

Stock code: 8418



JP Nelson Holdings
捷必勝控股股份有限公司

Handbook
2021 Annual General Meeting

Time: June 23, 2021 (Wednesday)

**Venue: Hall 202, International Conference Center, National
Taiwan University Hospital
(2F, No. 2, Xuzhou Road, Taipei City)**

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I. Meeting Procedures

JP Nelson Holdings 2021 Annual General Meeting

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

II. Meeting Agenda

JP Nelson Holdings Agenda for 2021 Annual General Meeting

Time: 9a.m., June 23, 2021 (Wednesday)

Venue: Hall 202, 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) 2020 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) 2020 Business Report and Consolidated Financial Statements
 - (2) 2020 make-up losses and capital appropriation
5. Discussions
 - (1) Amendment of parts of the Rules of Procedures Governing General Meeting
 - (2) Amendment of parts of Regulations Governing Loaning of Funds to Others
 - (3) Amendment of parts of Regulations Governing the Procedures to Elect Directors and Supervisors
6. Extemporary motion
7. Adjournment

Management Presentation

1. 2020 Business Report
Explanations: Please refer to Appendix 1 (page 6).
2. Audit Report by Audit Committee
Explanations: Please refer to Appendix 2 (page 9).
3. Update on increases of share capital for issuance of ordinary shares via private placement

Explanations: The Company increased of share capital for issuance of ordinary shares via private placement in April 2020. Below is a summary of use of proceeds.

- (1) Use of proceeds
Amount of funds utilized up to date: NTD\$33,450,600
Progress according to schedule: 100%
Purpose: improvement of working capital
- (2) Progress according to schedule: completion as planned in the second quarter of 2020
- (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 2020 Business Report and Consolidated Financial Statements.

Explanations:

1. The 2020 Business Report and consolidated financial statements are submitted to the annual general meeting for rectification.
2. The 2020 consolidated financial statements were audited by CPA Li-Huang Lee and CPA Nai-Hua Kuo of Deloitte & Touche and approved by the board on March 26, 2021. The Audit Committee has completed the review of the financial statements and issued an audit report accordingly.
3. Please refer to Appendix 1 (page 6) for the 2019 Business Report and to Appendix 3 (page 10) for Consolidated Financial Statements.

Resolution:

Proposal 2: (by the board)

Subject: Please kindly rectify the appropriation of capital to make up the 2020 losses.

Explanations:

1. The Company does not intend to issue dividends given the losses in 2020.
2. Please refer to Appendix 4 (page 21) for the appropriation of capital to make up the 2020 losses.

Resolution:

Discussions

Proposal 1: (by the board)

Subject: Amendment of parts of the Rules of Procedures Governing General Meeting

Explanations: 1. In order to promote the corporate governance and to maintain interests of shareholder, it is proposed to amend partial provisions of “Rules of Procedures Governing General Meeting”
2. Please refer to Appendix 5 (page 22) for the comparison of the amended version of the summary of Rules of Procedures Governing General Meeting.

Resolution:

Proposal 2: (by the board)

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

Explanations: 1. In line with regulatory requirements and the needs of actual operation, partial provisions are therefore amended.
2. Please refer to Appendix 6 (page 26) for the comparison of the amended version of the summary of Regulations Governing Loaning of Funds to Others.

Resolution:

Proposal 3: (by the board)

Subject: Amendment of parts of Regulations Governing the Procedures to Elect Directors and Supervisors

Explanations: 1. In line with regulatory Requirements, it is proposed to amend partial provisions of “Regulations Governing the Procedures to Elect Directors and Supervisors” and to change its name as “Regulations Governing the Procedures to Elect Directors”
2. Please refer to Appendix 7 (page 28) for the comparison of the amended version of the summary of Regulations Governing the Procedures to Elect Directors and Supervisors.

Resolution:

Extemporary Motion

Adjournment

III. Appendixes

【Appendix 1】

JP Nelson Holdings 2020 Business Report

Dear Shareholders:

The COVID-19 that spread to worldwide at the beginning of 2020 resulted in weak global economics, decrease in global trade volumes and slow business activities, and significantly and inevitably impacted on many industrial sectors. Till today, it still affects various countries in the world. The Company's markets in Singapore, Malaysia and Thailand are also affected. As affected by COVID-19 in last year, various countries in Southeast Asia took control such measures as lockdown, resulting in standstill of public works in Singapore and Malaysia area and discontinuance of cross-country businesses in Q2-Q3 of last year. These unfavorable circumstances of lockdown and standstill lasted until Singapore and Malaysia area gradually opened and resumed the business dynamics in Q4. However, it has caused sharp decrease in revenues of the Company, and regrettably has indirectly resulted in the interruption of the result of improvement plan for increasing revenue and gross profit margin that had been implemented since 2018.

The pandemics were severe in 2020, and various countries implemented lockdowns successively. Under several unfavorable circumstances such as discontinuance of business transaction etc., the sale colleagues of the Company still made their best efforts to find the opportunity of sale. Even under the circumstance in which all businesses came to a standstill during the lockdown period and the industry colleagues were wailing, we strived and completed the valuable sales of machinery equipment contracts amounting to \$210 million. In the meantime, in 2020, the operation team also continued to implement the measures of increasing income and decreasing expenditure, strictly controlled the necessity and timepoint of equipment purchases, and decreased unnecessary expenditure and expenses, and had obtained good performance. Externally, we closely watched the directions of infrastructures of various emerging markets, such as Thailand and Vietnam, with a hope to gradually increase the ratio of revenues from overseas market. In respect of internal management, we made us of this opportunity to enhance technical abilities of personnel, consolidate customers of high values, and increase the weight of high profitable equipment, and strived to make a sounder company in order to sufficiently respond to future challenge.

1. 2020 Business Report
 - (1) Business achievements

Expressed in thousands of New Taiwan Dollars

Items	2019	2020
Operating revenue	1,943,221	1,468,429
Gross operating profit	197,145	64,862
Net income	(90,683)	(143,513)
Net income margin	(4.67)	(9.77%)

As impacted by COVID-19 in 2020, the total revenue of the Group decreased to the amount of \$1,468 million, a decrease of 24%, in which the largest difference occurred in the leasing department, of which the revenue was \$748,445 thousand, a decrease of \$296.381 thousand (28.4%) comparing to the last year; in respect of sale of equipment,

the revenue was \$645,366 thousand, a decrease of 15.9% comparing to the last year, mainly due to the slowdown of lease and sale business resulted from the standstill of construction works as affected by lockdowns in countries of Southeast area such as Singapore, Malaysia and Thailand in 2020; because of the lockout of construction work, the procrastination of lease business caused the decline of overall gross profit margin to 4.5%. which was only 50% of that in the last year. In respect of promotion and management expenses, by continual implementation of streaming expenses, the expenses in 2020 sharply decreased as comparing to the last year, and the overall operational expenses decreased by \$71,263 thousand, a decrease of 23%; however, the decrease in expenses still could not cover the loss from the decline of overall revenues, resulting in an increase of 58.3% in loss after tax in 2020, as comparing to 2019.

(2) Financial income/expenditure and profitability analysis

Analysis item		Year	
		2019	2020
Financial structure %	Ratio of liabilities to assets	67.74	67.41
	Ratio of long-term funds to property, plant and equipment	91.64	97.57
Debt-paying ability %	Current ratio	81.45	90.43
	Quick ratio	34.71	38.71
Profitability	Return on assets (%)	(0.38)	(2.50)
	Return on equity (%)	(7.17)	(12.51)
	Rate of pretax income to paid-in capital (%)	(14.39)	(21.05)
	Net income rate (%)	(4.67)	(9.77)
	Earnings per share (\$)	(1.11)	(1.69)

The ratios of financial structure and debt-paying ability etc. are improved gradually.

2. 2021 Business Plan and Strategy

The estimated sale amount (sale quantity cannot be estimated due to the features of the industry) of the Company for 2021 were prepared depending on the market supply and demand and the prosperity status, sales performances for the past years, business plan and budget. It is expected the growth will be resumed on major markets in Southeast Asia area in 2021; however, with uncertainty of overall pandemic and market status, the strategy of the Company in 2021 will still focus on full efforts of sale, decrease and control the purchase and fixed costs, and gradually reduce the borrowing amounts from banks, save interest expenditures, improve the performance of the department operating at loss, and strengthen the financial structure of the Company.

As reported in Asia Outlook of Asian Development Bank (ADB) in December 2020, the levels of economic shrinkage of the developing Asian countries in 2020 might not be as high as those estimated, because the recovery speed in Mainland China was faster than expected. Looking forward to 2021, ADB expected that Asian economies would be recovered from COVID-19 pandemic, and the economics of developing Asian countries would be recovered and would grow by 6.8%. Among such countries, Singapore is aggregately promoting various constructions and various stimulus schemes in response to the economic impact of pandemic. This is the opportunity of our growth. In addition, the highlight of large scale of infrastructure constructions and family expenditures will continually be the pushing forces to support

economic growths in future 3 to 5 years.

Although the results in 2020 were not as expected, JP Nelson group trust: there was no shortcut to the success but continual efforts and innovations. Before the gradual ebb of COVID-19 pandemic, the global economies still face the uneven growth. In 2021, JP Nelson group still focuses on the aggregative exploration of the field of difference construction equipment, the search of high quality and proper construction equipment products, the participation in the infrastructure constructions which were being planned in Southeast Asian countries, the collaboration with interested partners, and the exertion of flexible and prompt service efficiency to satisfy needs of customers, and are deeply looking forward to the continual support and encouragement from shareholders.

Chairman Lim Eng Koo

【Appendix 2】

JP Nelson Holdings

Audit Report by the Audit Committee

The Audit Committee has reviewed the Company's 2020 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 26, 2021

【Appendix 3】

JP Nelson Holdings (Cayman) and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 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 (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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 (collectively referred to as the "consolidated financial statements").

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, 2020 and 2019, 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, 2020. 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.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

Impairment of Construction Machinery

The Group's construction machinery has a carrying amount of \$1,633,426 thousand as of December 31, 2020, which represented 50% of the total consolidated assets. The amount is considered material to the consolidated financial statements. Refer to Notes 4(i), 5 and 12 for more detailed information on the accounting policies, estimation uncertainty and other disclosures related to construction machinery.

The Group specializes in trading, leasing and maintaining construction and civil engineering machines and equipment, as well as trading the related machinery parts. The management of the Group has determined that specific construction machinery has shown indication of impairment due to the calculation of recoverable amount, which involves multiple assumptions and estimates. Therefore, the impairment of construction machinery is identified as a key audit matter for the year ended December 31, 2020.

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

1. We understood the internal control procedures for assessing the impairment of property, plant and equipment and the relevant approval process followed by the Group's management.
2. We consulted with the professionals from Deloitte Financial Advisory in Taiwan and ensured that the fair value assessment was completed by an experienced and qualified third party while complying with professional standards.
3. We ascertained transactions and information provided by the third party with the assistance of the professionals from Deloitte Financial Advisory in Taiwan; the review procedures included testing the valuation method of the selected samples and confirming that all information agreed with the original data or external evidence.
4. We sampled various documents related to impairment of assets to confirm the reliability and validity of the original data.

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

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

Those charged with governance, including the 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, 2020 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 audits resulting in this independent auditors' report are Li-Huang Lee and Nai-Hua Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 31, 2021

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 70,081	2	\$ 62,691	2
Financial assets at fair value through profit or loss - current (Note 7)	10	-	10	-
Notes receivable (Note 8)	3,857	-	3,527	-
Trade receivables (Note 8)	369,231	12	425,718	11
Trade receivables from related parties (Notes 8 and 28)	10,478	1	1,128	-
Other receivables (Note 8)	7,657	-	3,155	-
Other receivables from related parties (Notes 8 and 28)	2,101	-	600	-
Current tax assets (Note 22)	9,533	-	5,957	-
Inventories (Note 9)	593,652	18	625,295	17
Prepayments (Notes 14)	38,276	1	51,816	1
Other current assets	12	-	45	-
Total current assets	<u>1,104,888</u>	<u>34</u>	<u>1,179,942</u>	<u>31</u>
NON-CURRENT ASSETS				
Investments accounted for using equity method (Note 12)	5,115	-	1,937	-
Property, plant and equipment (Notes 13 and 24)	1,939,009	59	2,335,277	61
Right-of-use assets (Note 14)	154,330	5	218,186	6
Deferred tax assets (Note 25)	58,187	2	64,862	2
Refundable deposits (Note 16)	7,359	-	9,624	-
Total non-current assets	<u>2,164,000</u>	<u>66</u>	<u>2,629,886</u>	<u>69</u>
TOTAL	<u>\$ 3,268,888</u>	<u>100</u>	<u>\$ 3,809,828</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bills payable and borrowings (Note 15)	\$ 197,009	6	\$ 349,881	9
Financial liabilities at fair value through profit or loss - current (Note 7)	392	-	285	-
Contract liabilities - current (Notes 20 and 28)	43,725	1	67,305	2
Trade payables (Note 16)	191,008	6	124,311	3
Trade payables to related parties (Notes 16 and 28)	15,096	1	13,704	-
Lease liabilities - current (Note 13)	46,041	1	64,185	2
Other payables (Note 17)	165,327	5	211,420	6
Other payables to related parties (Notes 17 and 28)	138,026	4	128,052	3
Current tax liabilities (Note 22)	7,825	-	5,594	-
Current portion of long-term borrowings (Note 15)	417,372	13	479,064	13
Unearned receipts	-	-	4,815	-
Other current liabilities	27	-	-	-
Total current liabilities	<u>1,221,848</u>	<u>37</u>	<u>1,448,616</u>	<u>38</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Note 13)	66,366	2	113,856	3
Long-term borrowings (Note 15)	826,549	25	910,832	24
Deferred tax liabilities (Note 22)	86,170	3	102,945	3
Guarantee deposits received	2,708	-	4,402	-
Total non-current liabilities	<u>981,793</u>	<u>30</u>	<u>1,132,035</u>	<u>30</u>
Total liabilities	<u>2,203,641</u>	<u>67</u>	<u>2,580,651</u>	<u>68</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Share capital	783,590	24	759,950	20
Capital surplus				
Additional paid-in capital in excess of par	521,097	16	595,920	16
Unappropriated earnings	(128,958)	(4)	(84,634)	(2)
Exchange differences on translating foreign operations	(153,724)	(5)	(99,978)	(3)
Total equity attributable to owners of the Company	1,022,005	31	1,171,258	31
NON-CONTROLLING INTERESTS	<u>43,242</u>	<u>2</u>	<u>57,919</u>	<u>1</u>
Total equity	<u>1,065,247</u>	<u>33</u>	<u>1,229,177</u>	<u>32</u>
TOTAL	<u>\$ 3,268,888</u>	<u>100</u>	<u>\$ 3,809,828</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 20 and 28)	\$ 1,469,429	100	\$ 1,943,221	100
OPERATING COSTS (Notes 9, 21 and 28)	<u>(1,405,916)</u>	<u>(95)</u>	<u>(1,747,058)</u>	<u>(90)</u>
GROSS PROFIT	63,513	5	196,163	10
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>1,349</u>	<u>-</u>	<u>982</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>64,862</u>	<u>5</u>	<u>197,145</u>	<u>10</u>
OPERATING EXPENSES (Notes 21 and 28)				
Selling and marketing expenses	(41,095)	(3)	(54,879)	(3)
General and administrative expenses	(128,737)	(9)	(159,412)	(8)
Expected credit losses	<u>(20,824)</u>	<u>(1)</u>	<u>(47,628)</u>	<u>(3)</u>
Total operating expenses	<u>(190,656)</u>	<u>(13)</u>	<u>(261,919)</u>	<u>(14)</u>
LOSS FROM OPERATIONS	<u>(125,794)</u>	<u>(8)</u>	<u>(64,774)</u>	<u>(4)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 10, 11, 21, 24 and 28)				
Interest income	132	-	48	-
Other income	42,671	3	9,389	1
Other gains and losses	(14,786)	(1)	39,452	2
Finance costs	(66,464)	(5)	(91,808)	(5)
Share of profit (loss) of associates	<u>(671)</u>	<u>-</u>	<u>(1,634)</u>	<u>-</u>
Total non-operating expenses	<u>(39,118)</u>	<u>(3)</u>	<u>(44,553)</u>	<u>(2)</u>
LOSS BEFORE INCOME TAX	(164,912)	(11)	(109,327)	(6)
INCOME TAX BENEFIT(EXPENSE) (Note 22)	<u>21,399</u>	<u>1</u>	<u>18,644</u>	<u>1</u>
NET LOSS FOR THE YEAR	<u>(143,513)</u>	<u>(10)</u>	<u>(90,683)</u>	<u>(5)</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Note 19)				
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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2020		2019	
	Amount	%	Amount	%
Share of the other comprehensive income/(loss) of associates accounted for using the equity method	2,622	1	-	-
Exchange differences arising on translation to the presentation currency	(57,457)	(4)	(5,805)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>967</u>	<u>-</u>	<u>1,872</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(53,868)</u>	<u>(3)</u>	<u>(3,933)</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (197,381)</u>	<u>(13)</u>	<u>\$ (94,616)</u>	<u>(5)</u>
NET LOSS ATTRIBUTABLE TO:				
Owners of the Company	\$ (131,580)	(9)	\$ (84,634)	(5)
Non-controlling interests	<u>(11,933)</u>	<u>(1)</u>	<u>(6,049)</u>	<u>-</u>
	<u>\$ (143,513)</u>	<u>(10)</u>	<u>\$ (90,683)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	\$ (182,704)	(12)	\$ (87,647)	(5)
Non-controlling interests	<u>(14,677)</u>	<u>(1)</u>	<u>(6,969)</u>	<u>-</u>
	<u>\$ (197,381)</u>	<u>(13)</u>	<u>\$ (94,616)</u>	<u>(5)</u>
LOSS PER SHARE (Note 23)				
Basic	<u>\$ (1.69)</u>		<u>\$ (1.11)</u>	
Diluted	<u>\$ (1.69)</u>		<u>\$ (1.11)</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, 2020 AND 2019
(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		Total		
	Shares (In Thousands)	Amount			Exchange Differences on Translating Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2019	75,995	\$ 759,950	\$ 731,292	\$ (135,372)	\$ (96,965)	\$ -	\$ 1,258,905	\$ 42,679	\$ 1,301,584
Capital reduction for covering accumulated deficits	-	-	(135,372)	135,372	-	-	-	-	-
Net loss for the year ended December 31, 2019	-	-	-	(84,634)	-	-	(84,634)	(6,049)	(90,683)
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(3,013)	-	(3,013)	(920)	(3,933)
Total comprehensive loss for the year ended December 31, 2019	-	-	-	(84,634)	(3,013)	-	(87,647)	(6,969)	(94,616)
Additional non-controlling interests recognized	-	-	-	-	-	-	-	22,209	22,209
BALANCE AT DECEMBER 31, 2019	75,995	759,950	595,920	(84,634)	(99,978)	-	1,171,258	57,919	1,229,177
Capital reduction for covering accumulated deficits	-	-	(84,634)	84,634	-	-	-	-	-
Net loss for the year ended December 31, 2020	-	-	-	(131,580)	-	-	(131,580)	(11,933)	(143,513)
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	(53,746)	2,622	(51,124)	(2,744)	(53,868)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(131,580)	(53,746)	2,622	(182,704)	(14,677)	(197,381)
Issuance of ordinary shares for cash	2,364	23,640	9,811	-	-	-	33,451	-	33,451
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	2,622	-	(2,622)	-	-	-
BALANCE AT DECEMBER 31, 2020	78,359	\$ 783,590	\$ 521,097	\$ (128,958)	\$ (153,724)	\$ -	\$ 1,022,005	\$ 43,242	\$ 1,065,247

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$(164,912)	\$(109,327)
Adjustments for:		
Expected credit loss recognized on trade receivables	20,824	47,628
Depreciation expenses	502,318	574,945
Finance costs	66,464	91,808
Share of profit (loss) of associates	671	1,634
Interest income	(132)	(48)
Impairment (gain) loss of non-financial assets	12,475	(7,589)
(Gain) loss on disposal of property, plant and equipment	(17)	(7,816)
Impairment loss (reversed) recognized on property, plant and equipment	-	2,462
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	266	285
Realized gain on the transactions with associates	(1,349)	(982)
Net loss (gain) on foreign currency exchange	4,779	(2,078)
Net loss (gain) on lease exemption	(8,769)	-
Changes in operating assets and liabilities		
Notes receivable	(330)	(157)
Trade receivables	37,864	13,556
Trade receivables from related parties	(9,350)	15,247
Other receivables	(4,502)	7,037
Other receivables from related parties	(1,501)	121
Inventories	(59,861)	(424,452)
Prepayments	13,540	(18,926)
Other current assets	33	(45)
Financial liabilities held for trading	(159)	(336)
Contract liabilities	(23,580)	55,365
Trade payables	66,697	(208,926)
Trade payables to related parties	1,392	13,704
Other payables	(43,735)	68,643
Other payables to related parties	9,974	30,691
Unearned receipts	(4,815)	3,392
Other current liabilities	27	(29)
Cash generated from (used in) operations	414,312	145,807
Interest received	132	48
Interest paid	(67,697)	(81,616)
Income taxes paid	9,954	(8,275)
Net cash generated from (used in) operating activities	<u>356,701</u>	<u>55,964</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(44,543)	(30,216)
Proceeds from disposal of property, plant and equipment	41	12,619
Decrease in refundable deposits	<u>2,265</u>	<u>1,341</u>

(Continued)

JP NELSON HOLDINGS (CAYMAN) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Net cash (used in) generated from investing activities	<u>(42,237)</u>	<u>(16,256)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	33,451	-
Repayments of short-term bills payable and borrowings	(157,651)	(84,747)
Proceeds from long-term borrowings	-	2,718
Repayments of long-term borrowings	(145,975)	-
Repayment of the principal portion of lease liabilities	(53,525)	(79,834)
Refund of guarantee deposits received	(1,694)	(118)
Changes in non-controlling interests	<u>-</u>	<u>22,209</u>
Net cash (used in) generated from financing activities	<u>(325,394)</u>	<u>(139,772)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>18,320</u>	<u>(11,925)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	7,390	(111,989)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>62,691</u>	<u>174,680</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 70,081</u>	<u>\$ 62,691</u>

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

【Appendix 4】



Appropriation of Capital to Make Up 2020 Losses

Expressed in New Taiwan Dollars

Retained earnings at the beginning of the period	0
Net losses during the period	(131,579,963)
Equity instrument at FVTOCI disposed by associated companies	2,622,081
Unappropriated losses during the period	<u>(128,957,882)</u>
Appropriation	
Capital Reserve	<u>128,957,882</u>
Retained earnings at the end of the period	<u><u>0</u></u>

Chairman:

Manager:

Accounting Supervisor:

【Appendix 5】

Comparison of the amended version of the summary of Rules of Procedures Governing General Meeting

Amended article	Original article	Explanation
<p>III. Contents of business operations:</p> <p>2. Such issues including election or discharge of directors, amendment to Articles of Association, <u>reduction of capital, application for ceasing its status as a public company, approval of competing with the company by directors, earning distributed in the form of new shares, reserve distributed in the form of new shares,</u> dissolution, merger, demerger of the Company or issues set forth under each subparagraph of Paragraph 1, Article 185 of the Company Act and issued set forth under Article 26-1, Article 43-6 of Securities and Exchange Act, or <u>issues set forth under Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be expressly enumerated and <u>essential contents explained in the cause(s) or subject(s)</u> of the meeting and shall not be posed through extemporary motion. <u>Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extemporary motion or otherwise in the same meeting.</u></p>	<p>III. Contents of business operations:</p> <p>2. Such issues including election or discharge of directors and <u>supervisors,</u> amendment to Articles of Association, dissolution, merger, demerger of the Company or issues set forth under each subparagraph of Paragraph 1, 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.</p>	<p>In line with amendment to law</p>
<p>III. Contents of business operations:</p> <p>3. Issues in an annual general meeting:</p> <p>(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 written 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. <u>A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities,</u></p>	<p>III. Contents of business operations:</p> <p>3. Issues in an annual general meeting:</p> <p>(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 written 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.</p> <p>(2) Prior to the date on which share transfer registration is suspended before the convention of an annual</p>	<p>In line with amendment to law</p>

Amended article	Original article	Explanation
<p><u>provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.</u></p> <p>(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 <u>in writing or electronically</u>, 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.</p> <p>(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.</p>	<p>general meeting, the Company shall serve a public notice announcing acceptance of proposal, 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.</p> <p>(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.</p>	
<p>III. Contents of business operations: 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 <u>and</u></p>	<p>III. Contents of business operations: 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</p>	<p>In order to promote corporate governance and maintain interest of shareholders, Paragraph 2 was amended.</p>

Amended article	Original article	Explanation
<p><u>publish the information relating to number of non-voting rights and attending shares.</u> 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.</p> <p>The following is omitted.</p>	<p>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.</p> <p>The following is omitted.</p>	
<p>III. Contents of business operations: 10. Discussion of issues:</p> <ol style="list-style-type: none"> (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. <u>Votes shall be cast on each relevant proposal, including extemporary motions and amendments to the original proposals.</u> 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 	<p>III. Contents of business operations: 10. Discussion of issues:</p> <ol style="list-style-type: none"> (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 	<p>In line with amendment to law</p>

Amended article	Original article	Explanation
<p>to the timing for voting <u>and schedule sufficient time for voting.</u></p>		
<p>III. Contents of business operations: 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 <u>and the name list of the failed directors and the number of weights they have won in the election.</u></p> <p>Paragraph 2 is omitted.</p>	<p>III. Contents of business operations: 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.</p> <p>Paragraph 2 is omitted.</p>	<p>In order to promote corporate governance and maintain interest of shareholders, Paragraph 1 was amended.</p>
<p>III. Contents of business operations: 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, key points and <u>voting results (including the number of voting rights calculated) of the proceedings, and disclose the number of voting rights won by each candidate in the event of an election of directors,</u> 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.</p>	<p>III. Contents of business operations: 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, 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.</p>	<p>In line with amendment to law</p>

【Appendix 6】

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:</p> <p>2. The maximum limits of the aggregate total the funds loaned and the funds loaned to individual targets:</p> <p>(1), (2) were omitted.</p> <p>(3) Where the Company loans its funds to an overseas company where the Company holds 100% voting powers either directly or indirectly, or where the Company holds 100% voting powers both directly and indirectly, the aggregate total of the funds so loaned shall not exceed 80% of <u>the lenders</u>' net worth. The amount granted to an individual loanee shall not exceed 50% of <u>the lender</u>'s net worth.</p> <p>The following is omitted.</p>	<p>IV. Contents of business operations:</p> <p>2. The maximum limits of the aggregate total the funds loaned and the funds loaned to individual targets:</p> <p>(1), (2) were omitted.</p> <p>(3) Where the Company loans its funds to an overseas company where the Company holds 100% voting powers either directly or indirectly, or where the Company holds 100% voting powers both directly and indirectly, the aggregate total of the funds so loaned shall not exceed 80% of <u>the Company's</u> net worth. The amount granted to an individual loanee shall not exceed 50% of <u>the Company's</u> net worth.</p> <p>The following is omitted.</p>	<p>In line with regulatory requirement, text is adjusted.</p>
<p>IV. Contents of business operations:</p> <p>3. Duration of the funds loaned and method of interest-bearing:</p> <p>(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 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(ies) or Sub-subsidiary(ies), 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 <u>or the Company holds 100% voting powers both directly and indirectly</u> in response to a need of financing of fund, the duration shall not exceed five (5) years maximum. <u>The duration of a loan granted by the Company toward a foreign company</u></p>	<p>IV. Contents of business operations:</p> <p>3. Duration of the funds loaned and method of interest-bearing:</p> <p>(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 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(ies) or Sub-subsidiary(ies), 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 or the Company holds 100% voting powers both directly and indirectly in response to a need of financing of fund, the duration shall not exceed five (5) years maximum.</p> <p>The following is omitted.</p>	<p>Add the explanatory text for extension requirement.</p>

Amended article	Original article	Explanation
<p style="color: red;">where the Company holds 100% voting powers either directly or indirectly or the Company holds 100% voting powers both directly and indirectly may be extended one time upon expiration for a further five (5) years.</p> <p>The following is omitted.</p>		

【Appendix 7】

Comparison of the amended version of the summary of Regulations Governing the Procedures to Elect Directors and Supervisors

Amended article	Original article	Explanation
Procedures to Elect Directors	<u>Regulations Governing the Procedures to Elect Directors and Supervisors</u>	In line with the formation of audit committee in lieu of supervisors, the name of this procedure is therefore adjusted.
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 in a fair, just and open manner.	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 <u>and supervisors</u> in a fair, just and open manner.	Delete the provision relating to the portion of supervisors.
II. Scope: The Company's directors shall be duly elected in accordance with these Procedures unless otherwise specified in laws and ordinances concerned or Articles of Association.	II. Scope: The Company's directors <u>and supervisors</u> shall be duly elected in accordance with these Procedures unless otherwise specified in laws and ordinances concerned or Articles of Association.	Delete the provision relating to the portion of supervisors.
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. <u>The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, but not limited to, the standards of the following two aspects:</u> (1) <u>Basic requirements and values: Gender, age, nationality, and culture.</u> (2) <u>Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.</u> 2. <u>The members of the Board of Directors shall possess all expertise, skills and attainment required for implementation as enumerated below:</u> (1) <u>Capability in business operation and judgment</u> (2) <u>Capability in accounting & financial analyses.</u> (3) <u>Capability in business</u>	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. <u>The members of the Board of Directors shall possess all expertise, skills and attainment required for implementation as enumerated below:</u> (1) <u>Capability in business operation and judgment</u> (2) <u>Capability in accounting & financial analyses.</u> (3) <u>Capability in business management.</u> (4) <u>Capability in dealing with a crisis.</u> (5) <u>Expertise in the industry.</u> (6) <u>Outlook in international markets.</u> (7) <u>Leadership.</u> (8) <u>Capability in policymaking process.</u> 2. <u>The Company's supervisors shall possess the following capabilities:</u> (1) <u>Integrity and practicality.</u> (2) <u>Impartial judgment</u> (3) <u>Professional expertise.</u> (4) <u>Adequate hands-on experiences</u> (5) <u>Capability in reading financial statements.</u>	In line with the requirement for diversity of board of directors under Paragraph 3 of Article 20 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, contents of Paragraph 1 of this Article are therefore amended. Delete the portion relating to supervisors in Article 2 and adjust partial contents of Article 1 to Article 2.

Amended article	Original article	Explanation
<p><u>management.</u></p> <p><u>(4) Capability in dealing with a crisis.</u></p> <p><u>(5) Expertise in the industry.</u></p> <p><u>(6) Outlook in international markets.</u></p> <p><u>(7) Leadership.</u></p> <p><u>(8) Capability in policymaking process.</u></p>		
<p>4. The Company's directors shall be duly elected in accordance with Article 192-1 of Company Act, in the candidates nomination system procedures.</p> <p><u>If number of directors falls below 5 persons due to discharge of any director, the Company shall elect the succeeding directors to fill the vacancies. However, if the vacancies of directors exceed one thirds of directors as prescribed in the Articles of Incorporation, the Company shall call an extraordinary meeting of shareholders to elect succeeding directors to fill the vacancies within sixty days from the occurrence of the fact.</u></p> <p><u>If the number of independent directors is less than that prescribed in the provision of Paragraph 1 of Article 14-2 of the Securities & Exchange Act, the election to fill the vacancies shall be made at the most recent meeting of shareholders. If all independent directors are discharged, an extraordinary meeting of shareholders shall be convened to elect the successors within sixty days from the occurrence of the fact.</u></p>	<p>4. The Company's directors <u>and supervisors</u> shall be duly elected in accordance with Article 192-1 of Company Act, in the candidates nomination system procedures.</p>	<p>Delete the provision relating to the portion of supervisors.</p> <p>In line with the simplification of the operation of nomination of directors as amended under Article 192-1 of the Company Act, Paragraph 1 is therefore amended.</p> <p>In line with the requirement for setting up independent directors by public companies by the letter number Jin-guan-zheng-fa-zi # 1070345233 dated December 19, 2018, Paragraph 3 is therefore amended.</p>
<p>5. The Company's directors shall be elected through single-name cumulative election method. Each share is entitled to the election power equivalent to the numbers of directors to be elected and may be used to centralize one candidate or to divide to elect several candidates.</p>	<p>5. The Company's directors <u>and supervisors</u> shall be elected through single-name cumulative election method. Each share is entitled to the election power equivalent to the numbers of directors <u>and supervisors</u> to be elected and may be used to centralize one candidate or to divide to elect several candidates.</p>	<p>Delete the provision relating to the portion of supervisors.</p>
<p>6. The Board of Directors <u>or entitled convener</u> shall prepare the election ballots in the number same as the directors 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.</p>	<p>6. The Board of Directors shall prepare the election ballots in the number same as the directors <u>and supervisors</u> 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.</p>	<p>Delete the provision relating to the portion of supervisors.</p>
<p>7. Based on the number of the Company's directors 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</p>	<p>7. Based on the number of the Company's directors <u>and supervisors</u> 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</p>	<p>Delete the provision relating to the portion of supervisors.</p>

Amended article	Original article	Explanation
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.	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 <u>or entitled convener</u> and shall be opened, checked and verified by the ballot scrutinizer(s) in public.	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.	As it is provided for in Article 173 of the Company Act that if the Company does not give the notice of convening the meeting under specific circumstance, the proposing shareholders may, after obtaining an approval from the competent authority, convene the meeting by themselves, it is proposed to adjust the provision of this Article in line therewith.
(Delete this article)	<u>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.</u>	It is required by the letter number Jin-guan-zheng-jiao-zi # 1080311451 of the Financial Supervisory Commission dated April 25, 2019 that the election of directors and supervisors of public companies shall adopt the candidates nomination system starting from the year of 2021, and shareholders shall elect the directors from among the roster of director candidates, since the shareholders are aware of such information as name, education and career of candidates from the roster of director candidates before the meeting is convened, the method to identify candidates by their account numbers and identification cards is not necessary, and therefore, this Article is deleted.
9. 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 <u>or entitled convener</u> . (2) Where a blank ballot is cast into the ballot box. (3) Where the ballot is illegible or has	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	In line with the deletion of Article 9, the article number is adjusted. As it is provided for in Article 173 of the Company Act that if the Company does not give the notice of convening the

Amended article	Original article	Explanation
<p>been tampered with.</p> <p>(4) Where the name of candidate entered is found in conformity <u>with the roster of director candidates.</u></p> <p>(5) Where other words entered in addition to the number of voting rights allocated.</p>	<p>been tampered with.</p> <p>(4) Where a candidate <u>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 not a shareholder but the name, identity certificate paper code are found inconsistent.</u></p> <p>(5) Other than entries of <u>the name of holder (name) or shareholder code (identity certificate paper code)</u> and the assigned number of weights, a ballot is found having been written with other words.</p> <p>(6) <u>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.</u></p>	<p>meeting under specific circumstance, the proposing shareholders may, after obtaining an approval from the competent authority, convene the meeting by themselves, it is proposed to adjust the paragraph 1 of this Article in line therewith. It is required by the letter number Jin-guan-zheng-jiao-zi # 1080311451 of the Financial Supervisory Commission that the election of directors and supervisors of public companies shall adopt the candidates nomination system starting from the year of 2021, and shareholders shall elect the directors from among the roster of director candidates, and therefore Paragraphs 4 and 5 of this Article is adjusted, and Paragraphs 6 is deleted.</p>
<p><u>10.</u> The ballots shall be opened on-the-spot upon completion of the casting process. The chairperson shall announce the outcome of election, <u>including</u> the list of directors successfully elected <u>and the number of votes with which they were elected.</u></p> <p><u>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the ballot scrutinizer(s) and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</u></p>	<p><u>11.</u> The ballots shall be opened on-the-spot upon completion of the casting process. The chairperson shall <u>announce</u> the outcome of election and the list of directors <u>and supervisors</u> successfully elected.</p>	<p>Delete the portion of the provision relating to supervisors.</p> <p>In line with the deletion of Article 9, the article number is adjusted.</p> <p>With reference to Article 14 of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings”, wording of this Article is amended, the provision relating to the retention of ballots under Paragraph 2 is added for completeness.</p>
<p><u>11.</u> Toward the directors successfully elected, the Board of Directors of the Company will issue Notice of Successful Election.</p>	<p><u>12.</u> Toward the directors <u>and supervisors</u> successfully elected, the Board of Directors of the Company will issue Notice of Successful Election.</p>	<p>Delete the provision relating to the portion of supervisors.</p> <p>In line with the deletion of Article 9, the article number is adjusted.</p>
<p><u>12.</u> 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.</p>	<p><u>13.</u> 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.</p>	<p>In line with the deletion of Article 9, the article number is adjusted.</p>

【Amended and restated Memorandum and Articles of Association】

**THE COMPANIES LAW (2020 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

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

OF

JP NELSON HOLDINGS
(adopted by a Special Resolution passed on June 18, 2020)

**THE COMPANIES LAW (2020 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

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

(adopted by a Special Resolution passed on June 18,, 2020)

- 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 (2020 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 (2020 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

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

(adopted by a Special Resolution passed on June 18., 2020)

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 Business Mergers and Acquisitions Act, 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).
“Dissenting Member”	has the meaning given thereto in Article 21.2;
“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: <ul style="list-style-type: none"> (a) a “merger” or “consolidation” as defined under the Statute; or (b) other forms of mergers and acquisitions which fall within the definition of “merger” or “acquisition” 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.
“Share Swap”	a 100% share swap as defined in the ROC Business Mergers and Acquisitions Act whereby a company (the “Acquiring Company”) acquires all the issued and outstanding shares of another company with the consideration being the shares of the Acquiring Company, cash or other assets.;
“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.

“Spin-off”	a spin-off as defined in the ROC Business Mergers and Acquisitions Act whereby a company transfers a part or all of its business that may be operated independently to an existing company or newly incorporated company (the “Acquirer”) with the consideration being the shares of the Acquirer, cash or other assets.
“Statute”	means the Companies Law (2020 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 the procedures for exercising such pre-emptive rights. 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.

If any person who has subscribed the new shares (by exercising the aforesaid pre-emptive right of Members or subscribing the public offering portion or the employee subscription portion) fails to pay when due any amount of the subscription price in relation to such newly-issued shares within the payment period as determined by the Company, the Company shall fix a period of no less than one month and demand for payment of the subscription price or the Company may declare a forfeiture of such subscription. No forfeiture of such subscription shall be declared as against any such person unless the amount due thereon shall remain unpaid for such period after such demand has been made. Notwithstanding the provisions of the preceding sentence, forfeiture of the subscription may be declared without the demand process if the payment period for subscription price set by the Company is one month or longer. Upon forfeiture of the subscription, the shares remaining unsubscribed to shall be offered for subscription in such manner as is consistent with 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, Share Swap, Spin-off, 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 hereof;
- (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 affected 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 affected 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, Article 12.5 and Article 47, the following actions by the Company shall require the approval of the Members by a Supermajority Resolution, provided that if the Applicable Public Company Rules permit the Company to only require the approval of the Board or of the Members by an Ordinary Resolution for the following actions, the Company is not required to obtain the approval of the Members by a 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), Share Swap, 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 (3) 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, Share Swap, 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 Subject to compliance with the Statute, in the event any of the following resolutions are adopted at a general meeting, 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 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.
- (d) the Company proposes to undertake a Spin-off, Merger or Share Swap; or
- (e) the Company generally assumes all the assets and liabilities of another person or generally assigns all its assets and liabilities to another person.

21.2 Subject to compliance with the Statute, any Member exercising his rights in accordance with Article 21.1 (the "Dissenting Member") shall, within twenty (20) days from the date of the resolution passed at the general meeting, give his written notice of objection stating the repurchase price proposed by him. If the Company and the Dissenting Member agree on a price at which the Company will purchase the Dissenting Member's Shares, the Company shall make the payment within ninety (90) days from the date of the resolution passed at the general meeting. If, within ninety (90) days from the date of the resolution passed at the general meeting, the Company and any Dissenting Member fail to agree on a price at which the Company will purchase the Dissenting Member's Shares, the Company shall pay the fair price it deems fit to such Dissenting Member within ninety (90) days from the date of the resolution passed at the general meeting. If the Company fails to pay the fair price it deems fit to such Dissenting Member within the ninety (90)-day period, the Company shall be deemed to agree on the repurchase price proposed by such Dissenting Member..

21.3 Subject to compliance with the Statute, if, within sixty (60) days from the date of the resolution passed at the general meeting, the Company and any Dissenting Member fail to agree on a price at which the Company will purchase such Dissenting Member's Shares, then, within thirty (30) days immediately following the date of the expiry of such sixty (60)-day period, the Company shall file a petition with the court against all the Dissenting Members which have not agreed at the purchase price by the Company for a determination of the fair price of all the Shares held by such Dissenting Members. The Taiwan Taipei District Court, ROC, may be the court of the first instance for this matter.

21.4 Notwithstanding the above provisions under this Article 21, nothing under this Article shall restrict or prohibit a Member from exercising his right under section 238 of the Statute to payment of the fair value of his Shares upon dissenting from a merger or consolidation.

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 Directors (including Independent Directors and non-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, 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. If the Company proposes to enter into any transaction specified in Articles 21.1 or effect other forms of mergers and acquisitions in accordance with applicable law, a Director who has a personal interest in such transaction shall declare the essential contents of such personal interest and the reason why he believes that the transaction is advisable or not advisable at the relevant meeting of the Board and the general meeting as required by the applicable law.
- 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 extempore 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.

- 39.3 Subject to compliance with the Statute, before the meeting of the Board resolves any matter specified in Articles 21.1 or other mergers and acquisitions in accordance with the applicable law, the Audit Committee shall review the fairness and reasonableness of the relevant merger and acquisition plan and transaction, and report its review results to the meeting of the Board and the general meeting; provided, however, that such review results need not be submitted to the general meeting if the approval from the Members is not required under the applicable law. When the Audit Committee conducts the review, it shall engage an independent expert to issue an opinion on the fairness of the share exchange ratio, cash consideration or other assets to be offered to the Members. The review results of the Audit Committee and the fairness opinion issued by the independent expert shall be distributed to the Members, along with the notice of the general meeting; provided, however, that the Company can only report matters relating to such merger and acquisition at the next following general meeting if the approval from the Members is not required under the applicable law. Such review results and fairness opinion shall be deemed to have been distributed to the Members if the same have been uploaded onto the website designated by Taiwan securities authority and made available to the Members for their inspection and review at the venue of the general 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 one per cent (1%) or more of the total issued Shares of the Company for six months or longer may:

- (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or
- (b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors;

the Member(s) may, to the extent permitted under the laws of the Cayman Islands, file a petition with the Taipei District Court, ROC for and on behalf of the Company against the relevant Directors within thirty (30) days after such Member(s) having made the request under the preceding clause (a) or (b) if (i) in the case of clause (a), the Board fails to make such authorisation or the Independent Director of the Audit Committee having been authorised by the Board fails to file such petition, or (ii) in the case of clause (b), the Independent Director of the Audit Committee fails to file such petition.

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 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.

【Annex 2】

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 an extraordinary general 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 1, 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 written 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, 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 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, 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/her power and authority for any cause, a director shall act on his/her 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 financial marketable. 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 or 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, 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, 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 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 of the Company Act to which the convening procedures set forth under Article 172 of the Company Act shall not apply.
- (2) In the event that the venue for the meeting proves unusable continually before the motions in the agenda (including extemporaneous 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 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.
The Fourth Amendment on: June 27, 2019.

- 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, or where the Company holds 100% voting powers both directly and 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.
- (4) If the amount of loaning of funds granted by the Company exceeds the limit prescribed by these Regulations, the responsible person of the Company shall be liable jointly with the borrower for repayment, and shall be liable for compensation of the damage to the Company, if any.

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 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(ies) or Sub-subsidiary(ies), 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 or the Company holds 100% voting powers both directly and 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 instalments 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 limit" 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 SGD\$435,000 (equivalent approximately to NTD\$10,000,000) 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) The formation or amendment to the Regulations Governing Loaning of Funds to Other shall be adopted with consents of one-half or more of all audit committee members and shall be submitted to the board of directors meeting for resolution.
- If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, these Regulations may be adopted with consents of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.
- The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.
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 the Procedures to Elect Directors and Supervisors

Duly enacted on: March 30, 2011.

- 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 not 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 5】 Shareholding Status by All Directors

JP Nelson Holdings

SHAREHOLDING STATUS BY ALL DIRECTORS

1. The paid-in capital of the Company amounts to NTD\$783,590,000 with 78,359,000 outstanding shares duly issued.
2. The minimum shareholder by all directors of the Company shall be 6,268,720 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 25, 2021):

Position title	Names	Shareholding status by all directors as of the base day	Shareholding ratio
Chairman	Lim Eng Koo	34,007,000	43.40%
Director	Seh Yin Yoke	7,746,945	9.89%
Director	Lim Pok Chin	304,335	0.39%
Director	Kanamoto Co., Ltd. Kim Kwan Joong	11,300,000	14.42%
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 53,358,280, accounting for 68.10% of the total outstanding shares. .

【Annex 6】 The performance of the present issuance of bonus shares and its impact upon earnings per share (EPS):

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

【Annex 7】 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 26, 2021 no allocation of bonus to employees and remuneration to directors.