share or to have some person nominated by him registered as the holder of such Share. If he elects to have another person registered as the holder of such Share, he shall sign an instrument of transfer of that Share to that person.
- 11.3 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any case other than by transfer) shall be entitled to the same Dividend, other distributions and other advantages to which he would be entitled if he were the registered holder of such Share. However, he shall not, before becoming a Member in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company and the Board may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the Share. If the notice is not complied with within ninety days of being received or deemed to be received (as determined pursuant to the Articles) the Board may thereafter withhold payment of all Dividends, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.
- 11.4 Notwithstanding the above, for as long as the Shares are listed on the GTSM, the transmission of the Shares may be effected through the book-entry system of the TDCC and pursuant to the Applicable Public Company Rules.

12. Amendments of Memorandum and Articles of Association and Alteration of Capital

- 12.1 The Company may by Ordinary Resolution:
- (a) increase its share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

- (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
 - (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination; and
 - (d) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.
- 12.2 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the transfer, transmission and otherwise as the Shares in the original share capital.
- 12.3 Subject to the provisions of the Statute and the provisions of the Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:
- (a) change its name;
 - (b) alter or add to the Articles;
 - (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
 - (d) reduce its share capital and any Capital Redemption Reserve.
- 12.4 Subject to the Statute and Article 12.5, the Company may from time to time by Supermajority Resolution:
- (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 36 hereof;
 - (b) effect any Merger (except for any Merger which falls within the definition of “merger and/or consolidation” under the Statute, which requires the approval of the Company by Special Resolution only), or spin-off of the Company;
 - (c) enter into, amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for frequent joint operation with others;
 - (d) transfer its business or assets, in whole or in any essential part; or
 - (e) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.
- 12.5 Subject to the Statute, the Company may be voluntarily wound up:
- (a) if the Company resolves by Ordinary Resolution that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
 - (b) if the Company resolves by Special Resolution that it be wound up voluntarily for reasons other than set out in Article 12.5(a) above.
- 12.6 Subject to the Statute, the Company may, by Special Resolution, issue securities by way of Private Placement within the territory of the ROC in accordance with Applicable Public Company Rules provided that, the ordinary corporate bonds to be issued through Private Placement by the Company in accordance with the Articles and the Applicable Public Company Rules may be

offered in different tranches within one year of the date of the meeting of the Board approving such Private Placement.

12.7 The Company may by Special Resolution reduce its share capital and any Capital Redemption Reserve in any manner authorised by the Statute and the Applicable Public Company Rules. Any such reduction of share capital shall be effected based on the percentage of shareholding of the Members pro rata, unless otherwise provided for in the Statute or the Applicable Public Company Rules.

12.8 Subject to the Statute, the Company may by Supermajority Resolution, distribute its Capital Reserve, in whole or in part, by issuing new Shares which shall be distributed as bonus shares to its original Members in proportion to the number of Shares being held by each of them or by cash.

13. Offices and Places of Business

Subject to the provisions of the Statute, the Company may by resolution of the Board change the location of its Registered Office. The Company may, in addition to its Registered Office, maintain such other offices or places of business as the Board may determine.

14. Annual General Meetings

14.1 The Company shall in each year hold a general meeting as its annual general meeting and such meeting shall be held within six months following the end of each financial year.

14.2 The Board shall call general meetings.

14.3 Unless otherwise provided by the Statute, the general meetings (including annual general meetings and extraordinary general meetings) shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall seek approval from the GTSM within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration matters of such general meeting (including but not limited to the handling of the voting of proxies submitted by any Members).

15. Extraordinary General Meetings

15.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.

15.2 The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or desirable, and they shall on a Member's requisition as defined in Article 15.3 forthwith proceed to convene an extraordinary general meeting of the Company.

15.3 A Member's requisition set forth in Article 15.2 is a requisition of one or more Members of the Company holding in the aggregate at the date of deposit of the requisition not less than three per cent of the total number of the outstanding Shares which as at that date have been held by such Members for at least one year.

15.4 The Member's requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

15.5 If the Board does not within fifteen days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the GTSM for its prior approval.

16. Notice of General Meetings

- 16.1 At least thirty days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat. The notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at such meeting.
- 16.2 At least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat. The notice shall specify the place, the date and time at which the meeting is to be held and the general nature of the business to be conducted at such meeting.
- 16.3 The Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly in accordance with Applicable Public Company Rules.
- 16.4 A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in the Articles, be deemed to have been properly called if it is so agreed by all the Members entitled to attend an annual general meeting or an extraordinary general meeting (as the case may be).
- 16.5 Subject to Article 17.4, the accidental omission to give notice of a general meeting to, or the non receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.
- 16.6 For so long as the Shares are listed on the GTSM, the Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the meetings, including but not limited to, election or discharge of Directors, in accordance with Articles 16.1 and 16.2 hereof, and shall transmit the same via the Market Observation Post System in accordance with Applicable Public Company Rules. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Articles 16.1 and 16.2. The Board shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in accordance with Applicable Public Company Rules.
- 16.7 The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion.
- (a) election or discharge of Directors;
 - (b) alteration of the Articles;
 - (c) (i) dissolution, Merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part or, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation;
 - (d) approval of an action by Director(s) who engage(s) in business for himself/herself or on behalf of another person that is within the scope of the Company's business;
 - (e) distribution of the whole or part of the surplus profit of the Company in the form of new Shares;
 - (f) distribution of Capital Reserve in the form of new Shares or cash; and

(g) Private Placement of any equity-type securities issued by the Company.

- 16.8 The Board shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the Company's Registered Office (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.
- 16.9 The Company shall make available all statements and records prepared by the Board and the report prepared by the Audit Committee, which will be submitted to the Members at the annual general meeting, at the Registered Office (if applicable) and its stock affairs agent located in the ROC ten days prior to such annual general meeting in accordance with Applicable Public Company Rules. Members may inspect and review the foregoing documents from time to time and may be accompanied by their lawyers or certified public accountants for the purpose of such inspection and review.
- 16.10 The Board may postpone any general meeting called in accordance with the Articles and a notice of postponement shall be given to each Member before the time scheduled for such meeting. A notice of the adjourned meeting shall be given as in the case of an original meeting.
- 16.11 The Directors shall be entitled to receive notice of, attend and be heard at the general meeting.

17. Proceedings at General Meetings

- 17.1 No resolutions shall be adopted at any general meeting unless a quorum is present. Unless otherwise provided for in the Articles, Members present in person or by proxy, representing more than one-half of the total outstanding Shares, shall constitute a quorum for any general meeting.
- 17.2 The Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members as required by the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies of the ratified financial statements and the Company's resolutions on distribution of profits or allocation of losses, to each Member, provided that the Board may make a public announcement of the foregoing documents instead.
- 17.3 Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on poll. No resolution put to the vote shall be decided by a show of hands.
- 17.4 Nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court for adjudicating any disputes arising out of the foregoing.
- 17.5 Unless otherwise expressly required by the Statute, the Memorandum or the Articles, any matter which has been presented for resolutions, approval, confirmation or adoption by the Members at any general meeting may be passed by Ordinary Resolution.
- 17.6 Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing a matter for discussion at an annual general meeting. Proposals shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) the matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).

- 17.7 Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman shall act as chairman at all general meetings at which such person is present. In his absence a chairman shall be appointed or elected by the Members present at the meeting and entitled to vote.
- 17.8 Unless otherwise provided in the Articles, if a quorum is not present at the time appointed for the general meeting, the chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed two times, but at the postponed general meeting a quorum is still not present, the chairman shall declare the general meeting as dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with the Articles.

18. Votes of Members

- 18.1 Subject to any rights or restrictions attached to any Shares, every Member who (being an individual) is present in person or by proxy or, if a corporation is present by its duly authorised representative or by proxy, shall have one vote for every Share of which he is the holder. If a Member holds Shares for others, such Member may exercise his voting power separately. The qualifications, scope, methods of exercise, operating procedures and other matters for compliance with respect to exercising voting power separately shall comply with the Applicable Public Company Rules.
- 18.2 No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of Shares unless he is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.
- 18.3 Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.
- 18.4 Subject to the Statute, the Company shall provide the Members with a method for exercising their voting power by way of electronic transmission; provided, however, that if a general meeting is to be held outside the ROC or otherwise required under the Applicable Public Company Rules, the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electric document. The chairman as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electric document and/or any amendment to resolution(s) proposed at the said general meeting. For the purposes of clarification, such Member voting in such manner shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.
- 18.5 In the event any Member who intended to exercise his voting power by way of a written ballot or electronic transmission and has served his voting decision on the Company pursuant to Article 18.4 hereof later intends to attend the general meetings in person, he shall, at least two days prior to the date of such general meeting, serve the Company with a separate notice revoking his

previous voting decision. Such separate notice shall be sent to the Company in the same manner (e.g., by courier, registered mail or electronic transmission, as applicable) as the manner the previous voting decision under Article 18.4 was given to the Company. Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke his voting decision before the prescribed time.

19. Proxies

- 19.1 The instrument of proxy shall be in the form approved by the Board from time to time and be expressed to be for a particular meeting only. An instrument of proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
- 19.2 Subject to the Applicable Public Company Rules, except for trust enterprises organized under the laws of the ROC or a stock affairs agent approved pursuant to Applicable Public Company Rules, save with respect to the chairman being deemed appointed as proxy under Article 18.4, in the event a person acts as the proxy for two or more Members, the sum of Shares entitled to be voted as represented by such proxy shall be no more than 3% of the total outstanding voting Shares immediately prior to the relevant book closed period, during which the Company closes its Register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.
- 19.3 In the event that a Member exercises his voting power by way of a written ballot or electronic transmission and has also authorized a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two days prior to the date of such general meeting, serve the Company with a separate written notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.
- 19.4 The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company no less than five days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, save with respect to the deemed appointment of the chairman as proxy under Article 18.4. Where more than one instrument to vote are received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.
- 19.5 For so long as the shares are listed on the GTSM, the use and solicitation of proxies shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

20. Corporate Members

Any corporation which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member.

21. Dissenting Member's Appraisal Right

- 21.1 In the event any of the following resolutions are adopted at a general meeting, any Member who has notified the Company in writing of his objection to such matter prior to the meeting and has

raised again his objection at the meeting, may request the Company to purchase all of his Shares at the then prevailing fair price:

- (a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;
- (b) the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or
- (c) the Company acquires or assumes the whole business or assets of another person, which has a material effect on the Company's operations.

21.2 In the event any part of the Company's business is spun off or involved in any Merger, any Member, who has abstained from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting approving such spin off or Merger, may request the Company to purchase all of his Shares at the then prevailing fair price.

22. Shares that May Not be Voted

22.1 Shares held:

- (a) beneficially by the Company itself;
- (b) by any entity in which the Company owns, legally or beneficially, more than 50% of its issued and voting share capital or equity capital; or
- (c) by any entity in which the Company, together with (i) the holding company of the Company and/or (ii) any Subsidiary of (a) the holding company of the Company or (b) the Company owns, legally or beneficially, directly or indirectly, more than 50% of its issued and voting share capital or equity capital;

shall not carry any voting rights nor be counted in the total number of outstanding Shares at any given time.

22.2 A Member who has a personal interest in any motion discussed at a general meeting, which interest may be in conflict with and impair those of the Company, shall abstain from voting such Member's Shares in regard to such motion and such Shares shall not be counted in determining the number of votes of the Members present at the said meeting. However, such Shares may be counted in determining the number of Shares of the Members present at such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member.

22.3 If the number of Shares pledged by a Director at any time amounts to more than fifty per cent of the total Shares held by such Director at the time of his latest appointment, such pledged Shares exceeding fifty per cent of the total Shares held by such Director at the time of his latest appointment, shall not carry any voting rights and such above-threshold Shares shall not be counted in determining the number of votes of the Members present at a general meeting but shall be counted towards the quorum of the general meeting.

23. Directors

23.1 There shall be a Board consisting of not less than five persons, each of whom shall serve for a term of office not exceeding three years. Directors may be eligible for re-election. The Company may from time to time by Special Resolution increase or reduce the limits in the number of Directors set forth in this Article, provided that the requirements by relevant laws and regulations (including but not limited to any listing requirements) are met.

- 23.2 Unless otherwise approved by the ROC competent authority, the number of Directors having a spousal relationship or familial relationship within the second degree of kinship with any other Directors shall be less than half of the total number of Directors.
- 23.3 In the event that the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 23.2 hereof, the non-qualifying Director(s) who was elected with the fewest number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 23.2 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall vacate his position of Director automatically.
- 23.4 Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three Independent Directors; provided, however, that the total number of Independent Directors shall amount to one-fifth or more of the total number of the Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the ROC and at least one of them shall have accounting or financial expertise.
- 23.5 Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be governed by the Applicable Public Company Rules.
- 23.6 Unless provided otherwise in these Articles, the qualifications, composition, appointment, removal, exercise of power in performing duties and other matters with respect to the Directors, Independent Directors, compensation committee and Audit Committee, shall comply with the provisions under the ROC Securities and Exchange Act and the regulations issued pursuant to the ROC Securities and Exchange Act applicable to the Company

24. Powers of Directors

- 24.1 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by a resolution of Members adopted in accordance with the Articles, the business of the Company shall be managed by the Board which may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.
- 24.2 Subject to the Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

25. Appointment and Removal of Directors

- 25.1 The Members may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 25.2 below. Members present in person or by proxy, representing more than one-half of the total outstanding Shares shall constitute a quorum for any general meeting to elect one or more Directors.
- 25.2 The election of Independent Directors and non-independent directors shall be held together and shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors (including the Independent Directors and non-independent directors) to be elected ("Special Ballot Votes"), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director/Independent Director candidate or may be split for election amongst multiple Director/Independent Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the respective number of the

Directors/Independent Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors/Independent Directors elected. The Company shall adopt a candidate nomination mechanism for the election of the Directors (including Independent Directors and non-independent Directors). Subject to the Statute, the nomination of Independent Directors and related announcement shall comply with the Applicable Public Company Rules.

- 25.3 If the number of Independent Directors is less than three persons due to the resignation or removal of any of the Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.
- 25.4 If the number of Directors is less than five persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Directors to fill the vacancies.
- 25.5 Where a legal entity is a Member, its authorized representative may also be elected as Director of the Company in accordance with these Articles. If there are more than one authorized representatives, each of them may be so elected.
- 25.6 The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another person to fill the vacancy. Prior to the expiration of the term of office of the current Directors, the Members may at a general meeting re-elect all Directors, which vote shall be calculated in accordance with Article 25.2 above. The term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors.
- 25.7 Where a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or in significant violation of applicable laws, regulations or the Articles, but has not been removed by Supermajority Resolution at any given general meeting, the Member(s) holding 3% or more of the total outstanding Shares may, within thirty days after that general meeting, institute a lawsuit in the competent court for a judgment to remove such Director from office. The Taiwan Taipei District Court, ROC, may be the court for this matter.

26. Vacation of Office of Director

- 26.1 The office of a Director shall be vacated if:
- (a) the Director is removed from office pursuant to the Articles;
 - (b) the Director gives notice in writing to the Company that he resigns the office of Director;
 - (c) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
 - (d) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to the applicable laws;
 - (e) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of such sentence is less than five years;

- (f) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of one year or more, and the time elapsed after he has served the full term of such sentence is less than two years;
- (g) having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years; or
- (h) having been dishonoured for use of negotiable instruments, and the term of such sanction has not yet expired.
- (i) the Director is automatically removed in accordance with Article 26.2; or
- (j) the Director ceases to be a Director in accordance with Article 26.3

In the event that any of the foregoing events described in clauses (c), (d), (e), (f), (g) and (h) has occurred to a candidate for election of Director, such person shall be disqualified from being elected as a Director.

- 26.2 In case a Director has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and no shareholders' approval shall be required.
- 26.3 If any Director has, after having been elected as a Director and before his inauguration of the office of Director, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, then he shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him within the share transfer prohibition period prior to a shareholders' meeting according to the Applicable Public Company Rules, then he shall immediately cease to be a Director and no shareholders' approval shall be required.

27. Proceedings of the Board

- 27.1 Subject to the Applicable Public Company Rules, the Chairman of the Board may call a meeting of the Board and the Board may meet (either within or outside of the Cayman Islands) at any time and from time to time for the transaction of business, adjourn and otherwise regulate its meetings as it thinks fit before the Shares are listed on the GTSM. For so long as the Shares are listed on the GTSM, at least seven days' prior notice setting forth the matters to be discussed shall be given for any meeting of the Board provided that upon the occurrence of emergencies, the Chairman may summon a meeting of the Board with a shorter notice period. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and no resolution shall be passed in the case of an equality of votes.
- 27.2 The quorum for the transaction of the business of the Board may be fixed by the Board, and unless so fixed at any other number, shall be more than one-half of the total number of the Directors for the time being in office or as otherwise provided in these Articles. A person who holds office as an alternate Director shall, if his appointor is not present, be counted in the quorum. A Director who also acts as an alternate Director shall, if his appointor is not present, count twice towards the quorum.
- 27.3 To the extent permitted by the Applicable Public Company Rules, a Director may participate in a meeting of the Board or committee of Directors by video conference or, to the extent permitted by the Applicable Public Company Rules, or other communications equipment by means of which all the persons participating in the meeting can communicate with each other at the same

time. Participation by a person in a meeting in this manner is treated as presence in person at that meeting.

- 27.4 Notice of a meeting of the Board shall be deemed to be duly given to a Director if given to such Director either personally or by sending it by courier, post, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.
- 27.5 The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles and the Applicable Public Company Rules as the necessary quorum of the Board, the continuing Directors may act for the purpose of increasing the number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose.
- 27.6 All acts done by any meeting of the Board or of a committee of the Directors (including any person acting as an alternate Director) shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or alternate Director, and/or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not disqualified to be a Director or alternate Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.
- 27.7 A Director but not an alternate Director may be represented at any meetings of the Board by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

28. Directors' Interests

- 28.1 A Director or alternate Director, other than an Independent Director, may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Board may determine.
- 28.2 A Director or alternate Director, other than an Independent Director, may act by himself or by, through or on behalf of his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
- 28.3 A Director or alternate Director, other than an Independent Director, may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a shareholder, a contracting party or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
- 28.4 No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established; provided that this Article 28.4 does not apply to the Independent Directors.
- 28.5 A Director or alternate Director who is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall declare the nature of such interest to the Company as required by relevant laws and regulations.
- 28.6 Notwithstanding anything to the contrary contained in this Article 28, a Director who engages in anything for himself or on behalf of another person that is within the scope of the Company's

business, shall explain to the Members in a general meeting the essential contents of such conduct and seek its approval by Supermajority Resolution.

28.7 Notwithstanding anything to the contrary contained in this Article 28, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall declare the nature of and the essential contents of his interest at the relevant meeting of the Board.

28.8 Notwithstanding anything to the contrary contained in this Article 28, a Director who has a personal interest in the matter under discussion at a meeting of the Board, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the meeting of the Board.

29. Minutes

The Board shall cause minutes to be made in books kept for the purpose of:

- (a) all appointments of officers made by the Board; and
- (b) all proceedings and resolutions at meetings of the Members or the holders of any class of Shares and of the Board, and of committees of the Directors, including the names of the Directors or alternate Directors present at each meeting.

30. Delegation of the Board's Powers

30.1 The Board may, in accordance with the Applicable Public Company Rules, delegate any of its powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of one or more Directors. They may also delegate to any managing director or any Director holding any other executive office such of their powers, authorities and discretions as they consider desirable to be exercised by him provided that an alternate Director may not act as managing director and the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Board may impose and either collaterally with or to the exclusion of their own powers and any such delegation may be revoked or altered by the Board. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of the Board, so far as they are capable of applying.

30.2 The Board may establish any committees or appoint any person to be a manager or agent for managing the affairs of the Company. Any such appointment may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and any such appointment may be revoked or altered by the Board.

30.3 The Board may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Board may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Board at any time.

30.4 The Board may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under the Articles) and for such period and subject to such conditions as it may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Board may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.

30.5 The Board may appoint such officers of the Company (including, for the avoidance of doubt and without limitation, any secretary) as it considers necessary on such terms, at such remuneration

and to perform such duties, and subject to such provisions as to disqualification and removal as the Board may think fit. Unless otherwise specified in the terms of his appointment an officer of the Company may be removed by resolution of the Board or Members. An officer of the Company may vacate his office at any time if he gives notice in writing to the Company that he resigns his office.

31. Alternate Directors

- 31.1 Any Director (but not an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him.
- 31.2 An alternate Director shall be entitled to receive notice of all meetings of the Board and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence, save that he may not himself appoint an alternate Director or proxy.
- 31.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.
- 31.4 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Board.
- 31.5 An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

32. Tender Offer

- 32.1 Within seven days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigious or non-litigious agent appointed pursuant to the Applicable Public Company Rules, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:
- (a) the types and number of the Shares held by the Directors and the Members holding more than 10% of the outstanding Shares in their own names or in the names of other persons.
 - (b) recommendations to the Members on the tender offer, which shall specify the names of the Directors who abstain or object to the tender offer and the reason(s) therefor.
 - (c) whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any.
 - (d) the types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the outstanding Shares held in their own names or in the name of other persons.

33. Remuneration of Directors

- 33.1 The Board shall, in accordance with the Applicable Public Company Rules, establish a compensation committee comprised of at least three members, one of whom shall be an Independent Director. The professional qualifications of the members of the compensation committee, the responsibilities, powers and other related matters of the compensation committee shall comply with the Applicable Public Company Rules. Upon the establishment of the compensation committee, the Board shall, by a resolution, adopt a charter for the compensation committee the provisions of which are consistent with the Applicable Public Company Rules.

- 33.2 The compensation referred in Article 33.1 shall include the compensation, stock option and other incentive payments of Directors and managers of the Company.
- 33.3 The remuneration of the Directors shall be decided by the Board by reference to the suggestion made by the compensation committee (applicable only after the establishment of such compensation committee), the standard generally adopted by other enterprises in the same industry, and shall be paid regardless whether the Company has profits or suffers losses. The Directors may also be entitled to be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, or general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to distribution of profits of the Company in accordance with the Articles, the Statute, the Applicable Public Company Rules, the service agreement or other similar contract that he has entered into with the Company.

34. Seal

- 34.1 The Company may, if the Board so determine, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of the Directors authorised by the Board. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer of the Company or other person appointed by the Board for the purpose.
- 34.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Board so determines, with the addition on its face of the name of every place where it is to be used.
- 34.3 A Director or officer, representative or attorney of the Company may without further authority of the Board affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

35. Dividends, Distributions and Reserve

- 35.1 Subject to the Statute, Article 12.4(a) and this Article and except as otherwise provided by the rights attached to any Shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in annual general meetings. No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or any reserve, fund, or account as otherwise permitted by the Statute. Except as otherwise provided by the rights attached to any Shares, all Dividends and other distributions shall be paid according to the number of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.
- 35.2 In determining the Company's dividend policy, the Board recognises that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the Dividend or other distribution it recommends to Members for approval in any financial year, the Board:
- (d) may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of shareholders' rights and interests;
 - (e) shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules;

- (f) after complying with item (b) above, may set aside such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, at the discretion of the Board, be employed in the business of the Company.

35.3 Subject to compliance with the Statute and after setting aside such amounts as the Board deems fit in accordance with the distribution policy set out in Article 35.2, the Dividend or other distribution the Board recommends to Members for approval in any financial year shall be distributed in the following sequence and manner upon approval by the Members:

- (d) no more than 15% as employees' bonus;
- (e) no more than 8% as directors' bonus; and
- (f) no less than 15% to the Members as Dividends, provided that, cash Dividends shall not be less than 10% of the total amount of Dividends.

The employees' bonus may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares for allocation and distribution crediting as fully paid up shares to employees. When the employees' bonus is distributed by way of an issue of fully paid shares or cash, the recipients may include qualified employees of the Company's Subsidiaries. No unpaid dividend and bonus shall bear interest as against the Company.

35.4 The Board may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company for any reason.

35.5 Subject to Article 35.3 and the Statute, the Board may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways subject, however (a) the obtaining of (i) the approval in a general meeting of the type of specific assets and the corresponding amount of such substitutive distribution; and (ii) the consent from the Member who will receive such assets; and (b) the value of specific assets and the corresponding amount of such substitutive distribution shall be assessed by an ROC certified public accountant before the Board submit the same to a general meeting for approval. Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient and in particular may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Board.

35.6 Any Dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.

35.7 No Dividend or other distribution shall bear interest against the Company.

35.8 The Board shall fix any date as the record date for determining the Members entitled to receive any Dividend or other distribution. The Register of Members shall be closed for a period of five days before the relevant fixed record date or such other period as may be required by the Applicable Public Company Rules or the Statute.

35.9 Any Dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Board, be paid into a separate account in the Company's

name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

36. Capitalisation

Subject to the Statute, the Board may, with the authority of a Supermajority Resolution, at any time capitalise any sum standing to the credit of any of the Company's reserve accounts of funds (including the share premium account and Capital Redemption Reserve) or any sum standing to the credit of the profit and loss account or otherwise available for distribution; appropriate such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend or other distribution; and apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Board shall do all acts and things required to give effect to such capitalisation, with full power given to the Board to make such provisions as it thinks fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Board may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

37. Treasury Shares

- 37.1 Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or held as treasury shares ("**Treasury Shares**") at the discretion of the Directors.
- 37.2 No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company in respect of a Treasury Share.
- 37.3 The Company shall be entered in the Register of Members as the holder of the Treasury Shares provided that:
- (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
 - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Statute.
- 37.4 A proposal to transfer the Treasury Shares to the employees of the Company and its Subsidiaries at a price below the average actual repurchase price shall be approved by Special Resolution and the items required by the Applicable Public Company Rules shall be specified in the notice of the general meeting and may not be proposed as an extemporaneous motion. The aggregate number of Treasury Shares resolved at the general meetings and transferred to the employees of the Company and its Subsidiaries shall not exceed 5% of the total issued and outstanding Shares, and each employee may not subscribe for more than 0.5% of the total issued and outstanding Shares in aggregate. The Company may prohibit such employees from transferring such Treasury Shares within a certain period; provided, however, that such a period cannot be more than two years.
- 37.5 Subject to Article 37.4, Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

38. Books of Account

- 38.1 The Board shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books of account shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions. Such books of account shall be kept for at least five years from the date they are prepared.
- 38.2 The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant laws and regulations shall be kept for at least one year; provided, however, that if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information, they shall be kept until the conclusion of the lawsuit if the lawsuit period is longer than one year.

39. Audit Committee

- 39.1 The Company shall establish an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and all Independent Directors shall be members of the Audit Committee. There should be no less than three committee members. One of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members. The rules and procedures of meeting of the Audit Committee shall be adopted by the Board in accordance with the Articles and the Applicable Public Company Rules.
- 39.2 Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the Board for resolution:
- (a) adoption of or amendment to an internal control system;
 - (b) assessment of the effectiveness of the internal control system;
 - (c) adoption of or amendment to the 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;
 - (d) any matter relating to the personal interest of the Directors;
 - (e) a material asset or derivatives transaction;
 - (f) a material monetary loan, endorsement, or provision of guarantee;
 - (g) the offering, issuance, or Private Placement of any equity-type securities;
 - (h) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
 - (i) the appointment or discharge of a financial, accounting, or internal auditing officer;
 - (j) approval of annual and semi-annual financial reports; and
 - (k) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

With the exception of item (j), any other matter that has not been approved with the consent of one-half or more of all Audit Committee members may be undertaken upon the consent of

two-thirds or more of the members of the Board, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

40. Notices

- 40.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members or to such other address given for such purpose.
- 40.2 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays in the ROC) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays in the ROC) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.
- 40.3 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under the Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
- 40.4 Notice of every general meeting shall be given in any manner authorised by the Articles to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

41. Winding Up

- 41.1 If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the Company's issued share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
- 41.2 If the Company shall be wound up the liquidator may, subject to the rights attaching to any Shares and with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in proportion to the number of the Shares held by them in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like

sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

42. Indemnity and Insurance

- 42.1 Every Director and officer of the Company, together with every former Director and former officer of the Company (each an “**Indemnified Person**”) shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud, Gross Negligence or wilful default of such Indemnified Person or in violation of his duties provided under Article 42.3. No person shall be found to have committed actual fraud, Gross Negligence or wilful default under this Article unless or until a court of competent jurisdiction shall have made a finding to that effect.
- 42.2 The Company shall advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any advance of any expenses hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person.
- 42.3 Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Statute, a Director shall assume fiduciary duty to the Company and exercise the care as a good administrator in conducting the business operation of the Company. A Director shall be liable to the Company if he has acted contrary to the above. In case such action is made for himself or on behalf of another person in violation of the provisions above, the Company may, with the sanction of an Ordinary Resolution, demand the Director to disgorge any profit so realized by the Director as if such misconduct is done for the benefit of the Company. If a Director and/or an officer of the Company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, he shall be liable, jointly and severally with the Company, for the damage to such other person.
- 42.4 The Board, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

43. Financial Year

Unless the Board otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

44. Transfer by Way of Continuation

If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

45. Derivative Action

To the extent permitted under the laws of the Cayman Islands, Members continuously holding 3% or more of the total issued Shares of the Company for a year or longer may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors.

46. Litigious and Non-litigious Agent

So long as the Shares are listed on the GTSM, the Company shall appoint a litigious and non-litigious agent pursuant to the Applicable Public Company Rules to act as the Company's responsible person in the ROC under the ROC Securities and Exchange Act. The Company's litigious and non-litigious agent shall be a natural person and have a residence or domicile in the ROC.

【Annex 2】

Regulations Governing the Acquisition and Disposal of Assets

Enacted on: March 30, 2011.

The First Amendment on: June 22, 2012.

The Second Amendment on: June 9, 2014.

The Third Amendment on: June 13, 2016

The Fourth Amendment on: June 16, 2017.

- I. Objectives: These Regulations Governing the Acquisition and Disposal of Assets are duly enacted to safeguard the Company's assets and put into implementation thoroughly sound exposure of information to public.
- II. Scope:
 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 2. Real estate (including land, houses and buildings, investment-oriented real estate, and rights to use land) and equipment not oriented to business operation.
 3. Certificates of memberships.
 4. Patents, copyrights, trademarks, franchise rights, and such intangible assets.
 5. Claims for creditor's rights of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 6. Derivatives.
 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law
 8. Other significant assets.
- III. Mandate and responsibilities: The personnel concerned in the Department of Finance and Department of Accounting and the relevant competent heads.
- IV. Contents of business operations:
 1. Definition of terminology:
 - (1) Derivatives: The forward contracts, option contracts, futures contracts and swap contracts the values of which derive from assets, interest rates, exchange rates, indices or other interests and the contracts combined with the aforementioned commodities. The term "forward contracts" as set forth herein excludes insurance contracts, contracts for performance, after-sales services contracts, long-term lease contracts and long-term purchase (sales) contracts.
 - (2) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law: This refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company

Act, The Financial Institution Merger Act and other acts concerned, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter referred to as “transfer of shares”) under Paragraph 6, Article 156 of the Company Act.

- (3) “Related party” or “subsidiary”: As defined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 - (4) “Professional appraiser”: This refers to a real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or equipment.
 - (5) Date of occurrence of the fact: This refers to the date of contract signing, date of payment, date of consigned trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date comes earlier; provided that, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
 - (6) In case of a provision 10% of aggregate total assets in the Regulations, such asset value shall be counted based on the amount of the total assets of the most recent parent company only or individual financial statements defined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. Those professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be in the status as a related party.
 3. The handling procedures to acquire or dispose of real estate or non-operation equipment:
 - (1) Evaluation & operational procedures: The acquisition or disposal procedures of the Company's real estate or non-operation equipment shall be duly handled exactly in accordance with the internal control system—fixed assets circulation process.
 - (2) Procedures stipulated for transaction conditions
 - A. In handling procedures to acquire or dispose of real estate, the Company shall take reference to the substantial transaction prices traded in vicinity or the appraisal reports issued by a professional appraiser(s), the resolved conditions and trading prices. Accordingly, the analytical reports shall be worked out and submitted to the Managing Director. A case involving an amount below SGD\$2,000,000 shall be submitted to the Managing Director for approval and reported to the Audit Committee and Board of Directors in the most recent meetings afterward. A case involving an amount in excess of SGD\$2,000,000 shall not be conducted until submitted to and approved by the Audit Committee and Board of Directors beforehand.
 - B. In handling procedures to acquire or dispose of non-operation equipment, the Company shall proceed with through price inquiry, price competition, price

negotiation. A case involving an amount below SGD\$2,000,000 (inclusive) shall be submitted to the Managing Director for approval. A case involving an amount at SGD\$2,000,000~SGD\$4,000,000 shall be submitted to the Managing Director for approval and reported to the Audit Committee and Board of Directors in the most recent meetings afterward. A case involving an amount in excess of SGD\$4,000,000 shall not be conducted until submitted to and approved by the Audit Committee and Board of Directors beforehand.

(3) Execution unit

In handling procedures to acquire or dispose of real estate or non-operation equipment, after the case is submitted for approval through the approving power mentioned in the preceding paragraph, the user department(s), procuring department (s) and relevant competent department (s) shall assume the responsibility for execution.

(4) Appraisal reports for real estate or non-operation equipment:

In handling procedures to acquire or dispose of real estate or non-operation equipment, except a case of acquisition with the government, a case engaging others to build on the Company's own land or a case in acquisition or disposal of non-operation equipment for use into business operation, in a case of transaction in an amount in excess of 20% of the Company's paid-in capital or SGD\$12,000,000 (equivalent appropriately to NTD\$300,000,000), the Company shall obtain an appraisal report from professional appraiser beforehand and shall further comply with the following requirements:

- A. Where amidst an extraordinarily circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction in the future.
- B. Where the transaction amount is in excess of SGD\$42,000,000(equivalent appropriately to NTD\$1,000,000,000), appraisal reports from two or more professional appraisers shall be obtained.
- C. Where any one among the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be retained to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - I. The discrepancy between the appraisal result and the transaction amount

is in excess of 20% of the transaction amount.

II. The discrepancy between the appraisal results of two or more professional appraisers is in excess of 10% of the transaction amount.

D. No more than three (3) months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided that, where the publicly announced current value for the same period is used and not more than six (6) months have elapsed, an opinion may still be issued by the original professional appraiser.

(5) In a case of acquisition or disposal of assets through the procedures of auction by a court, the supporting certificate(s) issued by the court may be accepted instead of an appraisal report or the Certified Public Accountant opinions.

4. The handling procedures of acquisition or disposal of negotiable securities:

(1) Evaluation & operational procedures: In handling procedures of acquisition or disposal of negotiable securities, the Company shall duly conduct in accordance with the internal control system—investment circulation.

(2) Transaction conditions and handling procedures:

In case of transaction of negotiable securities not acquired through a stock exchange or a securities dealer's business premises, the Company shall first obtain the financial statements of the target company(ies) for the most recent period, certified or reviewed by a certified public accountant as the handy reference for price in the transaction. The Company shall further take into account the net worth per share, profitability and potential of future development. A case amounting to below SGD\$10,000,000 (inclusive) shall be subject to approval by the chairman and be reported to the most recent board of directors meeting. Meanwhile, the analytical report on the unrealized interest or loss shall be submitted. In a case in amount in excess of SGD\$10,000,000, it shall be submitted to and approved by the Audit Committee and Board of Directors beforehand.

(3) Execution unit:

Where the Company engages in investment in negotiable securities, the Company shall submit for approval and resolution in accordance with the preceding paragraph before handing the case over to the Department of Finance and Department of Accounting for execution.

(4) Acquisition of expert opinions:

A. Where a public company acquires or disposes of negotiable securities, it shall obtain the financial statements of the target company(ies) for the most recent period, certified or reviewed by a certified public accountant before date of occurrence of the fact as the handy reference for the price in the transaction.

B. In a case with transaction amount in excess of 20% of the paid-in capital of the company or NTD\$300,000,000 (equivalent approximately to SGD\$13,000,000, to be converted based on the exchange rate prevalent that

time), the company shall retain a Certified Public Accountant to offer opinion about rationality of the transaction price. Where the Certified Public Accountant adopts an expert report, the case shall be duly handled in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF), except a case where the negotiable securities are quoted to public in an active market or unless otherwise specified by the Financial Supervisory Commission, Executive Yuan.

- (5) In a case of acquisition or disposal of assets through the procedures of auction by a court, the supporting certificate(s) issued by the court may be accepted instead of an appraisal report or the Certified Public Accountant opinions.

5. Procedures of transactions with a related party:

- (1) Where the Company acquires or disposes of assets from a related party, in addition to the procedures for acquisition or disposal of real estate or other fixed assets as set forth under Article 3, the Company shall further proceed with the resolution procedures and appraisal of the transaction conditions to verify the rationality. Where the amount in the transaction is up to 10% of the Company's paid-in capital, the Company shall further consult with a professional appraiser for appraisal report or Certified Public Accountant opinions. The provisions under this Paragraph, nevertheless, do not apply to an event of acquisition or disposal of assets for sales or for rent in the business operation.

- (2) Evaluation & operational procedures:

Where the Company acquires or disposes of real estate or assets other than real estate from a related party in the amount in the transaction is up to 20% of the Company's paid-in capital, 10% of the Company's total assets or NTD\$300,000,000 (equivalent approximately to SGD\$13,000,000, to be converted based on the exchange rate prevalent that time), except in trading of government bonds or bonds under repurchase and resale agreements, or subscription to or redemption of money market, the Company shall not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to and approved by the Audit Committee and Board of Directors:

- A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- B. The reason for choosing the related party as a transaction counterparty.
- C. With respect to the acquisition of real estate from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph (5) of this Article.
- D. The date and price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.

- E. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Paragraph (1) of this Article.
 - G. Restrictive covenants and other important stipulations associated with the transaction.
- (3) The amount of transaction in Paragraph (2) of this Article shall be calculated in accordance with Paragraph (2) of Article 9. The term within one year shall be counted based on the date of occurrence of the fact, for the preceding period of one year retrospectively. The period is not required to be counted inclusive if having been submitted to and approved by the Audit Committee and Board of Directors.
- (4) In a case of acquisition or disposal of machinery & equipment for leasehold or sales not oriented to business operation, the Board of Directors may authorize the chairman to approve to go ahead beforehand within the specified limit in accordance with Article 3 before the case is reported to the most recent board of directors meeting for retrospective acknowledgement.
- (5) Evaluation of rationality on price costs of real estate transactions:
- A. A public company that acquires real estate from a related party shall evaluate the rationality of the transaction costs by the following means:
 - I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The term "necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property
 - II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, nevertheless, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
 - B. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
 - C. Where the Company acquires real estate from a related party, it shall consult with a Certified Public Accountant for a recheck and offering concrete opinions.
 - D. Where the Company acquires real estate from a related party and one of the

following circumstances exists, the acquisition shall be conducted in accordance with Paragraph (2) of this Article and the provisions set forth under Paragraph (5) A~C of this Article do not apply:

- I. Where the related party acquired the real estate through inheritance or as a bestowed gift.
 - II. Where a period more than five (5) years has elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.
 - III. Where the real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land.
- E. In the event that the outcomes evaluated under Paragraph (5)~A of this Article are higher than the transaction prices in all cases, the Company should provide objective evidence (exhibits) and obtain opinions about the rationality from real estate appraisers and Certified Public Accountant(s) except an event under Article 16 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” where the Company submits objective evidence (exhibits) and obtains concrete opinions about the rationality from professional real estate appraisers and Certified Public Accountant(s).
- F. Where a public company acquires real estate from a related party and the results of appraisals conducted in accordance with Paragraph (5) of this Article are lower than the transaction price in all cases, the following steps shall be undertaken:
- I. A special reserve shall be set aside against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.
 - II. The Audit Committee shall duly handle in accordance with Article 218 of the Company Act.
 - III. The facts of handling in accordance with Paragraphs I and II shall be reported to the annual general meeting and the detailed contents of the transaction shall be disclosed in the annual report and the prospectus.
- G. The Company that has set aside a special reserve under the aforementioned provisions shall not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a higher price, or they have been disposed of, or adequate compensation has been made, or status quo ante has been restored or there have been other evidence (exhibits) proving no irrationality or until the competent authority approves.
6. The evaluation procedures for acquisition or disposal of memberships and intangible assets:

Where the transaction amount in acquisition or disposal of memberships and intangible assets is up to 20% of the Company's paid-in capital, 10% of the Company's total assets

or NTD\$300 million, except a case of transaction with government authority, the Company should consult with a Certified Public Accountant(s) to offer opinion about price rationality before date of occurrence of the fact.

7. Handling procedures for acquisition or disposal of assets of derivatives:

(1) Transaction principles and policies:

A. Operating (hedging) strategies:

The Company shall engage in transaction of derivatives for the purposes of hedging. The commodities chosen for the transaction should be used to evade the potential risks to be incurred for the Company's business operation. The currency(ies) held by the Company in the transaction should be consistent with the foreign currency (ies) used for the substantial import and export and should be evened up inside the overall internal position (referring to revenues and expenditures in foreign currencies) so as to minimize the Company's overall risks in foreign exchanges and minimize the costs of operation in the foreign exchange. All other transactions aiming at specific purposes should call for prudential evaluation, submitted to and approved by the Board of Directors before hands-on operation.

B. Division of powers and responsibilities:

I. Degree of authorization for derivatives:

- a. Power to approve hedging transaction: Each case of transaction in excess of USD1,000,000 calls for permit from the Managing Director. A case with net accumulated position in excess of USD5,000,000 calls for permit from the Managing Director beforehand.
- b. Transactions of derivatives for other purposes of use call for submittal to and approval from the Board of Directors beforehand.

II. Operational handling of derivatives:

a. Transaction personnel:

- ① Transaction personnel shall assume the responsibility to map out the strategies for transactions of financial instruments for the entire Company.
- ② The transaction personnel shall calculate the positions, search market updates, conduct judgment on the tendencies and risk evaluation biweekly and obtain approval from the competent heads beforehand to function as the very grounds for transaction.
- ③ The transaction personnel shall proceed with transactions exactly in accordance with the permit power and the established strategies.
- ④ In case of a significant change in the financial markets where the transaction personnel judge by their discretion that the

established strategies are no longer applicable, the transaction personnel may work out and submit evaluation reports and work out the strategies anew at any time which may function as the very grounds for the transaction after being approved by the Managing Director.

- ⑤ The transaction personnel shall work out consolidated statements on a monthly basis and submit the same to the Department of Accounting as the very grounds for evaluation.

b. Accounting personnel:

- ① The accounting personnel shall conduct confirmation of transactions.
- ② The accounting personnel shall check and review whether the transactions have been conducted based on the authorized permit power and established strategies.
- ③ For the transaction in derivatives undertaken by the Company, the accounting personnel shall set up complete accounting books and records, and handle them for transactions in varied attributes and generally accepted accounting principles. The results should be able to fairly express and disclose the process and outcomes of the transactions.
- ④ The Company shall, while working out reports and statements on a regular basis, duly disclose the relevant issues based on laws and ordinances concerned promulgated by the competent authority(ies) in the notes to financial statements.
- ⑤ The accounting personnel shall conduct evaluation on a monthly basis and submit the evaluation reports to the high ranking heads authorized by the Board of Directors.

c. Settlement personnel shall take charge of delivery and settlement affairs.

d. Audit Department: The Audit Department shall look into the fairness of the internal control for transaction in derivatives, audit and make sure of the department(s) concerned about the compliance in the operational procedures, analyse the transaction contents, work out audit reports and report to the Board of Directors in case of a significant fault found.

III. Evaluation in performance:

a. Hedging transactions:

- ① The Company shall take the profit and/or loss incurred amidst the exchange rate costs on book and the transaction in derivatives as the grounds to evaluate performance.

- ② To adequately dominate and express the evaluation risks in the transactions, the Company evaluates the profit and/or loss on a monthly basis.
 - ③ The Department of Finance shall provide evaluation on foreign exchange positions, trends in the foreign exchange markets as well as market analysis to the Managing Director for management and instruction.
- b. Transactions in other purposes: The Company shall take the substantially incurred profit and/or loss as the very grounds to evaluate performance. Besides, the financial and accounting personnel shall work out statements of the positions and provide the same to the management as the handy reference.
- IV. Provisions governing aggregate total and maximum limits of contracts and loss:
- a. Aggregate total of contracts:
- ① Limits on hedging transactions,

The Department of Finance shall firmly dominate the overall position of the entire Company to vade potential transaction risks. The amount of hedging transaction shall not exceed the maximum limit of two-thirds of the Company's net position. The excess beyond two-thirds, if any, shall be submitted to the Managing Director for approval.
 - ② Credit limits of transaction of extraordinary purposes:

Regarding forecast about variation in the market, the Department of Finance may work out the strategies as the actual requirements may justify and submit them to the Managing Director for approval and to the Board of Directors for consent before enforcement. The aggregate total of contracts of the accumulated positions of the entire Company in the transaction for extraordinary purposes shall not exceed the maximum limit of USD10 million.
- b. The maximum limit of loss in transactions:
- ① The maximum limit in amounts of individual losses shall be 20% of the amounts of the individual contracts. The maximum limit in amounts of overall losses shall be 20% of the amounts of the entire contracts.
 - ② In case of a transaction contract attributed to extraordinary purposes, after the position is set up, the Company shall set up stop-loss point to prevent a potential extra loss. The stop-loss point shall be set within 10% of the amounts of the transaction contracts. In case of in excess of the specified limit at 10%, it

shall be reported to the Managing Director and the Board of Directors forthwith to work out the feasible countermeasures.

- ③ The maximum limit for the Company in transaction of transaction toward extraordinary purposes shall be USD300,000.

V. Risk management measures:

- a. Credit management risks: The operating risks tend to incur operating risks in derivatives amidst changes in various factors in the markets. In the market risk management, the Company shall duly proceed with based on the principles as enumerated below:
 - ① Targets of transactions: Primarily those renowned financial institutions at home and abroad.
 - ② Instruments for transaction: Confined to such instruments provided by renowned financial institutions at home and abroad.
 - ③ Amounts of transactions: The amount of transaction toward a same transaction target before offset shall not exceed 10% of the aggregate total of authorized amount unless otherwise approved by the Managing Director.
- b. Management over market risks: Primarily the open foreign exchange transaction markets provided by banks while the futures market is not taken into account for the time being.
- c. The liquidity risk management: To assure sound market liquidity, the Company shall, while choosing financial instruments, select those financial instruments of higher liquidity (which could be evened up in the market at any time). The financial institutions commissioned to conduct transactions should provide adequate information and the capability to proceed with transactions in the market all the time.
- d. Risk management over cash flow: To assure sound stability of the Company's working capitals, the Company may only utilize its own working capital to engage in derivatives. In terms of the amounts used into the operation, the Company should take into account the need of forecast in revenues and expenditures for three months ahead.
- e. Operational risk management:
 - ① To assure sound degree of authorization in the Company, the operational procedures should be covered into the internal audit system to prevent potential operational risks.
 - ② Those personnel in charge of transaction, confirmation and settlement of derivatives shall not cross-serve the functions among themselves.
 - ③ The personnel in charge of measurement, superintendence and

control over risks shall come from the department (s) differing those mentioned in the preceding paragraph and shall report to the Board of Directors and the senior management responsible for policymaking process of the policies.

- ④ The positions held for derivatives transactions shall be assessed weekly as the minimum, or twice per month for hedging transactions to meet the need in business operation. The assessment reports shall be submitted to the senior management authorized by the Board of Directors.
- f. Commodity risk management: The internal personnel in charge of transactions shall be those in possession of integrated and accurate expertise and shall request banks to expose risks in full to prevent potential risk in misuse of the financial instruments.
- g. Statutory risk management: All documents shall not be officially signed with a financial institution until duly checked and verified by the special personnel with expertise in foreign exchange, laws and legal consultants to prevent potential legal risks.

VI. Internal audit system:

- a. The internal auditors shall look into the fairness and rationality of the internal control over transactions of derivatives and shall audit derivatives under transaction, transaction handling procedures and compliance and shall further analyse the contents of the transaction on a monthly basis. Such personnel shall further work out “internal audit reports” and serve notices in writing whenever a significant default is noticed.
- b. The internal auditors shall declare the audit reports along with the annual audit performance report to the Financial Supervisory Commission, Executive Yuan in the interval as stipulated by the Securities and Futures Bureau, Financial Supervisory Commission and shall further declare the performance of corrective action taken against the abnormalities to the Financial Supervisory Commission, Executive Yuan for information in the internal as stipulated by the Financial Supervisory Commission, Executive Yuan.

VII. The principles for superintendence and management by the Board of Directors over transactions in derivatives:

- a. The Board of Directors shall designate senior management personnel to closely watch the superintendence and control over the potential risks in the transactions of derivatives. The managerial principles are as enumerated below:
 - ① To evaluate and make sure on a regular basis whether the risk management measures used currently are appropriate and to handle such issues exactly in accordance with these Rules and

the procedures for transaction in derivatives enacted by the Company.

- ② To oversee the transaction and profit and/or loss and to, whenever an abnormality is found, adopt countermeasures as necessary and report to the Audit Committee and Board of Directors forthwith.
 - b. The Board of Directors shall evaluate on a regular basis whether the performance by the Company in engaging in transaction in derivatives would be consistent with the Company's established strategies and whether the potential risks to be borne by the Company is within the tolerability to the Company.
 - c. Where the transaction in derivatives by the Company is handled by the relevant personnel duly authorized in accordance with the Operational Procedures to Engage in Transaction of Derivatives, the transactions shall be reported to the most recent board of directors meeting afterward.
 - d. Where the Company engages in where the transaction in derivatives, the Company shall duly prepare for the "Record Book for Transaction in Derivatives" in which the categories, amounts of the transaction in derivatives, date of approval by the Board of Directors and the issues which call for prudential review shall be entered in detail for the record.
8. The handling procedures for entrepreneurial merger, demerger, acquisition or acceptance of share transfer:
- (1) Evaluation & operational procedures:
 - A. Where the Company engages in merger, demerger, acquisition or acceptance of share, the Company shall, before the Board of Directors resolves the decision, retain Certified Public Accountant(s), lawyer(s) or securities underwriter(s) to present expert opinions on rationality of the share conversion ratios, acquisition prices or cash or other properties to be allocated to shareholders and shall pose the issues to the Board of Directors for discussion and approval.
 - B. On the contents of merger, demerger, acquisition and the relevant issues, the Company shall duly produce open papers toward shareholders before the general meeting and hand them over to shareholders along with the expert opinions mentioned under Paragraph (1)~A of this Article and notices to the general meeting to function as the handy reference regarding whether the shareholders would agree to the merger, demerger, acquisition except an event where according to law, the issue about merger, demerger, acquisition or acceptance of share transfer calls for a general meeting to be convened.
 - C. Among the companies participating in merger or demerger, whenever a single party fails to convene a general meeting, resolve a decision required due to

inadequate quorum in the voting power or other statutory restriction, or the issue so posed is vetoed in the general meeting, the company (ies) participating in the merger, demerger or acquisition shall immediately declare externally about the causes, acts to be taken for the subsequent issues and the date scheduled to convene the general meeting.

(2) Other key points for attention:

- A. Date scheduled to convene the board of directors meeting: Unless otherwise specified in laws and ordinances concerned or caused by an extraordinary factor with report to and approval by the Board of Directors beforehand, the companies participating in the merger, demerger, acquisition or acceptance of share transfer shall convene the board of directors meeting and general meeting on a same day to resolve the decision about the merger, demerger, acquisition or acceptance of share. Unless otherwise specified in laws and ordinances concerned or caused by an extraordinary factor with report to and approval by the Board of Directors beforehand, the companies participating in the acceptance of share transfer shall convene the board of directors meeting on the same day.
- B. Where the Company participates in merger, demerger, acquisition or acceptance of share transfer, the Company shall work out the integrated documented records to cover the information and data as enumerated below and archive them for five (5) years ready for audit:
 - I. Fundamental particulars of personnel: The position titles, names, identity certificate numbers (or passport code in case of an alien) of the personnel participating in the execution of the merger, demerger, acquisition or acceptance of share transfer before the information is made public.
 - II. Dates of significant events: Including the dates on which the letter of intent, memorandum, contract signed to commission financial or legal consultants and on which the board of directors meeting is to be convened.
 - III. Significant documents and minutes: Including the plan, letter of intent or memorandum, major contract, minutes of the board of directors meeting involved in the merger, demerger, acquisition or acceptance of share transfer and such papers.
- C. Commitment to confidentiality obligations beforehand: All personnel participating in or aware of the information of merger, demerger, acquisition or acceptance of share of the Company shall issue written commitment to confidentiality obligations beforehand and shall not divulge the contents of the programs nor shall such personnel launch buys, sales, merger, demerger, acquisition or acceptance of share transfer, stocks or other equity attributed negotiable securities of all companies involved in the merger, demerger, acquisition or acceptance of share transfer in their own names or names of

others until the information is made public.

D. Principles to fix the share conversion ratios or acquisition prices and for a change thereof:

Where the Company participates in merger, demerger, acquisition or acceptance of share, the share conversion ratios or acquisition prices shall not be changed without authority except the circumstances as enumerated below. In the contract for merger, demerger, acquisition or acceptance of share, the facts of changes may be expressly entered:

- I. An act for cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- II. An act, for instance, toward disposal of major assets, that affects the Company's financial operations.
- III. An event for instance as a major disaster or major change in technology, that affects shareholder equity or share price.
- IV. An act for adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury shares.
- V. An act for increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- VI. Other issues or events that the contract stipulates may be altered and that have been disclosed to public externally.

E. Contents which should be expressly entered into a contract:

A contract for participation by the Company in a merger, demerger, acquisition, or acceptance of share transfer shall expressly record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

- I. Handling of a breach of contract, if any.
- II. Principles for the handling of equity-oriented securities previously issued or treasury shares previously purchased back by the Company that is extinguished in a merger or that is demerged.
- III. The quantity of treasury shares participating companies are permitted under law to buy back after the base date of calculation of the share exchange ratio, and the principles for handling thereof.
- IV. The ways of handling changes in the number of participating entities or companies.
- V. The preliminary progress schedule for plan execution, and anticipated completion date.

- VI. Where the Project is overdue in completion, the date scheduled to convene the general meeting as required by law and such relevant handling procedures.
 - F. After the information is made public, if a company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
 - G. In the event that a company participating in the merger, demerger, acquisition or acceptance of share transfer, the Company shall execute an accord with that company and deal with that issue in accordance with the commitment to confidentiality obligations under Paragraph (2)~A and C as well as F of this Article.
9. Exposure of information to public:
- (1) Whenever the Company meets any one among those enumerated below, the Company shall launch promulgation and declaration within two (2) days from date of occurrence of the fact:
 - A. Where the Company acquires or disposes of real estate or assets other than real estate from a related party (excluding those for rent or for sale to meet the need in business operation) with transaction amount in excess of 20% of the Company's paid-in capital, 10% of the Company's total assets or NTD\$300 million (equivalent approximately to SGD\$13,000,000, to be converted based on the exchange rate prevalent that time) except buys and sales of government bonds, bonds in repurchase, resale agreement (repo and reverse repo), subscription to or redemption of domestic money market funds.
 - B. Where the Company engages in merger, demerger, acquisition or acceptance of share transfer.
 - C. The amount of maximum limit of the entire or individual contract loss where the Company engages in derivatives under the handling procedures.
 - D. Transactions in assets other than those under Paragraphs A~C or the creditor's rights disposed of by a financial institution, with amount of transaction in excess of 20% of the Company's paid-in capital or NTD\$300,000,000 (equivalent approximately to SGD\$13,000,000, to be converted based on the exchange rate prevalent that time) except those as enumerated below:
 - I. Buys and sales of government bonds

- II. Bonds in repurchase, resale agreement (repo and reverse repo), subscription to or redemption of domestic money market funds.
 - III. Where the Company acquires or disposes of assets in the categories as machinery & equipment oriented to business operation use with the transaction counterparty not as a related party, with amount of transaction not up to NTD\$500,000,000 (or SGD\$21,000,000, to be converted based on the exchange rate prevalent that time) or over.
- (2) The amounts of transactions under Paragraphs (1)~D of this Article shall be counted in the methods as enumerated below. The term “within one year” shall be one year respectively prior to the date of occurrence of the fact and the part having been promulgated as required is exempted from being counted within.
- A. Amount of every transaction case:
 - B. The amounts of transactions with acquisition or disposal of the targets of the same attributes with a same counterparty accumulated within one year.
 - C. The amount of real estate of a same development project acquired or disposed of within one year (with acquisition or disposal to be accumulated respectively).
 - D. The amount of negotiable securities acquired or disposed of within one year (with acquisition or disposal to be accumulated respectively).
- (3) Promulgation of the declaration procedures:
- A. The Company shall promulgate and declare relevant information toward the website(s) designated by the Securities and Futures Bureau, Financial Supervisory Commission.
 - B. The Company shall, on a monthly basis, input the facts about transactions of derivatives conducted by the Company and its subsidiaries not as domestic subsidiaries as of the end of the preceding month, in the specified formula, into the information declaration website(s) designated by the Securities and Futures Bureau, Financial Supervisory Commission not later than the 10th day of every month.
 - C. Whenever the items promulgated by the Company are found erroneous or omitted, the Company shall have the entire items promulgated and declared anew in full.
 - D. For assets acquired or disposed of by the Company, the Company shall have the relevant contracts, minutes, record books, expert opinions of Certified Public Accountants, lawyers or securities underwriters archived in the Company for a minimum of five (5) years unless otherwise specified in laws and ordinances concerned.
 - E. After the Company and its subsidiaries promulgate and declare the transaction cases in a manner as specified under the preceding Article, whenever anyone among those circumstances enumerated below is met, promulgation and declaration with the relevant information shall be

conducted through the website(s) designated by the Securities and Futures Bureau, Financial Supervisory Commission within two (2) days starting from the date of occurrence of the fact:

- I. Where a relevant contract executed for the original transaction has been amended, terminated or terminated.
- II. Where a case of merger, demerger, acquisition or acceptance of share transfer has not been completed on the date as scheduled.
- III. Where the contents originally promulgated and declared are changed.

10. A subsidiary of the Company shall duly handle the following:

- (1) A subsidiary shall duly enact the “Regulations Governing the Acquisition and Disposal of Assets” in accordance with the operational regulations which shall be submitted to the general meetings of the both sides after being approved by the subsidiary's board of directors. This same provision is applicable mutatis mutandis to an event of amendment.
- (2) A subsidiary that acquires or disposes of assets shall duly handle in accordance with the Company's rules & regulations.
- (3) Where a subsidiary is not a public company and where the assets acquired or disposed of are up to the operational regulations for public announcement and filing, the Company shall, as well, conduct public announcement and filing on behalf of that subsidiary.
- (4) Amidst the standards/criteria for public announcement and filing by a subsidiary, such terms as “up to 20% of the Company's paid-in capital” or “10% of the aggregate total assets” shall be counted based on the Company's paid-in capital.

11. Penalty clauses: The Company's managerial officers and personnel in charge who prove in contravention of the procedures of these Regulations in acquisition or disposal of assets shall be subject to penalty as the seriousness level of the offense may justify in accordance with the Company's “Employment Handbook”.

12. Procedures of amendment:

- (1) These Regulations shall be put into implementation after being agreed upon in the Audit Committee by one-second majority, submitted to and approved by the Board of Directors and further submitted to and resolved in the general meeting. If these Regulations are not approved by the revenues & expenditures with one-second majority, they may be put into implementation after being resolved in the Board of Directors with 2/3 majority vote and the decision resolved in the Audit Committee shall be expressly remarked onto the minutes of the board of directors meeting. This same provision is applicable mutatis mutandis to an event of amendment. In the event that a director expresses a dissent and with a record or written statement, the Company shall submit that director's objection information to the Audit Committee.
- (2) Where the Company submits these Regulations to the Board of Directors for discussion in accordance with the provisions of the preceding paragraph, the

Company should fully consider the opinions of the independent directors and include the reasons for their consent or objection and the reasons for objection which should be entered into the “minutes of the Board of Directors”.

- (3) The transactions of the Company's major assets or derivatives shall be approved by more than one-half of all members of the Audit Committee, and shall be submitted to the Board of Directors for resolution to which the provisions set forth under Paragraph (1) of this Article shall be mutatis mutandis apply.

13. Commitment toward subsidiaries in equity

- (1) In the upcoming year(s), toward its subsidiaries including JP Nelson Equipment Pte Ltd, JP Nelson Trading Pte Ltd, JP Nelson Holdings Pte Ltd, JP Nelson (Hong Kong) Limited and JP Nelson (Taiwan) Corporation, the Company does not waive the chances of capital increase. In the event that the Company has to dispose of or waive their capital increase as a result of strategic alliance or approval by the competent authority, it shall be subject to the special resolution of the of the Company's Board of Directors.
- (2) In case of an amendment to Paragraph (1) of this Article, It shall be duly announced and reported to the Competent Authority for reference in accordance with relevant regulations.

14. Matters not specified in these Regulations, if any, shall be duly handled in accordance with laws and ordinances concerned .

【Annex 3】

Regulations Governing Loaning of Funds to Others

Duly enacted on March 30, 2011.
The First Amendment on: June 22, 2012.
The Second Amendment on: June 5, 2013.
The Third Amendment on: June 9, 2015.

- I. Objectives: These Regulations Governing Loaning of Funds to Others are duly enacted in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Securities and Futures Bureau, Financial Supervisory Commission in response to the need of business operation to satisfy provisions of the laws and ordinances concerned so that the Company may duly comply with when loaning funds to others.
- II. Scope: Where the Company loans funds to others, all operational regulations in the operation to grant loans to others shall be duly handled in accordance with these Regulations.
- III. Mandate and responsibilities: The personnel concerned in the Department of Finance and Department of Accounting and the relevant competent heads.
- IV. Contents of business operations:
 1. Target loanees:
 - (1) All companies and firms in business transactions with the Company. The term “business transactions” as set forth above denotes the companies and firms with purchases or sales with the Company.
 - (2) The companies and firms in a need for short-term financing with the Company;
 - A. The term “short-term” as set forth above denotes one year.
 - B. The aforementioned companies and firms in a need for short-term financing refer to the subsidiaries where the Company holds over 50% of shares either directly or indirectly or the affiliated enterprises in business transaction in a need for short-term financing.
 - (3) Under no circumstances shall the Company loan funds to any shareholders or any others except the aforementioned circumstances.
 2. The maximum limits of the aggregate total the funds loaned and the funds loaned to individual targets:
 - (1) Where the Company loans its funds to companies or firms with business transactions, the aggregate total of the funds so loaned shall not exceed 70% of the Company's net worth. The amount granted to an individual loanee shall not exceed 150% of the amounts of business transactions by and between both parties over the most three recent years and shall not exceed 70% of the Company's net worth. The term “amounts of business transactions” as set forth herein denotes the amounts of purchases and sales by and between both parties, whichever are the

higher.

- (2) Where the Company loans its funds to companies or firms amidst the need for short-term financing, the aggregate total of the funds so loaned shall not exceed 40% of the Company's net worth. The amount granted to an individual loanee shall not exceed 15% of the Company's net worth. The aggregate total of loans granted to others shall not exceed 70% of the Company's net worth.
- (3) Where the Company loans its funds to an overseas company where the Company holds 100% voting powers either directly or indirectly, the aggregate total of the funds so loaned shall not exceed 80% of the Company's net worth. The amount granted to an individual loanee shall not exceed 50% of the Company's net worth.

3. Duration of the funds loaned and method of interest-bearing:

- (1) In each loan granted by the Company to a company or firm in a need of short-term financing, the period starting from the date on which the loan is granted shall not exceed one year maximum. In each loan granted by the Company to a company or firm in in business transaction, the period starting from the date on which the loan is granted shall not exceed one year or one business cycle (whichever is the longer) maximum. In case of a loan granted amidst the Company and its subsidiary (s), the duration shall not exceed five (5) years maximum.

In case of a loan granted by the Company toward a foreign company where the Company holds 100% voting powers either directly or indirectly in response to a need of financing of fund, the duration shall not exceed five (5) years maximum.

- (2) The interest shall accrue from the funds loaned on a daily basis, at the daily balance of the loans granted multiplied by the annual interest rate and divided by 365 to obtain the amount of the daily interest. The annual interest rate shall not be lower than the short-term loan interest rate for a bank(s) as shown through the most recent financial statements in principle.
- (3) Unless otherwise specified, the loan interest shall be collected on a monthly basis in principle. A loanee shall be informed one week prior to the date scheduled for interest payment to pay interest in real time.

4. Review over funds loaned:

- (1) Where the Company grants financing to an affiliated enterprise, the relevant department(s) of the Company shall check and verify the application data submitted by that affiliated enterprise to make sure of the rationality and necessity before working out the evaluation opinions based on the review results and submitting the same to the Board of Directors for a resolution before implementation.
- (2) Where the Company grants financing to a non-affiliated enterprise, other than the acts to be handled in accordance with the preceding paragraph, the Company shall, as necessary, acquire movable properties or real estate of the equivalent value into mortgage.
- (3) Execution of the contracts and establishment of the rights over the collateral:
 - A. The Company's responsible person shall draw up the terms and conditions for

the loan agreement to be reviewed and verified by the legal consultant(s) before execution of the loan agreement.

- B. The terms and conditions for the loan agreement shall be exactly consistent with the conditions of the approved loan. After both the loanee and the joint guarantor sign on the loan agreement, the personal in charge shall conduct the guarantee verification process.
- C. Where collateral proves indispensable, the loaning company shall be requested to complete pledge or mortgage procedures. The Company shall, as well, evaluate the value of the collateral so as to firmly safeguard the Company's receivables.

(4) Insurance:

- A. The collateral, except land and negotiable securities, shall be insured against fire risks and relevant insurance policy(ies) in the insurance amount not below the pledge or mortgage value in principle. The insurance policy(ies) shall bear the name of the Company as the beneficiary. All target titles, quantities, storage venues, insurance conditions shown on the insurance policy(ies) shall be consistent with the terms of the loans of the Company.
- B. The Company's responsible person shall assure to inform the loanee(s) to renew the insurance before the expiring date.

(5) A significant loan case:

- A. Where the Company and its subsidiaries intend to grant a significant loan, it shall obtain approval by one-second of all Audit Committee members and shall report to the Board of Directors for resolution.
- B. Where consent is not obtained by approval from one-second of all Audit Committee members, consent from two-thirds majority from all director seats shall be obtained instead. The decisions so resolved shall be expressly remarked in the minutes of the board of directors meeting.
- C. The terms "all audit committee members" and "all directors" mentioned above shall be counted as the actual number of persons currently holding those positions.

- 5. Appropriation of the loans: The loan shall not be appropriated until all terms for the loan is approved, the loanee has completed execution of the contract and the pledge (mortgage) registration procedures and until all required procedures prove correct without an error.
- 6. Superintendence and control: The Company shall closely watch the loanees and guarantors about their business performance, financial conditions and credit standing, the potential change after the funds are loaned. Where collateral has been provided, the Company shall closely watch the changes of their values.
- 7. Repayment:
 - (1) All loan contracts and various mortgages shall be put into prudential custody of the Department of Finance. The Company shall further work out details of the loans

based on the date priority order.

- (2) Upon expiry of a loan or at the moment when a loan is paid back before expiry, the Department of Finance shall first count the payable interest which shall be, along with the principal, be cleared off in full before the commercial promissory note, Acknowledgement for Debt (IOU) and such papers may be revoked and returned to the loanees.
 - (3) Where a loanee applies for cancellation of the mortgage, the Department of Finance shall first check and make sure whether the principal and interest of the loan have been cleared off in full and mortgage shall not be cancelled until the principal and interest of the loan are cleared off in full.
 - (4) A loanee shall clear off principal and interest of the loan in full forthwith upon expiry of a loan. Where a loanee fails to clear off in full when due and calls for an extension, the loanee shall duly apply to and be approved by the Board of Directors beforehand.
8. Extension of the period: In case of a loan granted in response to a need in business operation, the loanee where in need may apply for an extension one month prior to the expiring date. After the Company reports to the Board of Directors and obtains approval therefrom, the loan procedures shall be handled anew. In case of a significant amount, it shall obtain consent from more than one half of the Audit Committee members.
9. Other clauses:
- (1) Before a fund is loaned to another, the Company shall conduct a prudential evaluation to check and make sure whether the case is consistent with requirements under these Operational Procedures. The outcome of evaluation shall be submitted to the Board of Directors for a resolution beforehand which shall not authorize another to make a decision.
 - (2) In case of a fund loaned by and between the Company and a subsidiary or amidst subsidiaries, the Company shall submit the case to the Board of Directors for resolution based on Paragraph (1) above and may authorize the Managing Director to appropriate the loan in partial installments or in circulatory use within the credit limit resolved in the Board of Directors and within the period of one year. The term "specified credit line" as set forth herein, except among the foreign companies where the Company holds 100% voting power where the funds loaned shall not exceed 40% of the net worth, the authorized credit loan to be granted by the Company to a single enterprise shall not exceed 10% of the Company's net worth as shown through its financial statements of the most recent term. The authorized credit loan to be granted by a subsidiary to a single enterprise shall not exceed 10% of the subsidiary's net worth as shown through its financial statements of the most recent term.
 - (3) The Company shall set up the record book. All target loanees, amounts, duration, interest rates, collateral, the date approval by the Board of Directors and matters subject to prudential evaluation should be detailed onto the "Record Book for

Funds Loaned to Others”.

- (4) The Company's internal auditors shall audit the regulations of funds to be loaned to others and the implementation thereof and shall further work out the “Internal audit reports”. In case of serious default found, the Audit Committee shall be kept informed in writing forthwith.
- (5) In case of a change in situations where a target loanee becomes in contravention of these Regulations or becomes excess in the loan, the Department of Finance and Department of Accounting shall work out corrective action rule and submit them to the Audit Committee and complete the corrective action as scheduled.

10. Control over subsidiaries in loaning funds to others:

- (1) Where a subsidiary of the Company loans funds to others, the Company shall order that subsidiary to duly enact these Regulations in accordance with the operational regulations.
- (2) A subsidiary shall work out the detailed statement of the funds loaned to other firms as of the preceding month and submit it to the Company not later than the 10th day (exclusive) every month.
- (3) A subsidiary's internal auditor(s) shall audit the Regulations Governing Funds Loaned to Others and the implementation thereof on a quarterly basis as the minimum and shall work out the “Audit Report”. In case of a significant abnormality, a written report shall be worked out and submitted to the Company's internal auditor(s) forthwith. The Company's auditors shall, as well, submit the written papers to the Committee members of the Audit Committee.
- (4) While auditing in accordance with the annual audit plans, the Company's auditors shall simultaneously look into the substantial implementation of the funds loaned to others by a subsidiary. In case of a fault found, the auditors shall continually trace and follow up the corrective action and shall further work out “Report on corrective action taken in response to the faults found in the internal audit” and submit it to the Committee members of the Audit Committee.

11. Timeframe and contents of the public announcement and filing:

- (1) The Company shall assemble the relevant contents and launch public announcement and filing of the funds loaned by the Company and its subsidiaries as of the preceding month not later than the 10th day of every month.
- (2) Where the funds loaned meet any one among those circumstances enumerated below, the public announcement and filing shall be conducted within two days after date of occurrence of the fact:
 - A. Where the balance of funds loaned by the Company and its subsidiaries is in excess of 20% of the Company's net worth as shown through its financial statements of the most recent term.
 - B. Where the balance of funds loaned by the Company and its subsidiaries toward a single enterprise is in excess of 10% of the Company's net worth as shown through its financial statements of the most recent term.

C. Where the funds newly loaned by the Company or its subsidiaries is up to NTD\$10 million (equivalent approximately to SGD\$435,000, to be converted based on the exchange rate prevalent that time) and is up to 2% or more of the Company's net worth as shown through its financial statements of the most recent term.

(3) Where a subsidiary of the Company is not a listed domestic public company, all public announcement and filing required for that subsidiary shall be conducted by the Company instead.

(4) The Company shall evaluate the Company's funds loaned and shall amortize adequate allowance for doubtful accounts and shall disclose all relevant information through the financial statements and shall further provide relevant data to the auditing Certified Public Accountant(s) for execution of the auditing process as necessary.

12. Penalty clauses: The Company's managerial officers and personnel in charge while in contravention of these Regulations shall be subject to penalty dependent upon the seriousness level of the case.

13. Implementations & amendments

(1) These Regulation shall be put into implementation after being resolved in the Audit Committee, Board of Directors and further submitted to and resolved in the general meeting. Where a director objects as backed with minutes or written declaration, the Company shall refer his or her objection into discussion in the general meeting. This same provision is applicable mutatis mutandis to an event of amendment.

(2) Where the Company submits these Regulations to the Board of Directors into discussion based on the requirements set forth under the preceding paragraph, the opinions of the independent directors shall be taken into adequate account and their opinions, both pros and cons shall be expressly entered into the "Minutes of the board of directors meeting".

14. Matters not specified in these Regulations, if any, shall be duly handled in accordance with laws and ordinances concerned.

V. Documents concerned

1. Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies

VI. Relevant forms

1. Record Book for Funds Loaned to Others

2. Minutes of the board of directors meeting

3. Internal audit reports

4. Report on corrective action taken in response to the faults found in the internal audit

【Annex 4】

Regulations Governing Endorsements/Guarantees

Duly enacted on: March 30, 2011.

The First Amendment on: June 22, 2012.

The Second Amendment on: June 5, 2013.

- I. Objectives: These Regulations Governing Endorsements/Guarantees are duly enacted in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Securities and Futures Bureau, Financial Supervisory Commission in response to the need of business operation to conform with the laws and ordinances concerned as the very grounds for the Company in the endorsements/guarantees operation.
- II. Scope: Where the Company renders endorsements/guarantees to others, all procedures of endorsements/guarantees shall be duly handled exactly in accordance with these Regulations.
- III. Mandate and responsibilities: The personnel concerned in the Department of Finance and Department of Accounting and the relevant competent heads
- IV. Contents of business operations:
 1. The term “endorsements/guarantees” as set forth herein includes:
 - (1) Financing endorsements/guarantees, including endorsement or guarantee made to meet the financing needs of another company and issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
 - (2) Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
 - (3) Any act of creation by the Company of a pledge or mortgage on its chattel or real estate as security for the loans of another company.
 2. Target beneficiaries for endorsements/guarantees:
 - (1) A company in business transaction relationship with the Company.
 - (2) A company in which the Company directly and indirectly holds more than 50% of the voting powers.
 - (3) A company that directly and indirectly holds more than 50% of the voting powers in the Company.
 - (4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting powers may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting powers.
 - (5) An event where all shareholders of the Company render endorsements/guarantees

to an investee pro rata to shareholding ratio as a result of the relationship of joint investment.

3. Credit lines of endorsements/guarantees:

- (1) The aggregate total amount of endorsements/guarantees rendered by the Company itself, the Company and its subsidiaries shall not exceed 49% of the Company's net worth.
- (2) The balance of endorsements/guarantees rendered by the Company itself, the Company and its subsidiaries to a single enterprise shall not exceed 25% of the Company's net worth.
- (3) The aggregate total amount of endorsements/guarantees rendered by the Company as a result of business operation relationship shall not exceed the aggregate total of business transactions with the Company in the most recent year (referring to the amount purchases and sales by and between both parties, whichever are the higher).
- (4) The term "net worth" as set forth herein denotes the net worth as shown through the financial statements in the most recent term audited or certified by the Certified Public Accountant.

4. Authority levels for policymaking process and authorization:

- (1) An act of endorsements/guarantees by the Company shall not be conducted until approved by the Audit Committee and the Board of Directors through resolution. To meet the time prescription, the Board of Directors may authorize the chairman to go ahead first within 30% of the Company's net worth before being posed to next board of directors meeting for retrospective acknowledgement and being reported to the general meeting for information.
- (2) Where rendering endorsements/guarantees to others, the Company shall take the opinions of all independent directors into serious account and shall have their opinions, both pros and cons, entered into "Minutes of the board of directors meeting".

5. Prerequisite for endorsements/guarantees:

- (1) Where a beneficiary enterprise of endorsements/guarantees uses endorsements/guarantees within the specified credit limit, it shall provide its fundamental particulars and financial data and fill up the "application for endorsements/guarantees" and apply to the Company's Department of Finance. The Department of Finance shall, in response, conducted evaluation in detail, with the items of evaluation covering the indispensability and rationality. In a case of endorsements/guarantees rendered for business transaction relationship, the amount of endorsements/guarantees shall be commensurate with the amounts of business transaction, the potential risks, financial conditions and business operation to the Company as well as impact upon the shareholders' equity and whether collateral should be obtained and evaluation of the collateral value.
- (2) The personnel of the Company's Department of Finance in charge shall assemble the relevant information and evaluation outcome mentioned in the preceding

paragraph. In the event that the accumulated balance of endorsements/guarantees at the moment of endorsements/guarantees does not exceed 30% of the net worth that time, the endorsements/guarantees may be granted after consultation with the chairman and shall be acknowledged retrospectively in the ensuing board of directors meeting. In the event that the accumulated balance of endorsements/guarantees at the moment of endorsements/guarantees exceeds 30% of the net worth that time, the endorsements/guarantee case shall be reported to the Board of Directors and be duly handled exactly as resolved in the Board of Directors.

- (3) The “Record book of endorsements/guarantees” established by the Department of Finance shall bear the contents in details the target beneficiaries and amount of endorsements/guarantees, date when resolved in the Board of Directors or the date when approved by the chairman, date of endorsements/guarantees, contents of prudential evaluation under these Regulations, contents of collateral and the evaluated value hereof, conditions and date to lift the responsibility for endorsements/guarantees.
- (4) Where an endorsements/guarantee beneficiary enterprise pays back the endorsements/guarantees fund, the data of payback shall be informed to the Company so as to lift the Company from the endorsements/guarantees responsibility which shall be expressly entered into the “Record book of endorsements/guarantees”.
- (5) The Department of Finance shall, on a regular basis, evaluate and recognize the contingent loss in endorsements/guarantees and disclose the information on endorsements/guarantees onto the financial statements as appropriate and shall provide the auditing Certified Public Accountant(s) with relevant information to proceed with the auditing procedures and issue financial statements as appropriate.
- (6) Where an endorsements/guarantee beneficiary enterprise of the Company or its subsidiary is a subsidiary with net worth below one-second of the paid-in capital, the Department of Finance shall team up with the relevant department to evaluate the control risks and the implementation of the countermeasure plan and shall report to the Audit Committee on a regular basis.
- (7) Before the Company grants endorsements/guarantees to a company where the Company holds over 90% of the voting power either directly or indirectly, the Company shall submit the case to the Board of Directors for resolution except endorsements/guarantees among companies where the Company holds over 100% of the voting power either directly or indirectly.

6. Authorization upon signatory(ies):

Where the Company renders endorsements/guarantees, the letter of guarantee shall be duly signed by the signatory authorized by the Board of Directors.

7. Key points for attention in handling of endorsements/guarantees:

- (1) The Company's internal auditors shall audit the Company's operating procedures and implementation of endorsements/guarantees on a quarterly basis as the

minimum and shall work out the “Audit Report”. Whenever a significant default is found, it shall keep the Audit Committee informed in writing forthwith.

- (2) In case of a change in situation where the terms of endorsements/guarantees prove inconsistent with the requirements set forth under Article 2 of these Regulations, or where the amount of endorsements/guarantees exceeds the credit limit set forth under Article 3 of these Regulations as a result of a change in the calculation base, the Department of Finance shall eliminate in full such amount of endorsements/guarantees or the part in excess upon expiry of the specified timeframe or within the specified time limit. The Department of Finance shall duly work out the “corrective action plan for non-conformity or excess of a target in endorsements/guarantees” and submit it to the Audit Committee and shall complete the corrective action exactly within the specified time limit.
- (3) In response to a need in business operation where the endorsements/guarantees rendered by the Company are necessary to exceed the credit limits set forth under these Regulations and to conform with the conditions set forth under these Regulations, the case shall call for consent by the Board of Directors and more than one half of the total directors shall act as joint guarantors for any loss that may be caused to the Company by the excessive endorsement/guarantee. It shall also amend these Regulations accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.
- (4) Amidst the discussion by the Board of Directors as mentioned in the preceding paragraph, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

8. Timeframe and contents of public announcement and filing:

- (1) The Company shall assemble all relevant information and launch public announcement and filing of the balance of endorsements/guarantees of the Company and its subsidiaries as of the preceding month not later than the 10th day of every month.
- (2) Where the balance of endorsements/guarantees of the Company and its subsidiaries reaches any one among those standards/criteria enumerated below, the Company shall launch public announcement and filing within two days from the very date of occurrence of the fact:
 - A. Where the balance of endorsements/guarantees of the Company and its subsidiaries reaches 50% or more of the Company's net worth as shown through its financial statements of the most recent term.
 - B. Where the balance of endorsements/guarantees of the Company and its subsidiaries rendered to a single enterprise reaches 20% or more of the Company's net worth as shown through its financial statements of the most

recent term.

- C. Where the balance of endorsements/guarantees of the Company and its subsidiaries rendered to a single enterprise reaches NTD\$10 million (equivalent approximately to SGD\$435,000, to be converted based on the exchange rate prevalent that time); and total of the long-term investment and funds loaned reaches 30% or more of the Company's net worth as shown through its financial statements of the most recent term.
 - D. Where the newly increased endorsements/guarantees of the Company and its subsidiaries reach NTD\$30 million (equivalent approximately to SGD\$1,305,000, to be converted based on the exchange rate prevalent that time) or more and reaches 5% or more of the Company's net worth as shown through its financial statements of the most recent term.
- (3) The term “date of occurrence of the fact” as set forth herein denotes the date of execution of the contract, payday, date on which the Board of Directors resolves a decision or other date(s) on which the transaction counterparties and amount of transaction could be ascertained, whichever comes the earlier.
9. Control over endorsements/guarantees handled by subsidiaries:
- (1) A subsidiary that intends to render endorsements/guarantees to others shall duly enact these Regulations and duly handle in accordance with these Regulations so enacted.
 - (2) A subsidiary shall work out detailed statements for the endorsements/guarantees rendered to others and submit them to the Company not later than the 10th day of every month.
 - (3) A subsidiary's internal auditor(s) shall audit the Operational Procedures for Endorsements/Guarantees and the implementation thereof and shall work out the “Internal audit reports” on a quarterly basis as the minimum and submit them to the Company's Audit Department forthwith. The Company's Audit Department forthwith shall forward such written data to the Audit Committee.
 - (4) Where the Company's auditors conduct audit to subsidiaries based on the annual audit plans, they shall simultaneously look into the subsidiaries' performance of endorsements/guarantees rendered to others and shall trace the follow-up corrective action efforts in case of a fault found, work out written report and submit it to the Audit Committee.
10. Penalty clauses: The Company's managerial officers and personnel in charge who prove in contravention of these Operational Procedures shall be subject to penalty dependent upon the seriousness level of the case.
11. Implementations & amendments
- (1) These Regulations shall be put into implementation after being resolved in the Audit Committee and the Board of Directors and further being submitted to and approved by the general meeting. Where a director objects as backed by the minutes or declaration in writing, the Company shall refer such objection to the

general meeting into discussion. This same provision is applicable mutatis mutandis to an event of amendment. .

- (2) Where the Company submits these Regulations to the Board of Directors into discussion in accordance with the preceding paragraph, it shall take into full consideration of each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

12. Matters not specified in these Regulations, if any, shall be duly handled in accordance with laws and ordinances concerned.

V. Documents concerned

Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies

VI. Relevant forms

1. Application for endorsements/guarantees
2. Record book of endorsements/guarantees
3. Audit report
4. Minutes of the board of directors meeting
5. Internal audit reports
6. Report on corrective action taken in response to the faults found in the internal audit

【Annex 5】

Rules of Procedures Governing General Meeting

Duly enacted on: March 30, 2011.

The First Amendment on: September 13, 2011.

The Second Amendment on: June 22, 2012.

The Third Amendment on: June 5, 2013.

- I. Objectives: These Rules of Procedures Governing General Meeting are duly enacted in accordance with Article V of the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies in an effort to set up sound general meeting governance system and assure sound superintending function and strengthen managerial function.
- II. Scope: Unless otherwise specified in laws and ordinances concerned or the Articles of Association, the Company shall duly convene general meeting exactly in accordance with these Rules of Procedures Governing General Meeting.
- III. Contents of business operations:
 1. Unless otherwise specified in laws and ordinances concerned, the Company's annual general meeting shall be duly convened by the Board of Directors. In case of an annual general meeting, the Handbook shall be duly worked out and served to all shareholders thirty (30) days prior to the date scheduled for the general meeting. Toward shareholders who hold less than one thousand shares each, the Handbook may be served by inputting into the Market Observation Post System (MOPS) thirty (30) days in advance. In case of a special shareholders meeting, the Handbook shall be served to all shareholders fifteen (15) days prior to the date scheduled for the general meeting. Toward shareholders who hold less than one thousand shares each, the Handbook may be served by inputting into the Market Observation Post System (MOPS) thirty fifteen (15) in advance. The notices and public announcements shall expressly bear the cause(s) or subject(s) of the meeting. Subject to consent by the counterparties (recipients), the notices may be served in electronic means.
 2. Such issues including election or discharge of directors and supervisors, amendment to Articles of Association, dissolution, merger, demerger of the Company or issues set forth under each subparagraph of Paragraph I, Article 185 of the Company Act and Article 26~1, Article 43~6 of Securities and Exchange Act shall be expressly enumerated in the cause(s) or subject(s) of the meeting and shall not be posed through extemporary motion.
 3. Issues in an annual general meeting:
 - (1) Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at an annual general 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. Where a proposal posed by a shareholder falls under any one among those circumstances enumerated under Paragraph 4, Article 172 ~1 of the Company Act, the Board of Directors shall

not enumerate it into the agenda.

- (2) Prior to the date on which share transfer registration is suspended before the convention of an annual general meeting, the Company shall serve a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) characters, and any proposal containing more than 300 characters shall not be included in the agenda of the general meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the annual general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
- (3) The Company shall, prior to preparing and delivering the general meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the general meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the general meeting to be convened.

4. Rules governing use of a power of attorney (proxy):

- (1) A shareholder may appoint a proxy to attend a general meeting in his/her/its behalf by executing a power of attorney (proxy) stating therein the scope of power authorized to the proxy.
- (2) A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the company no later than five (5) days prior to the meeting date of the general meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.
- (3) After the service of the power of attorney of a proxy to the Company, if the shareholder issuing the said proxy intends to attend the general meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company two(2) days prior to the date of the general meeting as scheduled in the general meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

5. Principles over the venue and time to convene a general meeting:

The place to convene a general meeting shall be the venue where the Company is headquartered or a venue convenient to shareholders for participation and suitable for a general meeting. A general meeting shall be convened not earlier than 9:00 a.m. or later than 3:00 p.m.

6. Preparation of the sign-in book and such documents:

- (1) The Company shall expressly remark the time, venue to accept check-in by shareholders and other key points for attention on the Notice to the Meeting.
 - (2) The act to accept check-in by shareholders mentioned in the preceding paragraph shall be conducted thirty (30) minutes prior to start of the meeting. The venue for check-in shall be expressly labelled and shall be served with adequate personnel.
 - (3) A shareholder himself or herself or a proxy authorized by a shareholder (hereinafter collectively referred to as shareholder) shall participate in a general meeting based on participation certificate, sign-in card or other participation paper. A proxy solicitor shall further present his or her identity certificate paper ready for verification.
 - (4) The Company shall prepare the sign-in book ready to be signed in by participating shareholders. A participating shareholder may, as well, hand in the sign-in card instead of signing in.
 - (5) The Company shall hand over to participating shareholders the Handbook, annual reports, participation certificates, speech notes, voting ballots and other data of the meeting, along with election ballots in case of election of directors.
 - (6) Where a government agency or a juristic person acts as a shareholder of the Company the number of the representative(s) participating in the general meeting is not confined to one. Where a juristic person is authorized to participate in a general meeting, only one person may be assigned as the representative to participate in the meeting.
7. Chairperson, non-voting (guest) participants in a general meeting:
- (1) The general meeting shall be chaired by the chairman if convened by the Board of Directors. In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, a director shall act on his behalf. Where the chairman is acted by a director on behalf, such director shall be the one having served the post for more than six (6) months and been well aware of the Company's marketable securities. This same provision is applicable mutatis mutandis to an event where the chairperson is a representative of a juristic person director.
 - (2) Where the general meeting is convened by another convener beyond the Board of Directors, the meeting shall be chaired by that convener. In case of two or more conveners, one shall be elected from among themselves to act on behalf.
 - (3) The Company may assign the retained lawyer, Certified Public Accountant and relevant personnel to participate in a general meeting as non-voting (guest) participants.
8. Audio & videotaping records for process of a general meeting:
- For the process of the general meeting starting from the moment to accept check-in by shareholders as well as the balloting process, the Company shall proceed with continual and uninterrupted audio & videotaping records for the entire process of check-in by shareholders, progress of the meeting, balloting process.

The audio & videotaping data mentioned in the preceding paragraph shall be archived for one year minimum. In the event that a shareholder lodges litigation in accordance with Article 189 of the Company Act, nevertheless, the audit, audio & video records shall be archived until after the litigation is concluded.

9. Rules on the shares represented by participating shareholders:

- (1) The participation in a general meeting shall be counted based on the number of shares which shall be calculated based on the number of shares as shown through the sign-in book or sign-in cards submitted by participating shareholders, to be added with the voting powers exercised in writing or electronic means.
- (2) As the scheduled time is up, the chairperson shall announce commencement of the meeting. In the event that the meeting is attended by participating shareholders representing less than one half majority of the total outstanding shares, the chairperson may announce a postponement of the meeting within the maximum limit not beyond twice in postponements and the aggregate total period of postponements in accumulation shall not exceed one hour.
- (3) In the event that the participating shareholders are still below one-third of the total outstanding shares after twice postponements, a tentative decision may be resolved by more than one half of the voting powers represented by the participating shareholders. The tentative resolution shall be notified to all shareholders and another general meeting shall be convened within one month.
- (4) In the event that the total number of shares represented by participating shareholders represents more than one half of the total outstanding shares before the very general meeting is adjourned, the chairperson may pose the tentative resolution to the general meeting for voting process anew.

10. Discussion of issues:

- (1) In the event that a general meeting is convened by the board of directors, the agenda shall be determined by the Board of Directors. The meeting shall be convened exactly according to the scheduled agenda which shall not be changed unless resolved in the general meeting.
- (2) The provision set forth under the preceding paragraph is applicable mutatis mutandis to a general meeting convened by a person beyond the Board of Directors.
- (3) Until the issues scheduled onto the agenda under the two preceding Paragraphs (including extemporary motion) are concluded, the chairman shall not announce adjournment of the meeting unless duly resolved. Where the chairperson proves in contravention of Rules of Procedures Governing General Meeting by announcing adjournment of the meeting in such an event, other Board of Directors members shall promptly help the participating shareholders to elect one person through more than one half of the total voting powers through statutory procedures to chair and continue the meeting.
- (4) After a meeting is adjourned, the shareholders shall no longer elect the chairperson to continue the meeting at the same venue or another venue.

- (5) Toward an amendment or extemporary motion posed by a shareholder, the chairperson shall grant adequate opportunities for explanation and discussion and may announce discontinuance from discussion and proceed with the voting process when it is deemed up to the timing for voting.

11. Speech by shareholders:

- (1) Before delivered a speech, a participating shareholder shall first fill up the speech note, expressing the very keynote of the speech, shareholder code (or code of the participation certificate) and name of holder so that the chairperson may determine the priority order of speech.
- (2) A participating shareholder who submits a speech note but does not actually speak up is deemed as having not spoken. Where the contents actually spoken are found inconsistent with the entry on the speech note, the contents actually spoken shall prevail.
- (3) On a same issue, each shareholder shall not speak more than twice unless consented by the chairperson and each speech shall not exceed five (5) minutes. Where a shareholder speaks in contravention of the provision or beyond the scope of the issue, the chairperson may stop his or her speech.
- (4) Where a participating shareholder speaks, other shareholder(s) shall not speak in interference unless agreed upon by the chairperson and the speaking shareholder. The chairperson may stop the offender.
- (5) Where a juristic person shareholder assigns two or more representatives to participate in a general meeting, only one among them may be elected to speak up on a same issue.
- (6) After a participating shareholder speaks up, the chairperson may reply in person or through an assignee.

12. Counting of the number of voting powers, avoidance system:

- (1) The voting in a general meeting shall be counted based on the number of shares.
- (2) In resolution of the shareholders' meeting, the number of shares held by shareholders not entitled to the voting power shall not be counted into the aggregate total of outstanding shares.
- (3) In an issue for resolution of the shareholders' meeting, a shareholder shall not join the voting process for an issue involving his or her own interest and is likely to be harmful to the Company and nor shall he or she exercise voting power on behalf of another shareholder.
- (4) The number of shares not entitled to voting power as mentioned in the preceding paragraph shall not be counted into the number of voting powers of participating shareholders.
- (5) Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of

voting powers of the company, otherwise, the portion of excessive voting power shall not be counted.

13. Each share held by a shareholder hereof is entitled to one voting power except the issues set forth under Paragraph 2 of Article 179 of the Company Act which are not entitled to voting power.
14. Expression of intent amidst exercise of voting power in writing or in electronic means:
 - (1) Where a general meeting is convened by the Company, the voting power may be exercised in writing or in electronic means. Where the voting power is exercised in writing or in electronic means, the method of exercise shall be expressly remarked onto the notices of the general meeting.
 - (2) A shareholder who exercises the voting power in writing or in electronic means is deemed to have participated in the general meeting in person but is deemed in abstention on an extemporary motion or an amendment to an original issue.
15. Expression of intents in writing or in electronic means:
 - (1) Where a shareholder exercises the voting power in writing or in electronic means, his or her expression of intent shall be submitted to the Company two (2) days prior to scheduled meeting. In case two or more expressions of intents, the first one received by the Company shall prevail; unless an explicit statement to revoke the previous one is made.
 - (2) After a shareholder exercises the voting power in writing or in electronic means, if he or she intends to participate in the general meeting in person, he or she abolish the expression of the intent to exercise the voting power as mentioned in the preceding paragraph in a manner same as exercise of the voting power two (2) days prior to the general meeting. In the event that his or her abolishes beyond the schedule, the voting power exercised in writing or in electronic means shall prevail.
 - (3) Where a shareholder exercises the voting power in writing or in electronic means and further commissions a proxy to participate in the general meeting and exercise voting power, the voting power exercised by the proxy shall prevail.
16. Unless otherwise specified in the Company Act or Articles of Association, an issue in voting shall be resolved by a majority of the participating shareholders. During the voting process, the chairperson shall announce the number of voting powers represented by the participating shareholders on a case-by-case basis either himself or through his assignee.
17. (1) An issue which proves to have no objection in response to the inquiry by the chairperson is deemed to have been duly resolved in the validity same as an issue duly resolved through voting process. In case of an objection, it shall be duly voted in a manner as set forth under the preceding Article.
 - (2) Where a same motion bears an amendment or a substitute, the chairperson shall combine them all with the initial motion. In the event that one of them has been resolved, other one(s) shall be deemed to have been vetoed and call for no more voting process.

- (3) For motions, the ballot scrutinizers and vote counters shall be designated by the chairperson. A ballot scrutinizer shall be appointed out of shareholders.
- (4) In a general meeting, the voting process and ballot counting shall be conducted at an open venue inside the general meeting site. The voting outcome including the statistical weights shall be announced on the spot and the minutes shall be duly worked out.

18. Motions of election:

- (1) Election of directors in a general meeting shall be duly conducted in accordance with the laws and ordinances concerned and the election specifications enacted by the Company. The outcome of election shall be announced on the spot, including the name list of the successfully elected directors and the number of weights they have won in the election.
- (2) The election ballots in election mentioned in the preceding paragraph shall be put into prudential custody and shall be archived for a minimum of one year. In the event that a shareholder lodges litigation in accordance with Article 189 of the Company Act, nevertheless, such papers shall be archived until after the litigation is concluded.

19. Minutes of a general meeting:

- (1) For matters resolved in a general meeting, minutes shall be duly worked out, to be signed or affixed seal by the chairperson and to be served to all shareholders within twenty (20) days after the meeting. The minutes may be produced and distributed in electronic means.
- (2) The minutes mentioned in the preceding paragraph may be distributed by means of a public announcement.
- (3) The minutes of a meeting shall be duly worked out exactly based on the month/day/year, venue, chairperson's name, method of resolution, highlights and key points of the proceedings and shall be archived permanently while the Company exists.
- (4) For an issue mentioned in a general meeting in the preceding paragraph which proves to have no objection in response to the inquiry by the chairperson to all shareholders, the minutes shall bear such remarks "duly resolved as no objection responds to the inquiry by the chairperson to all participating shareholders. Where a shareholder objects, nevertheless, the method of voting and the ratio of the voting power shall be expressly remarked.

20. Maintenance of a sound order in the meeting site:

- (1) The conference personnel handling the shareholders' meeting should wear identification badges or armbands.
- (2) The chairman may command the picketers or security guards to help maintain the order of the venue. When the picketers or security guards are present to help maintain order, the type badge or identification card of picketers should be worn.

- (3) Where the conference room is equipped with amplifying equipment and when a shareholder does not speak with such equipment configured by the Company, the chairman has to stop it.
- (4) Where a shareholder violates the rules of procedure and does not obey the chairman's rectification, and the obstruction of the meeting is not stopped, the chairman may direct the picketers or security guards to ask such shareholder to quit the venue.

21. Continuance of the meeting:

- (1) Amidst the progress of the shareholders' meeting, the chairman may decide to take a rest at a discretion. In the event of an irresistible situation e.g., force majeure, the chairman may decide to suspend the meeting temporarily and, as the case may be, announce the time to resume the meeting. The chairman is authorized with plenipotentiary power to postpone or resume the meeting within five (5) days in accordance with Article 182 to which the convening procedures set forth under Article 172 shall not apply.
- (2) In the event that the venue for the meeting proves unusable continually before the motions in the agenda (including extemporary motion) are concluded, the general meeting may resolve a decision to find another venue to continue the meeting.

22. These Regulations shall be put into implementation after being resolved in the general meeting. This same provision is applicable mutatis mutandis to an event of amendment.

【Annex 6】

Regulations Governing the Procedures to Elect Directors and Supervisors

- I. Objectives: These Regulations are duly enacted in accordance with Article 21 & Article 41 of “Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies” to assure election of directors and supervisors in a fair, just and open manner.
- II. Scope: The Company's directors and supervisors shall be duly elected in accordance with these Procedures unless otherwise specified in laws and ordinances concerned or Articles of Association.
- III. Contents of business operations:
 1. Upon election of the Company's directors, the Company shall take into account the overall layout of the Board of Directors. The members of the Board of Directors shall possess all expertise, skills and attainment required for implementation as enumerated below:
 - (1) Capability in business operation and judgment
 - (2) Capability in accounting & financial analyses.
 - (3) Capability in business management.
 - (4) Capability in dealing with a crisis.
 - (5) Expertise in the industry.
 - (6) Outlook in international markets.
 - (7) Leadership.
 - (8) Capability in policymaking process.
 2. The Company's supervisors shall possess the following capabilities:
 - (1) Integrity and practicality.
 - (2) Impartial judgment
 - (3) Professional expertise.
 - (4) Adequate hands-on experiences
 - (5) Capability in reading financial statements.
 3. Qualification requirements and election of independent directors
 - (1) The Company's independent directors shall satisfy the qualification requirements set forth under Article 2, Article 3 and Article 4 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.
 - (2) The Company's independent directors shall be duly elected in accordance with Article 5, Article 6, Article 7, Article 8 and Article 9 of “Regulations Governing

Appointment of Independent Directors and Compliance Matters for Public Companies” and shall duly act in accordance with Article 24 of “Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies.

4. The Company's directors and supervisors shall be duly elected in accordance with Article 192~1 of Company Act, in the candidates nomination system procedures.
5. The Company's directors and supervisors shall be elected through single-name cumulative election method. Each share is entitled to the election power equivalent to the numbers of directors and supervisors to be elected and may be used to centralize one candidate or to divide to elect several candidates.
6. The Board of Directors shall prepare the election ballots in the number same as the directors and supervisors with the weights to be successfully elected to be distributed to all participating shares in the general meeting. The name of an elector may be entered into the code of the participation certificate instead.
7. Based on the number of the Company's directors and supervisors as shown through the Articles of Association, the election powers to elect independent directors and non-independent directors shall be counted separately. The candidates who win more election powers shall be separately elected. In the event that two or more candidates win the same number of election ballots beyond the specified quota, those candidates winning the same number of ballots shall draw lots to determine the winners. Where a candidate is absent, his or her lot shall be drawn by the chairperson instead.
8. Before start of the election process, the chairperson shall designate ballot scrutinizer(s) and vote counters in certain numbers to implement the respective duties. The ballot box(es) shall be prepared by the Board of Directors and shall be opened, checked and verified by the ballot scrutinizer(s) in public.
9. Where a candidate holds status as a shareholder, the electors may enter the account number, name of the shareholder of a candidate. Where a candidate is not a shareholder, an elector shall fill up the name and identity certificate paper codes of the candidate. Where a candidate comes from government or a juristic person shareholder, the box of the name of account holder in the election ballot shall be filled up with the name of the government or juristic person or may, as well, fill up the title of the government or juristic person and name of representative thereof. In case of several representatives, the names of the representatives shall be additionally entered as well.
10. An election ballot is null and void if meeting any one among those circumstances enumerated below:
 - (1) Where not cast with an election ballot prepared by the Board of Directors.
 - (2) Where a blank ballot is cast into the ballot box.
 - (3) Where the ballot is illegible or has been tampered with.
 - (4) Where a candidate is a shareholder but the name of holder, shareholder code are found inconsistent with the entries in the register of shareholders.
Where a candidate is a shareholder but the name, identity certificate paper code are found inconsistent.

- (5) Other than entries of the name of holder (name) or shareholder code (identity certificate paper code) and the assigned number of weights, a ballot is found having been written with other words.
 - (6) Where the name of candidate entered is found same as another shareholder, without bearing the shareholder account number or identity certificate paper to identify the status.
11. The ballots shall be opened on-the-spot upon completion of the casting process. The chairperson shall announce the outcome of election and the list of directors and supervisors successfully elected.
 12. Toward the directors and supervisors successfully elected, the Board of Directors of the Company will issue Notice of Successful Election.
 13. These Procedures shall be put into implementation after being resolved in the general meeting. This same provision is applicable mutatis mutandis to an event of amendment.

【Annex 7】 Shareholding Status by All Directors

JP Nelson Holdings

SHAREHOLDING STATUS BY ALL DIRECTORS

1. The paid-in capital of the Company amounts to NTD\$759, 950,000 with 75, 995,000 outstanding shares duly issued.
2. The minimum shareholder by all directors of the Company shall be 6,079, 600 shares.
3. The Company has set up Audit Committee and the shareholding by supervisors is not applicable.
4. Shareholding status by all directors as of the base day (April 29, 2019):

Position title	Names	Shareholding status by all directors as of the base day	Shareholding ratio
Chairman	Lim Eng Koo	33,409,000	43.96%
Director	Seh Yin Yoke	6, 717,245	8.84%
Director	Lim Pok Chin	304, 335	0.40%
Independent director	Low Beng Tin	0	0.00%
Independent director	Chen Chung Cheng	0	0.00%
Independent director	Chen Jiin-feng	0	0.00%

The total of shares held by all directors numbers 40,430,580, accounting for 53.20% of the total outstanding shares. .

【Annex 8】 The performance of the present issuance of bonus shares and its impact upon earnings per share (EPS):

Where the Company does not issue issuance of bonus shares in the present year, the present issue is not applicable.

【Annex 9】 Bonus to employees and remuneration to directors related information

Bonus to employees and remuneration to directors related information

The Company's Board of Directors resolved on March 25, 2019 no allocation of bonus to employees and remuneration to directors