

Stock Code: 5284



# **JPP Holding Company Limited**

## **Handbook for the 2019 Annual Meeting of Shareholders**

(Translation)

**MEETING TIME: June 25, 2019**

**PLACE: 8<sup>th</sup> Fl., No. 350, Songjiang Rd., Zhongshan Dist.,**

**Taipei City 104, Taiwan R.O.C.**

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# **JPP Holding Company Limited**

## **Procedure for the 2019 Annual Meeting of Shareholders**

Call the Meeting to Order

Chairman Takes Chair

Chairman Remarks

Management Presentation (Company Reports)

Proposals and Discussion

Elections

Other Matters

Questions and Motions

Adjournment

# JPP Holding Company Limited

Year 2019

## Agenda of Annual Meeting of Shareholders

(Translation)

**Time:** 09:00 a.m. on Wednesday, June 25, 2019

**Place:** 8th Fl., No. 350, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan R.O.C. (Importers and Exporters Association of Taipei)

**Attendants:** All shareholders or their proxy holders.

**Chairman:** Mr. Chung, Kuo-Sung / the Representative of Powell Group Co., Ltd.

### 1. Chairman's Address

### 2. Report Items:

- (1) To Report Business Report of 2018
- (2) Audit Committee's Review Report on the 2018 Financial Statements
- (3) To Report 2018 Employees' Profit Sharing Bonus and Directors' Compensation

### 3. Proposals and Discussion

- (1) Adoption of the 2018 Business Report and Financial Statements
- (2) Adoption of the Proposal for Distribution of 2018 Profits
- (3) Amendment to the Operational procedures for Acquisition and Disposal of Assets
- (4) Amendment to the Operational Procedures for Endorsements and Guarantees
- (5) Amendment to the Operational Procedures for Loaning of Company Funds
- (6) Amendment to the Company's Articles of Incorporation

#### **4. Directors Election**

(1) The 3<sup>rd</sup> Election of Directors and Audit Committees

Voting by Poll

#### **5. Other Matters**

(1) Proposal of Release the Prohibition on Directors from Participation in Competitive Business

#### **6. Questions and Motions**

#### **7. Adjournment**

# Report Items

## 1. to Report the Business of 2018

**Explanatory Notes:** Please refer to attachment I.

## 2. Audit Committee's Review Report

**Explanatory Notes:** Please refer to attachment II.

## 3. to Report 2018 Employees' Profit Sharing Bonus and Directors' Compensation

**Explanatory Notes:**

- (1) The Board of Directors approved 2018 employees' profit sharing bonus and directors' compensation on March 26, 2019. The employees' profit sharing bonus and directors' compensation are to be distributed in cash.
- (2) 2018 employees' profit sharing bonus is NT\$ 240,000 which will be distributed in August 2019.
- (3) 2018 directors' compensation is NT\$1,200,000.

# Proposals and Discussion

## 1. **Proposed by the Board**

### **Proposal:**

Adoption of the 2018 Business Report and Consolidated Financial Statements

### **Explanatory Notes:**

- (1) JPP Company's 2018 Consolidated Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Mr. Ching-Cheng Yang and Mr. Chih-Yuan Chen of Deloitte & Touche Firm. Also Business Report and Consolidated Financial Statements have been approved by the Board and examined by the Audit Committees of JPP Company.

- (2) The 2018 Business Report, independent auditors' audit report, and the above-mentioned Consolidated Financial Statements are attached hereto as the attachment III.

**Resolution:**

**2. Proposed by the Board**

**Proposal:**

Adoption of the Proposal for Distribution of 2018 Profits

**Explanatory Notes:**

- (1) The Board has adopted a Proposal for Distribution of 2018 Profits in accordance with the Company Act and Articles of Association. Please refer to the 2018 PROFIT DISTRIBUTION TABLE below.
- (2) 2018 net profit after tax is NT\$ 146,518,103. After setting aside the legal reserve of NT\$ 14,651,810, and then adding beginning retained earnings of NT\$ 128,822,651, retained earnings of defined benefit plans re-measurement of NT\$2,889,440, the un-appropriated retained earnings are NT\$ 263,578,384 and the proposed dividend to shareholders is NT\$ 102,607,981. Each common share holder will be entitled to receive a cash dividend of NT\$2.6 per share.
- (3) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues.
- (4) In the event that, before the distribution record date, the proposed profit distribution is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a buyback of shares or issuance of new shares for transferring treasury shares to employees or for equity conversion in connection with domestic or overseas convertible corporate bonds or other convertible securities or employee stock options, it is proposed that the Board of Directors be authorized to adjust the cash and stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

( 5 ) Please refer to the Profit Distribution Table as follows:

**JPP Holding Company Limited**  
**PROFIT DISTRIBUTION TABLE**  
**Year 2018**

( Unit: NTD \$ )

Items	Total
Beginning retained earnings	128,822,651
Add: net profit after tax	146,518,103
Add: retained earnings of re-measurement defined benefit plans	2,889,440
Less: 10% legal reserve	(14,651,810)
Distributable net profit	263,578,384
Distributable items:	
Dividend to shareholders	(102,607,981)
Un-appropriated retained earnings	160,970,403
Notes:	

**Resolution:**

**3.**

**Proposed by the Board**

**Proposal:**

Amendment to the Operational Procedures for Acquisition and Disposal of Assets. Please proceed to discuss.

**Explanation:**

In order to conform to the needs of amendments to the laws of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, the company hereby proposes to amend the Operational Procedures for Acquisition and Disposal of Assets. Please refer to the attachment IV for details.

Resolution:

**4.**

**Proposed by the Board**

**Proposal:**

Amendment to the Operational Procedures for Loaning of Company Funds. Please proceed to discuss.

**Explanation:**

In order to conform to the needs of amendments to the laws of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the company hereby proposes to amend the Operational Procedures for Loaning of Company Funds Please refers to the attachment V for details.

Resolution:

**5.**

**Proposed by the Board**

**Proposal:**

Amendment to the Operational Procedures for Endorsements and Guarantees. Please proceed to discuss.

**Explanation:**

In order to conform to the needs of amendments to the laws of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the company hereby proposes to amend the Operational Procedures for Endorsements and Guarantees. Please refer to the attachment VI for details.

Resolution:

**6.**

**Proposed by the Board**

**Proposal:**

Amendment to the Company’s Articles of Association. Please proceed to discuss.

**Explanation:**

In order to conform to the needs of amendments to related attachment of the law “Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings”, the company hereby proposes to amend the Articles of Association. Please refer to the attachment VII for details.

**Resolution:**

# Election

## 1. Proposal:

The company is responsible for identifying and evaluating nominees for director and independent director (audit committee) seats, and recommending to the Board a slate of nominees for the 3<sup>rd</sup> Directors and Independent Directors (Audit Committees) election.

## Explanatory notes:

- (1) The three-year term of 4 directors and 3 independent directors (audit committees) of the 2<sup>nd</sup> Board will be end on 06/16/19. Accordingly, the company proposes to duly elect new Board members at this year's Annual Meeting of Shareholders.
- (2) The Board election proposal has been approved by the 15<sup>th</sup> meeting of the 2<sup>nd</sup> Board of the company.
- (3) The shareholders' meeting shall elect 4 directors and 3 independent directors (audit committees). Their three-year term will start from 06/25/19 and conclude on 06/24/22.
- (4) According to Article No. 34.5 of the Corporate Association, a total of 7 directors (including independent directors) shall be elected from the nomination list prepared by the company. The qualification of the 7 nominated directors (including independent directors) has been reviewed by the Board meeting on 03/26/19. Personal information of the 7 nominees is as follows:

Name	Education	Experience	Present position	Shareholding
Ho Sheng Holdings Co., Ltd. Mr. Wang Wen-Shan	Hsing Wu Junior college of commerce	Rodex Fasteners Corp. /Director and President	Chiao Pao Metal Co., Ltd., Chairman	6,173,030 (15.64%)
Powell Group Co., Ltd. Mr. Chung Kuo-Sung	Feng Chia University Department of Industrial Engineering	Hong Yang Thailand Co., Ltd./Director Calcomp Electronics /IE	President of the JPP Holding Co., Ltd.	4,787,779 (12.13%)

	Bachelor			
Believing Power Co., Ltd. Ms. Kuo Hui-Ling	Department of Atmospheric Sciences, national central university Master	Hoo Thai Industrial Co., Ltd. / Director	Jinpao Precision (Thai) Director/Vice President	3,783,612 (9.59%)
Mr. Wang Chia-Nan	U.S. University of Illinois, Department of Business Administration, Master	Mega Bank (Thailand) PCL / President	Director of JPP Holding Co., Ltd.	170,177 (0.43%)
Mr. Chen Shih-Chin	Master, Department of public finance, National Cheng-Chi University	Chairperson, RICH Training & Learning Academy Vice General Manager for Mega Bank	Independent Director of JPP Holding Co., Ltd.	Shareholding: None Not served for three consecutive independent directors yet.
Mr. Huang Yung-Fu	National Taiwan University of Science and Technology Doctor	Professor/Chairman at Department of Marketing and Distribution Management, Chaoyang University of Technology	Professor at Department of Marketing and Distribution Management, Chaoyang University of Technology	Shareholding: None Not served for three consecutive independent directors yet.
Mr. Lai Chen-Chu	Master, Department of laws, Soochow University	Court Judge of Banqiao District Taiwan	Lawyer and owner of the law firm J&K	Shareholding: None Not served for three consecutive independent directors yet.

(5) .....

## Voting Results

# Other Matters

1.

**Proposed by the Board**

## **Proposal:**

Proposal for Release the Prohibition on Directors from Participation in Competitive Business. Please proceed to discuss.

## **Explanatory notes:**

- (1) According to Article No. 47.4 of the Corporate Association Notwithstanding anything to the contrary contained in this Article 47, a Director who is engaged in anything on his own account or on behalf of another person, which 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 their approval by Supermajority Resolution.
- (2) The Board election proposal has been approved by the 15th meeting of the 2nd Board of the company. After considering the business needs and the resolution adopted by the 15th meeting of the 2nd Board, the company intends to request the shareholders' meeting to approve to release the prohibition on the newly elected directors from participation in competitive business.

### **The Schedule of Directors Adjunct Other Business**

	<b>Name of Director</b>	<b>Adjunct company name</b>	<b>Incorporated at</b>	<b>Adjunct position</b>
<b>1</b>	Powell Group Co., Ltd. Mr. Chung Kuo-Sung	<b>Jinpao Europe SAS ("Jinpao Europe")</b>	<b>France</b>	<b>Director &amp; Chairman</b>
<b>2</b>	Powell Group Co., Ltd. Mr. Chung Kuo-Sung	<b>SAS Lutec ("Lutec")</b>	<b>France</b>	<b>Director &amp; Chairman</b>
<b>3</b>	Powell Group Co., Ltd. Mr. Chung Kuo-Sung	<b>SAS Atelier de Découpage de Bigorre ("ADB")</b>	<b>France</b>	<b>Director &amp; Chairman</b>
<b>4</b>	Ho Sheng Holdings Co., Ltd. Mr. Wang Wen-Shan	<b>Chin I Metal Co., Ltd.</b>	<b>Thailand</b>	<b>Director</b>
<b>5</b>	Believing Power Co., Ltd. Ms. Kuo Hui-Ling	<b>Hoo Thai Industrial Co., Ltd.</b>	<b>Thailand</b>	<b>Director</b>

**Resolution:**

**Questions and Motions**

**Adjournment**

## Business Report

### 1. The 2018 Annual Operating Report

#### Business result

Unit: Millions NT\$  (Except EPS)	2017		2018		Variance (+/-)	
	amount	Percentage to revenue	amount	Percentage to revenue	amount	Percentage
sales revenue	1,274	100.00%	1,218	100.00%	-56	-4.40%
cost of sales	820	64.36%	805	66.09%	-15	-1.83%
gross profit	454	35.64%	413	33.91%	-41	-9.03%
Operation revenue	240	18.84%	176	14.45%	-64	-26.67%
Net income before tax	248	19.47%	174	14.29%	-74	-29.84%
Net income	204	16.01%	146	11.99%	-58	-28.43%
Shares (Millions)	38.89		39.46			
Earnings per share (NT\$)	5.29		3.74			

Unit: Millions NT\$	2017	2018	Variance (+/-)
Cash from operating activities	284	221	-63
Total assets	2,090	2,512	422
Fixed assets (net amount)	1,096	1,369	273
gross liability	607	895	288
shareholders' equity	1,483	1,596	113
Employee statistics	1,131	1,157	25

In 2018, due to the adjustment of overseas customers' strategic output, the company's sales of communication products declined significantly, annual revenue decreased by 4.4%, and sales revenue decreased from 1.274 billion to 1.218 billion. The gross profit margin was due to the decline in revenue, the sales discount was increased and the gross profit margin decreased by 1.73 percentage points to 33.91%. The increase in operating expenses compared with the previous year was mainly due to the increase in related expenses arising from the company's salary adjustment, bonuses and consultancy services. As the company's revenue and gross profit fell, the non-profit income decreased, so the net profit after tax decreased by 0.58 billion compared with 2017 years, the annual growth rate was -28.43%, and the basic earnings per share was NT\$3.74.

Asset structure and employee number

Operation cash flow had declined NT\$63 million from 2017 due to decreasing from profit before income tax reduction, accounts receivable and inventory amount increased compared with last year. Besides, organization and executives showed little difference and the employee number had increased by 25 people, cause to acquire two French subsidiaries (61 employees) at the end of last year.

The increase in total assets was also due to the acquisition of French companies at the end of 2018, resulting in an increase in inventory, cash and accounts receivable.

## 2. The market review of 2018

Looking back in 2018, Trade War between the U.S. and China had impacted the globe enormously, the stocks fell greatly. The Protectionism rose, need for China weakened and consumption decreased. Economic suppression had affected China as of the World Factory, and as well as for economic body in Asia such that many industries had suffered intensely and supply chain in the world and the Trade path had been also changed. As time go by, the Barrier established by the Trade War destroy greatly on the World Supply Chain and the supply chain of globe manufacturing industry had shortened to enhance the industry reconstruction. In the long run, since many customers tend to shift to production at near-by areas or the origin and made the supply chain shortened and custom decreased, competition becomes much intense. JPP focuses on three areas, which is the aerospace new plant, mechanical electrical integration and Thailand 4.0 new business opportunities. Three

major aerospace, communication and electric products in the company develop stably.

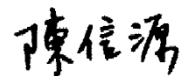
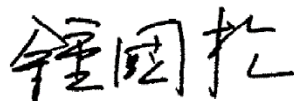
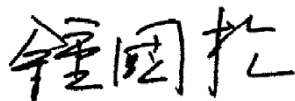
3. The 2019 Business Plan

In 2019, the company has three objectives. First is the certification of the new aerospace factory and cooperation with the French investment company. Second is to get orders resulting from relocation of factories from the U.S.-China Trade War. Third is the continuous improving on the manufacturing. In consideration of current three bases as (i)having enough storage and assembling base,(ii)having abundant capital with low debt ratio, and (iii)having sufficient labor force as well as automation equipment, and newly established assembly line being ready to take the challenge, will contribute to revenue growth.

Chairperson:  
CHUNG, KUO-SUNG

General Manager:  
CHUNG, KUO-SUNG

Finance Manager:  
CHEN, HSIN-YUAN



## **The Audit Committee Review Report**

**JPP Holding Company Limited**

**Audit Committee**

**March 26, 2019**

The Board of Directors has prepared the 2018 business report, financial statements and earnings distribution proposal for the Company. The financial statements have been audited and certified by CPA Mr. Ching Cheng, Yang and CPA Mr. Chih Yuan, Chen of Deloitte Taiwan, who have also expressed an opinion. The above reports and statements complied by the board of directors have been audited by the Audit Committee and considered in compliance with relevant rules and regulations. Please kindly note that the report hereby presented has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

**To:**

**JPP Holding Company Limited 2018 Annual General Meeting**



**The Convener of Audit Committee**

**Mr. Chen Shih Chin**

## **INDEPENDENT AUDITORS' REPORT**

(Consolidated Financial Statements)

The Board of Directors and Shareholders

JPP Holding Company Limited

### **Opinion**

We have audited the accompanying consolidated financial statements of JPP Holding Company Limited and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, its’ consolidated financial performance and its’ consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

### **Inventory Valuation**

The Group sells highly customized processed sheet metal products which are unique with low possibility of resale, therefore, there is a risk of overvaluation of inventories due to slow-moving or obsolete inventories, furthermore, as of December 31, 2018, the net amount of inventories was NT\$277,713 thousand and was considered material. As inventories are valued at the lower of cost and net realizable value, and the assessment of net realizable value of inventories involves significant judgment, the valuation of inventories has been deemed as a key audit matter for the year ended December 31, 2018. For the related accounting estimates and judgments, refer to Note 5 to the consolidated financial statements: summary of significant accounting policies.

The main audit procedures we performed in response to the above-mentioned key audit matter were focused on the year-end inventory valuation based on our understanding of the industry background and product nature, which includes understanding and testing the design and implementation of the main internal controls related to inventory valuation; obtaining the Group's inventory valuation and inventory aging data; sampling and checking the accuracy of the inventory aging schedule; based on observations from the year-end inventory physical count, sampling and checking the raw data used for the calculation of allowance for inventory valuation losses; and performing our own calculation on the allowance for inventory valuation losses based on the raw data mentioned above, and comparing this result with the allowance the Group has recognized to ensure the allowance accounted for inventory valuation losses is sufficient.

## **Responsibilities of Management and Those Charged with Governance for the**

## **Consolidated Financial Statements**

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ching-Cheng Yang and Chih-Yuan Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 26, 2019

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2018 AND 2017**

(In Thousands of New Taiwan Dollars)

	2018		2017	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash (Note 3 and 6)	\$ 143,030	6	\$ 309,850	15
Financial assets at amortized cost -current (Notes 3, 9 and 32)	60,721	2	-	-
Debt investment with no active market - current (Notes 3, 11 and 32)	-	-	57,724	3
Trade receivables (Note 3 and 12)	298,772	12	275,414	13
Trade receivables from related parties (Notes 3, 12 and 31)	13,386	1	2,703	-
Inventories (Note 13)	277,713	11	199,528	9
Other current assets (Notes 18 and 31)	<u>28,708</u>	<u>1</u>	<u>14,722</u>	<u>1</u>
Total current assets	<u>822,330</u>	<u>33</u>	<u>859,941</u>	<u>41</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income -non-current (Notes 3 and 8)	10,029	-	-	-
Financial assets measured at cost - non-current (Note 3 and 10)	-	-	11,183	1
Property, plant and equipment (Notes 15 and 32)	1,368,637	55	1,096,348	52
Goodwill (Notes 16)	111,885	4	-	-
Other intangible assets (Notes 17)	55,424	2	56,735	3
Deferred tax assets (Note 26)	4,354	-	4,273	-
Other non-current assets (Note 18)	<u>139,445</u>	<u>6</u>	<u>61,063</u>	<u>3</u>
Total non-current assets	<u>1,689,774</u>	<u>67</u>	<u>1,229,602</u>	<u>59</u>
<b>TOTAL</b>	<u>\$ 2,512,104</u>	<u>100</u>	<u>\$ 2,089,543</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 19 and 32)	\$ 199,730	8	\$ -	-
Financial liabilities at fair value through profit or loss (Notes 7 and 20)	-	-	6,248	-
Notes payables	10,612	1	11,011	1
Trade payables	157,021	6	133,482	6

Trade payables to related parties (Note 31)	7,831	-	13,666	1
Other payables (Notes 21 and 31)	85,534	3	97,005	5
Current tax liabilities (Note 26)	4,893	-	16,103	1
Current portion of long-term borrowings and bonds payable (Notes 19, 20 and 32)	126,075	5	93,773	4
Finance lease payables - current (Note 22)	146	-	701	-
Other current liabilities	<u>13,167</u>	<u>1</u>	<u>640</u>	<u>-</u>
Total current liabilities	<u>605,009</u>	<u>24</u>	<u>372,629</u>	<u>18</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 32)	233,848	9	183,520	9
Deferred tax liabilities (Note 26)	37,372	2	31,242	1
Finance lease payables - non-current (Note 22)	-	-	141	-
Net defined benefit liabilities - non-current (Note 23)	19,060	1	18,969	1
Guarantee deposits received	<u>24</u>	<u>-</u>	<u>23</u>	<u>-</u>
Total non-current liabilities	<u>290,304</u>	<u>12</u>	<u>233,895</u>	<u>11</u>
Total liabilities	<u>895,313</u>	<u>36</u>	<u>606,524</u>	<u>29</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital				
Ordinary shares	<u>394,646</u>	<u>16</u>	<u>388,913</u>	<u>18</u>
Capital surplus	<u>775,720</u>	<u>31</u>	<u>747,180</u>	<u>36</u>
Retained earnings				
Legal reserve	74,022	3	53,566	3
Special reserve	89,284	3	89,284	4
Unappropriated earnings	<u>278,049</u>	<u>11</u>	<u>273,730</u>	<u>13</u>
Total retained earnings	<u>441,355</u>	<u>17</u>	<u>416,580</u>	<u>20</u>
Other equity	<u>(15,914)</u>	<u>(1)</u>	<u>(69,664)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	<u>1,595,807</u>	<u>63</u>	<u>1,483,009</u>	<u>71</u>
NON-CONTROLLING INTERESTS	<u>20,984</u>	<u>1</u>	<u>10</u>	<u>-</u>
Total equity	<u>1,616,791</u>	<u>64</u>	<u>1,483,019</u>	<u>71</u>
TOTAL	<u>\$ 2,512,104</u>	<u>100</u>	<u>\$ 2,089,543</u>	<u>100</u>

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

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

	<b>2018</b>		<b>2017</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OPERATING REVENUE (Note 31)	\$ 1,217,575	100	\$ 1,273,827	100
OPERATING COSTS (Notes 13, 25 and 31)	<u>805,152</u>	<u>66</u>	<u>820,291</u>	<u>64</u>
GROSS PROFIT	<u>412,423</u>	<u>34</u>	<u>453,536</u>	<u>36</u>
OPERATING EXPENSES (Notes 25 and 31)				
Selling and marketing expenses	44,252	4	43,746	4
General and administrative expenses	172,919	14	153,335	12
Research and development expenses	19,118	2	16,647	1
Expected credit loss	<u>95</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>236,384</u>	<u>20</u>	<u>213,728</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>176,039</u>	<u>14</u>	<u>239,808</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 31)				
Other income	3,942	-	4,269	-
Other gains and losses	5,326	1	15,410	1
Finance costs	<u>(11,558)</u>	<u>(1)</u>	<u>(10,914)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(2,290)</u>	<u>-</u>	<u>8,765</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	173,749	14	248,573	19
INCOME TAX EXPENSE (Note 26)	<u>27,280</u>	<u>2</u>	<u>44,126</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>146,469</u>	<u>12</u>	<u>204,447</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (Note 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	2,709	-	(1,937)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(1,562)	-	-	-
Exchange differences arising on translation to the presentation currency	54,782	5	19,616	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>185</u>	<u>-</u>

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

	<b>2018</b>		<b>2017</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Other comprehensive income for the year, net of income tax	<u>55,929</u>	<u>5</u>	<u>17,864</u>	<u>1</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><b>\$ 202,398</b></u>	<u><b>17</b></u>	<u><b>\$ 222,311</b></u>	<u><b>17</b></u>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 146,518	12	\$ 204,558	16
Non-controlling interests	<u>(49)</u>	<u>-</u>	<u>(111)</u>	<u>-</u>
	<u><b>\$ 146,469</b></u>	<u><b>12</b></u>	<u><b>\$ 204,447</b></u>	<u><b>16</b></u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 202,977	17	\$ 222,426	17
Non-controlling interests	<u>(579)</u>	<u>-</u>	<u>(115)</u>	<u>-</u>
	<u><b>\$ 202,398</b></u>	<u><b>17</b></u>	<u><b>\$ 222,311</b></u>	<u><b>17</b></u>
<b>EARNINGS PER SHARE (Note 27)</b>				
Basic	<u><b>\$ 3.74</b></u>		<u><b>\$ 5.29</b></u>	
Diluted	<u><b>\$ 3.69</b></u>		<u><b>\$ 5.29</b></u>	

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity		
	Ordinary Share Capital (Note 24)			Retained Earnings (Note 24)				Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total
	Shares (Thousand)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total			
BALANCE AT JANUARY 1, 2017	38,539	\$ 385,393	\$ 730,053	\$ 37,453	\$ -	\$ 275,071	\$ 312,524	\$ (89,284)	\$ -	\$ 1,338,
Special reserve under Rule No.1010012865 issued by FSC	-	-	-	-	89,284	(89,284)	-	-	-	-
Appropriation of 2016 earnings										
Legal reserve	-	-	-	16,113	-	(16,113)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(98,750)	(98,750)	-	-	(98,
	-	-	-	16,113	-	(114,863)	(98,750)	-	-	(98,
Convertible bonds converted to ordinary shares	352	3,520	17,127	-	-	-	-	-	-	20,
Net profit (loss) for the year ended December 31, 2017	-	-	-	-	-	204,558	204,558	-	-	204,
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(1,752)	(1,752)	19,620	-	17,
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	202,806	202,806	19,620	-	222,
BALANCE AT DECEMBER 31, 2017	38,891	388,913	747,180	53,566	89,284	273,730	416,580	(69,664)	-	1,483,
Appropriation of 2017 earnings										
Legal reserve	-	-	-	20,456	-	(20,456)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(124,452)	(124,452)	-	-	(124,
	-	-	-	20,456	-	(144,908)	(124,452)	-	-	(124,
Convertible bonds converted to ordinary shares	573	5,733	28,540	-	-	-	-	-	-	34,
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2018	-	-	-	-	-	146,518	146,518	-	-	146,
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	2,709	2,709	55,312	(1,562)	56,
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	149,227	149,227	55,312	(1,562)	202,
BALANCE AT DECEMBER 31, 2018	39,464	\$ 394,646	\$ 775,720	\$ 74,022	\$ 89,284	\$ 278,049	\$ 441,355	\$ (14,352)	\$ (1,562)	\$ 1,595,

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

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 173,749	\$ 248,573
Adjustments for:		
Depreciation expenses	115,472	111,641
Amortization expenses	8,276	6,522
Expected credit loss	95	-
Reversal of doubtful accounts	-	145
Net loss (gain) on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(1,835)	5,068
Finance costs	11,558	10,914
Interest income	(2,004)	(2,134)
Gain on disposal of property, plant and equipment	(844)	(1,240)
Gain on disposal of prepaid land	-	(36,225)
Allowance for inventory valuation and obsolescence loss	(245)	1,657
Unrealized loss on foreign currency exchange	699	57
Changes in operating assets and liabilities		
Trade receivables	23,413	(10,194)
Trade receivables from related parties	(10,406)	2,584
Inventories	(33,366)	(47,913)
Other current assets	(6,932)	(4,581)
Notes payable	(399)	10,399
Trade payables	(447)	17,913
Trade payables to related parties	(5,835)	(3,058)
Other payables	(12,837)	8,159
Other current liabilities	708	(750)
Net defined benefit liabilities	2,075	1,091
Cash generated from operations	260,895	318,628
Interest received	1,300	1,815
Interest paid	(10,192)	(8,489)
Income tax paid	(31,496)	(27,460)
Net cash generated from operating activities	220,507	284,494
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(59,734)	-
Proceeds of due of financial assets at amortized cost	58,988	-
Purchase of debt investments with no active market	-	(56,730)
Proceeds from sale of debt investments with no active market	-	56,062
Purchase in financial assets at cost	-	(10,796)
Acquisition of associates	(171,213)	-
Payments for property, plant and equipment	(328,740)	(101,463)
Proceeds from disposal of property, plant and equipment	1,038	2,906
Proceeds from disposal of prepaid land	-	100,402
(Increase)/decrease in refundable deposits	(251)	1,066
Purchase of other intangible assets	(4,821)	(35,149)

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

	2018	2017
Increase in prepayments for land and equipments	_____(74,642)	_____(48,009)
Net cash used in investing activities	_____(579,375)	_____(91,711)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	197,592	-
Proceeds from long-term borrowings	160,304	-
Repayments of long-term borrowings	(62,513)	(30,060)
Refunds of guarantee deposits received	1	1
Dividends paid to owners of the Company	(124,452)	(98,750)
Increase in non-controlling interests	21,553	-
Decrease in finance lease receivables	_____(696)	_____(1,430)
Net cash generated from (used in) financing activities	____191,789	____(130,239)
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	____259	____6,301
<b>NET INCREASE (DECREASE) IN CASH</b>	(166,820)	68,845
<b>CASH AT THE BEGINNING OF THE YEAR</b>	____309,850	____241,005
<b>CASH AT THE END OF THE YEAR</b>	<u>\$ 143,030</u>	<u>\$ 309,850</u>

## Attachment IV

# Amendment the Acquisition & Disposal of Assets

## JPP Holding Company Limited

### Comparison Table for the Amendments of the Regulations Governing the Acquisition and Disposal of Assets Before and After Amendments

Proposed Amendment	Original Article	Reason for Amendment
1. These <u>Regulations</u> are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") of R.O.C.	1. These procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") of R.O.C.	Wording is slightly amended.
2. The company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where <u>relevant financial</u> law or regulation provides otherwise, such procedures shall <u>govern</u> .	2. The company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where another law or regulation provides otherwise, such procedures shall be pursuant.	This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.
3. The term "assets" as used in these Regulations includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including <u>land, houses and buildings, investment property, and inventories of construction enterprises</u> ) and <u>equipment</u> . 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. <u>Right-of-use assets</u> . 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 9. Other major assets.	3. The term "assets" as used in these Regulations includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including inventories of construction enterprises) and other fixed assets. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 8. Other major assets.	This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.
4. Terms used in these Regulations are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, whose value is derived from <u>specified interest rates, financial instrument price, commodity price, foreign exchange rates, indexes of prices or rates, credit rating or credit index or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives</u> . The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements. 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law;	4. Terms used in these Regulations are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements. 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial	This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.

<p>Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. Related party; <u>subsidiary</u>: As defined in the <u>Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. <u>Investment professional</u>: Refers to <u>financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p>8. <u>Securities exchange</u>: "<u>Domestic securities exchange</u>" refers to the Taiwan Stock Exchange Corporation; "<u>foreign securities exchange</u>" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</p> <p>9. Over-the-counter venue ("OTC venue", "OTC"): "<u>Domestic OTC venue</u>" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "<u>foreign OTC venue</u>" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</p>	<p>Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.</p> <p>3. Related party: As defined in Statement of Financial Accounting Standards No. 6 published by the ROC Accounting Research and Development Foundation (ARDF).</p> <p>4. Subsidiary: As defined in Statements of Financial Accounting Standards Nos. 5 and 7 published by the ARDF.</p> <p>5. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.</p> <p>6. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>7. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	
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<p>5. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></li> <li>2. <u>May not be a related party or de facto related party of any party to the transaction.</u></li> <li>3. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></li> </ol> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> <li>1. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></li> <li>2. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></li> <li>3. <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></li> </ol> <p><u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>	<p>5. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p>	<p>This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.</p>
<p>6. The company shall establish <u>these Regulations</u> in accordance with the provisions of the <u>Regulations Governing the Acquisition and Disposal of Assets by Public Companies</u>. After <u>these Regulations</u> have been approved by the board of directors, and then to a shareholders' meeting for approval; the same applies when <u>these Regulations</u> are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to</p>	<p>6. The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the board of directors, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</p>	<p>Slight adjustment to wording.</p>

<p>each supervisor.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when <u>these Regulations</u> are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, when <u>these Regulations</u> are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds 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" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	<p>Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds 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" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	
<p>7. The company shall specify the following items in <u>these Regulations</u>, and handle the acquisition or disposal matters in compliance with the procedures:</p> <ol style="list-style-type: none"> <li>1. The scope of assets.</li> <li>2. Appraisal procedures: Shall include the means of price determination and supporting reference materials.</li> <li>3. Operating procedures: Shall include the degree of authority delegated, the levels to which authority is delegated, the units responsible for implementation, and transaction process.</li> <li>4. Public announcement and regulatory filing procedures.</li> <li>5. Total amounts of real property and <u>right-of-use assets thereof</u> and securities acquired by the company and each subsidiary for business use, and limits on individual securities.</li> <li>6. Control procedures for the acquisition and disposal of assets by subsidiaries.</li> <li>7. Penalties for personnel violating these Regulations or the <u>Regulations Governing the Acquisition and Disposal of Assets by Public Companies</u>.</li> <li>8. Other important matters.</li> </ol> <p>The company that engages in any related party transaction, engages in derivatives trading, or conducts a merger, demerger, acquisition, or transfer of shares of enterprises shall, in addition to conducting such matters in compliance with the provisions of the preceding paragraph, shall also establish related procedures in accordance with the provisions of Section III through Section V of this Chapter.</p> <p><u>If the company does not intend to engage in derivatives trading, it may, after obtaining the approval of the board of directors, be exempted from adopting procedures governing derivatives trading.</u></p>	<p>7. The company shall specify the following items in its procedures for the acquisition or disposal of assets, and handle the acquisition or disposal matters in compliance with the procedures:</p> <ol style="list-style-type: none"> <li>1. The scope of assets.</li> <li>2. Appraisal procedures: Shall include the means of price determination and supporting reference materials.</li> <li>3. Operating procedures: Shall include the degree of authority delegated, the levels to which authority is delegated, the units responsible for implementation, and transaction process.</li> <li>4. Public announcement and regulatory filing procedures.</li> <li>5. Total amounts of real property and securities acquired by the company and each subsidiary for business use, and limits on individual securities.</li> <li>6. Control procedures for the acquisition and disposal of assets by subsidiaries.</li> <li>7. Penalties for personnel violating these Regulations or the procedures for the acquisition or disposal of assets.</li> <li>8. Other important matters.</li> </ol> <p>The company that engages in any related party transaction, engages in derivatives trading, or conducts a merger, demerger, acquisition, or transfer of shares of enterprises shall, in addition to conducting such matters in compliance with the provisions of the preceding paragraph, shall also establish related procedures in accordance with the provisions of Section III through Section V of this Chapter.</p> <p>The company shall see to it that its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets in compliance with these Regulations.</p>	<p>This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.</p>

<p><u>If it subsequently wishes to engage in derivatives trading, it will still be required first to comply with the provisions of the preceding article and the preceding paragraph before doing so.</u></p> <p>The company shall see to it that its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets in compliance with these Regulations.</p>		
<p>9. In acquiring or disposing of real property, <u>equipment or right-of-use assets thereof</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use <u>or right-of-use assets thereof</u>, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified</p>	<p>9. In acquiring or disposing of real property or other fixed assets where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3</p>	<p>This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.</p>

public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks commencing immediately from the date of occurrence.	of the preceding paragraph, shall be obtained within 2 weeks commencing immediately from the date of occurrence	
11. Where the company acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, <u>except in transactions with a domestic government agency</u> , the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF).	11. Where the company acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, <u>except in transactions with a domestic government agency</u> , the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF).	This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.
12. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	11.1. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 30, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	Article number changed.
13. Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	12. Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	Article number changed.
14. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.	13. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.	Article number changed.
15. When the company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, <u>except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises</u> , the company may not proceed to enter into a transaction contract or make a payment until the following matters have been	14. When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty.	This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.

<p>approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a trading counterparty.</li> <li>3. With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.</li> <li>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</li> <li>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</li> <li>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</li> <li>7. Restrictive covenants and other important stipulations associated with the transaction.</li> </ol> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p> <p>Items that have been approved by the board of directors and recognized by the supervisors <u>pursuant to these Regulations</u> need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> <li>1. With respect to the acquisition or disposal of business-use machinery and equipment between a public company and its parent or subsidiaries, <u>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital,</u> the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting: <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></li> <li>2. <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></li> </ol> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or</p>	<ol style="list-style-type: none"> <li>3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.</li> <li>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</li> <li>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</li> <li>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</li> <li>7. Restrictive covenants and other important stipulations associated with the transaction.</li> </ol> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 30, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p> <p>Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <ol style="list-style-type: none"> <li>3. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></li> <li>4. <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></li> </ol> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where the audit committees have been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the audit committees shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.</p>	
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<p>expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where the audit committees have been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the audit committees shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.</p>		
<p><u>16.</u> The company that acquires real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The company that acquires real property from a related party and appraises the cost of the real property <u>or right-of-use thereof</u> in accordance with <u>the preceding two</u> paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the company acquires real property <u>or right-of-use thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with <u>the preceding</u> Article and the preceding three paragraphs do not apply:</p> <p>1. The related party acquired the real property <u>or right-of-use thereof</u> through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use thereof</u> to the signing date for the current transaction.</p> <p>3. The real property is acquired through signing of a joint development contract with the related party.</p> <p><u>4. The real property right-of-use assets for business use are acquired by the public</u></p>	<p><u>16.</u> The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 14 and the preceding three paragraphs do not apply:</p> <p>1. The related party acquired the real property through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p>	<p>This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.</p>

<p><u>company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p>		
<p>17. When the results of a public company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property sale or lease market practices.</p> <p>2. Where the company acquiring real property, <u>or obtaining real property right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or right-of-use assets thereof</u>.</p>	<p>16. When the results of a public company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 17. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>(3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</p> <p>2. Where the company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding</p>	<p>This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.</p>

	year refers to the year preceding the date of occurrence of the acquisition of the real property.	
<p>18. Where the company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with <u>the preceding two</u> Articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property <u>or right-of-use assets thereof</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. The independent directors <u>of the audit committee</u> shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to <u>preceding two</u> subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the lease has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm length transaction.</p>	<p>17. Where the company acquires real property from a related party and the results of appraisals conducted in accordance with Article 15 and Article 16 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. The independent directors shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm length transaction.</p>	<p>This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.</p>
<p>19. The companies engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:</p> <p>1. Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.</p> <p>2. Risk management measures.</p> <p>3. Internal audit system.</p> <p>4. Regular evaluation methods and the handling of irregular circumstances.</p>	<p>18. The companies engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:</p> <p>1. Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.</p> <p>2. Risk management measures.</p> <p>3. Internal audit system.</p> <p>4. Regular evaluation methods and the handling of irregular circumstances.</p>	<p>Article number changed.</p>

<p><u>20.</u> The public company engaging in derivatives trading adopts the following risk management measures:</p> <ol style="list-style-type: none"> <li>1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.</li> <li>2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</li> <li>3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</li> <li>4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</li> <li>5. Other important risk management measures.</li> </ol>	<p>19. The public company engaging in derivatives trading adopts the following risk management measures:</p> <ol style="list-style-type: none"> <li>1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.</li> <li>2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</li> <li>3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</li> <li>4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</li> <li>5. Other important risk management measures.</li> </ol>	<p>Article number changed.</p>
<p><u>21.</u> Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <ol style="list-style-type: none"> <li>1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</li> <li>2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</li> </ol> <p>Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <ol style="list-style-type: none"> <li>1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.</li> <li>2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</li> </ol> <p>The company shall report to the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	<p>20. Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <ol style="list-style-type: none"> <li>1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</li> <li>2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</li> </ol> <p>Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <ol style="list-style-type: none"> <li>1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.</li> <li>2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</li> </ol> <p>The company shall report to the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	<p>Article number changed.</p>
<p><u>22.</u> The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 20, and subparagraph 2 of paragraph 1 as well as subparagraph 1 of paragraph 2 of the</p>	<p>21. The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 19 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article</p>	<p>This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.</p>

<p><u>preceding</u> Article shall be recorded in detail in the log book.</p> <p>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the supervisors shall be notified in writing.</p> <p><u>Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors.</u></p> <p><u>Where an audit committee has been established in accordance with the provisions of the Act, the provisions of paragraph 2 relating to supervisors shall apply mutatis mutandis to the audit committee.</u></p>	<p>20 shall be recorded in detail in the log book.</p> <p>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the supervisors shall be notified in writing.</p>	
<p><u>23.</u> The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p>	<p>22. The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p>	<p>Article number changed.</p>
<p><u>24.</u> The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p> <p>Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p>	<p>23. The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p> <p>Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p>	<p>Article number changed.</p>
<p><u>25.</u> The company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of</p>	<p>24. The company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of</p>	<p>Article number changed.</p>

<p>directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of <u>the preceding two paragraphs</u>.</p>	<p>directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.</p>	
<p><u>26.</u> Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p>	<p>25. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p>	<p>Article number changed.</p>
<p><u>27.</u> The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p>1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of</p>	<p>26. The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p>1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of</p>	<p>Article number changed.</p>

<p>corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>2. An action, such as a disposal of major assets, that affects the company's financial operations.</p> <p>3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.</p> <p>4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p> <p>6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p>	<p>corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>2. An action, such as a disposal of major assets, that affects the company's financial operations.</p> <p>3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.</p> <p>4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p> <p>6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p>	
<p><u>28.</u> The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</p> <p>1. Handling of breach of contract.</p> <p>2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p>3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</p> <p>4. The manner of handling changes in the number of participating entities or companies.</p> <p>5. Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p>6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</p>	<p><u>27.</u> The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</p> <p>1. Handling of breach of contract.</p> <p>2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p>3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</p> <p>4. The manner of handling changes in the number of participating entities or companies.</p> <p>5. Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p>6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</p>	Article number changed.
<p><u>29.</u> After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p>	<p>28. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p>	Article number changed.
<p><u>30.</u> Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article <u>25</u>, Article <u>26</u>, and the preceding Article.</p>	<p>29. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article <u>24</u>, Article <u>25</u>, and Article 28.</p>	Article number changed.

<p>31. Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>1. Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements.</p> <p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. <u>Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</u></p> <p><u>(1) For a company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</u></p> <p><u>(2) For a company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</u></p> <p>5. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of <u>domestic</u> government bonds.</p> <p>(2) Securities trading by investment professionals on securities exchanges or over-the-counter markets, <u>or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</u></p> <p>(3) Trading of bonds under repurchase/resale agreements, <u>or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</u></p> <p>The amount of transactions above shall be calculated as follows:</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of</p>	<p>30. Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements.</p> <p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>4.</p> <p>54. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds, foreign or domestic securities exchanges or over-the-counter markets.</p> <p>(3) Trading of bonds under repurchase/resale agreements.</p> <p>(4) Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed</p>	<p>This Article is amended pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.</p>
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<p>acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of real property <u>or right-of-use assets thereof</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	
<p><u>32.</u> Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:</p> <p>1. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>3. Change to the originally publicly announced and reported information.</p>	<p>31. Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:</p> <p>1. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>3. Change to the originally publicly announced and reported information.</p>	<p>Article number changed.</p>
<p><u>33.</u> Information required to be publicly announced and reported in accordance with the provisions of <u>the preceding</u> Chapter on acquisitions and disposals of assets by a subsidiary of the company that is not itself a public company in Taiwan shall be reported by the [parent] company. The paid-in capital or total assets of the company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 31, paragraph 1 requiring a public announcement and</p>	<p>32. Information required to be publicly announced and reported in accordance with the provisions of Chapter III on acquisitions and disposals of assets by a subsidiary of the company that is not itself a public company in Taiwan shall be reported by the [parent] company. The paid-in capital or total assets of the company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 30, paragraph 1 requiring a public announcement and regulatory</p>	<p>Article number changed.</p>

regulatory filing in the event the type of transaction specified therein reaches <u>the prescribed percentage of</u> paid-in capital or the total assets.	filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.	
(deletion)	32.1. Where the audit committees have been established in accordance with the provisions of the Act, the provisions regarding Supervisors set out in Articles 6, 8, and 14, and in Article 21, paragraph 2, shall apply mutatis mutandis to the audit committees. Where the audit committees have been established in accordance with the provisions of the Act, the provisions regarding independent directors set out in Article 17, paragraph 1, subparagraph 2 shall apply mutatis mutandis to the audit committee.	This Article is deleted pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.
34. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case that the company's shares have no par value or have a par value other than NT\$10: for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.	(None)	This Article is newly added pursuant to the revised Regulations Governing the Acquisition and Disposal of Assets by Public Companies published by the Financial Supervisory Commission on November 30, 2018.
(Deletion)	33. The listing company shall not cease its annual funding of Jinpao Precision Industry Co., Ltd. ; given under certain circumstances that the listing company and Jinpao Precision Industry co., Ltd. have to give up their funding that must to get a prior consent of GTSM and be approved by a majority of the votes cast at Board of Meeting which the quorum is more than 2/3 and passing more than 1/2.	Delete this Article as the company has no longer listed on TPEx.

## Amendment the Operational Procedures for Loaning of Company Funds

### JPP Holding Company Limited

#### Comparison Table for the Operational Procedures for Loaning of Company Funds Before and After Amendments

Proposed Amendment	Original Article	Reason for Amendment
<p>2.1.3</p> <p>The restriction in the article 2.2.2 shall not apply to inter-company loans of funds between foreign companies in which the company holds, directly or indirectly, 100% of the voting shares, <u>or loans of funds to public company from the foreign companies in which the company holds, directly or indirectly, 100% of the voting shares</u> but the term and aggregate amount have to be restricted as stated in the articles of 2.2.2 and 3.</p>	<p>2.1.3</p> <p>The restriction in the article 2.2.2 shall not apply to inter-company loans of funds between foreign companies in which the company holds, directly or indirectly, 100% of the voting shares, but the term and aggregate amount have to be restricted as stated in the articles of 2.2.2 and 3.</p>	<p>1. This Article is amended pursuant to the revised Regulations Governing the Loaning of Funds and Making Endorsements/Guarantees by Public Companies published by the Financial Supervisory Commission on March 7, 2019.</p>
<p>4.1.3</p> <p>Where the company has established the position of independent director, when it loans funds to others, it shall take into full consideration each independent director's opinions; <u>if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</u></p>	<p>4.1.3</p> <p>Where the company has established the position of independent director, when it loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</p>	<p>1. This Article is amended pursuant to the revised Regulations Governing the Loaning of Funds and Making Endorsements/Guarantees by Public Companies published by the Financial Supervisory Commission on March 7, 2019.</p>
7.5	None	1. This Article is amended

<p>The company engaged in short-term financing in accordance with the provisions of Article 2, in addition following the provisions of Article 4 of the preceding paragraph, shall strengthen the risk assessment and set the limit of loan for unsecured goods, the same industry and the same enterprise or group of enterprises.</p>		<p>pursuant to the revised Regulations Governing the Loaning of Funds and Making Endorsements/Guarantees by Public Companies published by the Financial Supervisory Commission on March 7, 2019.</p>
<p>9.2 A public company whose balance of endorsements/guarantees reaches one of the following levels shall announce by keying into MOPS such event within two days commencing immediately from the date of occurrence: <u>“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</u></p>	<p>9.2 A public company whose balance of endorsements/guarantees reaches one of the following levels shall announce by keying into MOPS such event within two days commencing immediately from the date of occurrence:</p>	<p>1. This Article is amended pursuant to the revised Regulations Governing the Loaning of Funds and Making Endorsements/Guarantees by Public Companies published by the Financial Supervisory Commission on March 7, 2019.</p>
<p>9.2 The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches NT\$ Ten Millions or more and the</p>	<p>9.2 The company whose balance of loan reaches one of the following levels shall announce by keying into the Market Observation Post System “MOPS” of Taiwan such event within two days</p>	<p>1. This Article is amended pursuant to the revised Regulations Governing the Loaning of Funds and Making Endorsements/Guarantees by Public Companies</p>

<p>aggregate amount of all endorsements/guarantees for, <u>the carrying amount of the investment using the equity method</u>, and balance of loans to, such enterprise reaches 30 percent or more of public company's net value as stated in its latest financial statement.</p>	<p>commencing immediately from the date of occurrence:</p>	<p>published by the Financial Supervisory Commission on March 7, 2019.</p>
<p>11. Implementation and Amendment</p> <p>The Operational Procedures and Regulations for Endorsements/Guarantees. <u>The revision of this operating procedure shall be approved by more than one-half of all members of the Audit Committee, and the resolution of the Board of Directors shall be submitted. If no more than one-half of the members of the Audit Committee have agreed, then more than two-thirds of all directors may agree to do so, and shall record the resolutions of the Audit Committee in the minutes of the board of directors. Once</u> passage by the board of directors and subsequent submission for approval by the shareholders' meeting too. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The</p>	<p>11. Implementation and Amendment</p> <p>The Operational Procedures and Regulations for Endorsements/Guarantees. After passage by the board of directors and subsequent submission for approval by the shareholders' meeting too. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures. Where a public company has established the position of independent director, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions; the</p>	<p>1. This Article is amended pursuant to the revised Regulations Governing the Loaning of Funds and Making Endorsements/Guarantees by Public Companies published by the Financial Supervisory Commission on March 7, 2019.</p>

<p>same shall apply to any amendments to the Procedures.</p> <p><u>The all members of the Audit Committee and of Board Directors referred to in the preceding paragraph are counted as actual incumbents.</u></p> <p>Where a public company has established the position of independent director, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions; <u>if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</u></p>	<p>independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</p>	
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## Attachment VI

# Amendment the Operational Procedures for Endorsement & Guarantee

## JPP Holding Company Limited

### Comparison Table for the Operational Procedures for Endorsement & Guarantee Before and After Amendments

Proposed Amendment	Original Article	Reason for Amendment
<p>5.2</p> <p>Before making any endorsement/guarantee pursuant to Article 3, paragraph 3, a subsidiary in which the company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p> <p>Where the company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; <u>if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each</u></p>	<p>5.2</p> <p>Before making any endorsement/guarantee pursuant to Article 3, paragraph 3, a subsidiary in which the company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p> <p>Where the company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</p>	<p>2. This Article is amended pursuant to the revised Regulations Governing the Loaning of Funds and Making Endorsements/Guarantees by Public Companies published by the Financial Supervisory Commission on March 7, 2019.</p>

<u>supervisor.</u>		
<p>5.4</p> <p>Where the company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; <u>if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</u></p>	<p>5.4</p> <p>Where the company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</p>	<p>2. This Article is amended pursuant to the revised Regulations Governing the Loaning of Funds and Making Endorsements/Guarantees by Public Companies published by the Financial Supervisory Commission on March 7, 2019.</p>
<p>9.2</p> <p>A public company whose balance of endorsements/guarantees reaches one of the following levels shall announce by keying into MOPS such event within two days commencing immediately from the date of occurrence:</p> <p><u>The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).</u></p> <p><u>“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the</u></p>	<p>9.2</p> <p>A public company whose balance of endorsements/guarantees reaches one of the following levels shall announce by keying into MOPS such event within two days commencing immediately from the date of occurrence:</p>	<p>2. This Article is amended pursuant to the revised Regulations Governing the Loaning of Funds and Making Endorsements/Guarantees by Public Companies published by the Financial Supervisory Commission on March 7, 2019.</p>

<u>counterparty and monetary amount of the transaction, whichever date is earlier.</u>		
<p>9.2.3</p> <p>The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches NT\$ Ten Millions or more and the aggregate amount of all endorsements/guarantees for, <u>the carrying amount of the investment using the equity method</u>, and balance of loans to, such enterprise reaches 30 percent or more of public company's net value as stated in its latest financial statement.</p>	<p>9.2.3</p> <p>The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches NT\$ Ten Millions or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of public company's net value as stated in its latest financial statement.</p>	<p>2. This Article is amended pursuant to the revised Regulations Governing the Loaning of Funds and Making Endorsements/Guarantees by Public Companies published by the Financial Supervisory Commission on March 7, 2019.</p>
<p>12. Implementation and Amendment</p> <p>The Operational Procedures and Regulations for Endorsements/Guarantees. <u>The revision of this operating procedure shall be approved by more than one-half of all members of the Audit Committee, and the resolution of the Board of Directors shall be submitted. If no more than one-half of the members of the Audit Committee have agreed, then more than two-thirds of all directors may agree to do so, and shall record the resolutions of the Audit Committee in the minutes of the board of directors. Once</u></p>	<p>12. Implementation and Amendment</p> <p>The Operational Procedures and Regulations for Endorsements/Guarantees. After passage by the board of directors and subsequent submission for approval by the shareholders' meeting too. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures. Where a public company has established the position of</p>	<p>2. This Article is amended pursuant to the revised Regulations Governing the Loaning of Funds and Making Endorsements/Guarantees by Public Companies published by the Financial Supervisory Commission on March 7, 2019.</p>

<p>passage by the board of directors and subsequent submission for approval by the shareholders' meeting too. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p><u>The all members of the Audit Committee and of Board Directors referred to in the preceding paragraph are counted as actual incumbents.</u></p> <p>Where a public company has established the position of independent director, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions; <u>if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</u></p>	<p>independent director, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</p>	
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## Attachment VII

### Amendment the Articles of Association

#### JPP Holding Company Limited

#### Comparison Table for the Amendments of the Amendments of Memorandum and Articles of Association Before and After Amendments

Proposed Amendment	Original Article	Reason for Amendment
<p>2.6 <u>The pre-emptive right of employees under Article 2.3 and</u> the pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes: in connection with a Merger, spin-off, or pursuant to any reorganization of the Companys:</p> <p>(a) <u>in connection with a Merger, spin-off, or pursuant to any reorganization of the Company;</u></p> <p>(b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.11 hereof;</p> <p>(c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;</p> <p>(d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;</p> <p>(e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares;</p> <p>(f) in connection with the issue of shares in accordance with Article 14.6; or</p> <p>(g) in connection with Private Placement of the securities issued bythe Company.</p>	<p>2.6 The pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes: in connection with a Merger, spin-off, or pursuant to any reorganization of the Companys:</p> <p>(a) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.11 hereof;</p> <p>(c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;</p> <p>(d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;</p> <p>(e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares;</p> <p>(f) in connection with Private Placement of the securities issued bythe Company.</p>	<p>This Article is amended to clarify that employees do not have the pre-emptive right in each situation listed in this Article 2.6 and that neither members nor employees have the pre-emptive right when issuing shares in accordance with Article 14.6.</p>
<p>2.7 The Company shall not issue any unpaid shares or partly <u>paid</u> share.</p>	<p>2.7 The Company shall not issue any unpaid shares or partly paid-up share.</p>	<p>Wording is slightly amended.</p>

3.6 In the event that the Company proposes to <u>purchase</u> any share traded on the ESM or listed on the TPEX or the TSE pursuant to the preceding Article, 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 its shares traded on the ESM or listed on the TPEX or the TSE for any reason.	3.6 In the event that the Company proposes to purchases any share traded on the ESM or listed on the TPEX or the TSE pursuant to the preceding Article, 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 its shares traded on the ESM or listed on the TPEX or the TSE for any reason.	Wording is slightly amended.
3.12 No share may be redeemed unless it is fully <u>paid</u> .	3.12 No share may be redeemed unless it is fully paid-up.	Wording is slightly amended.
14.5 The Company operates in a market for specific demands and customized products and is in the growth stage. The Board shall prepare the dividend proposal by taking into account the profit of the year, overall development, financial plans, capital need, projection of the industry and the Company's prospects and so on and submit the proposal for the Members' approval. For so long as the shares are traded on the ESM or listed on the TPEX or the TSE, if there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year, in addition to the provision in Article 14.4: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) ten per cent (10%) as reserve ("Statutory Reserve") <u>(unless the Statutory Reserve has reached the total paid-up capital of the Company)</u> ; and (iv) a special surplus reserve as required by the applicable securities authority of the ROC under the Applicable Public Company	14.5 The Company operates in a market for specific demands and customized products and is in the growth stage. The Board shall prepare the dividend proposal by taking into account the profit of the year, overall development, financial plans, capital need, projection of the industry and the Company's prospects and so on and submit the proposal for the Members' approval. For so long as the shares are traded on the ESM or listed on the TPEX or the TSE, if there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year, in addition to the provision in Article 14.4: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) ten per cent (10%) as reserve ("Statutory Reserve"); and (iv) a special surplus reserve as required by the applicable securities authority of the ROC	This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.

Rules.	under the Applicable Public Company Rules.	
<u>19.7 For so long as the shares are traded on the ESM or listed on the TPEx or the TSE in the ROC, any one or more Member(s) may summon an extraordinary general meeting, provided that such Member or Members shall hold more than fifty per cent. of the total issued Shares of the Company for a continuous period of no less than three months. The number of the Shares held by a Member and the period of which a Member holds such Shares, shall be calculated and determined based on the Register of Members as of the first day of the Book Closure Period. The Book Closure Period has the meaning as defined below.</u>	(None)	This Article is added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.
<u>19.8 If the Board does not or is unable to convene a general meeting (including the annual general meeting) or it is for the Company's benefit, the Independent Director may convene a general meeting when he/she in his/her absolute discretion deems necessary.</u>	(None)	This Article is added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.
<u>20.3 For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, 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. The Board shall fix the period that the Register of Members shall be closed for transfers (the "Book Closure Period").</u>	<u>20.3 For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, 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.</u>	The Article is amended to complete relevant procedures.
<u>20.4 Subject to Article 23.4, the accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting</u>	(New Article)	The Article is added to complete the procedures of shareholders meeting.

<p><u>by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.</u></p>		
<p><u>20.5</u> For so long as the shares are traded on the ESM or listed on the TPEX or the TSE, 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 general meetings, including but not limited to, election or discharge of Directors, in accordance with Article 20.2 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 Article 20.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be made available to all Members and shall be transmitted to the Market Observation Post System in accordance with the Applicable Public Company Rules.</p>	<p>20.4 For so long as the shares are traded on the ESM or listed on the TPEX or the TSE, 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 general meetings, including but not limited to, election or discharge of Directors, in accordance with Article 20.2 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 Article 20.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be made available to all Members and shall be transmitted to the Market Observation Post System in accordance with the Applicable Public Company Rules.</p>	<p>Change Article number due to addition of new Articles.</p>
<p>20.6 For so long as the shares are traded on the ESM or listed on the TPEX or the TSE, 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:</p> <ul style="list-style-type: none"> <li>(a) election or discharge of Directors,</li> <li>(b) alteration of the Memorandum or Articles,</li> <li><u>(c) capital deduction,</u></li> <li><u>(d) application to terminate the public offering of the shares.</u></li> </ul>	<p>20.5 For so long as the shares are traded on the ESM or listed on the TPEX or the TSE in Taiwan, 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:</p> <ul style="list-style-type: none"> <li>(a) election or discharge of Directors,</li> <li>(b) alteration of the Memorandum or Articles,</li> <li>(c) (i) dissolution, Merger or spin-off, (ii)</li> </ul>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>

<p>(e) (i) dissolution, Merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for frequent joint operation with others;, (iii) transfer of the whole or any essential part of the business or assets of the Company, and (iv) acquisition or assumption of the whole of the business or assets of another person, which has a material effect on the operations of the Company,</p> <p>(f) ratification of an action by Director(s) who engage(s) in business for himself or on behalf of another person that is within the scope of the Company's business,</p> <p>(g) distribution of the whole or part of the surplus profit of the Company in the form of new shares, capitalization of Capital Reserve and any other amount in accordance with Article 17,</p> <p>(h) making distributions of new shares or cash out of the Statutory Reserve , the premium received on the issuance of any shares and income from endowments received by the Company to its Members, and</p> <p>(i) Private Placement of any equity-related securities to be issued by the Company.</p> <p><u>The major content of the above matters can be announced at the website designated by Taiwan securities authority or by the Company, and the Company shall specify the link to the website in the notice of the relevant general meeting.</u></p>	<p>entering into, amending, or terminating any Lease Contract, Management Contract or Joint Operation Contract, (iii) transfer of the whole or any essential part of the business or assets of the Company, and (iv) acquisition or assumption of the whole of the business or assets of another person, which has a material effect on the operations of the Company,</p> <p>(d) ratification of an action by Director(s) who engage(s) in business for himself or on behalf of another person that is within the scope of the Company's business,</p> <p>(e) distribution of the whole or part of the surplus profit of the Company in the form of new shares, capitalization of Capital Reserve and any other amount in accordance with Article 17,</p> <p>(f) making distributions of new shares or cash out of the Statutory Reserve , the premium received on the issuance of any shares and income from endowments received by the Company to its Members, and</p> <p>(g) Private Placement of any equity-related securities to be issued by the Company.</p>	
<p>20.7 For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the Board shall keep the Memorandum and Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the</p>	<p>20.6 For so long as the shares are traded on the ESM or listed on the TPEx or the TSE in Taiwan, the Board shall keep the Memorandum and Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on</p>

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 interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents. <u>If the relevant documents are kept by the Company's stock affairs agent, upon the request of any Member, the Company shall order the Company's stock affairs agent to provide such Member with the requested documents.</u>	any corporate bonds issued by the Company at the 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 interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.	November 30, 2018.
<u>20.8</u> For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the Company shall make available all the 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 (10) 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.	20.7 For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the Company shall make available all the 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 (10) 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.	Change Article number due to addition of new Articles.
<u>20.9 If the general meeting is convened by the Board and other person entitled to convene a general meeting in accordance with these Articles or any Applicable Law, 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.</u>	(None)	This Article is added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.

<p>23.6 For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, member(s) holding one per cent (1%) or more of the Company's total issued shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing <u>or any electronic means designated by the Company</u> one 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 Applicable Law specifying the place and a period of not less than ten (10) days for Members to submit proposals. <u>The Board shall include the proposal in the agenda of the annual general meeting, unless</u> (a) the proposing Member(s) holds less than one cent (1%) of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting <u>or the proposal contains more than 300 Chinese words;</u> (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company <u>outside the period</u> fixed and announced by the Company for accepting Member(s)' proposal(s). <u>If the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibilities, the Board may still include such proposal into the agenda of annual general meeting.</u></p>	<p>23.6 For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, member(s) holding one per cent (1%) or more of the Company's total issued 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 one 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 Applicable Law specifying the place and a period of not less than ten (10) days for Members to submit proposals. <u>Proposals submitted for discussion at an annual general meeting shall not be included in the agenda of the annual general meeting where</u> (a) the proposing Member(s) holds less than one cent (1%) of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>
<p>35.5 Where a <u>corporation (or other</u> legal entity) is a Member, its authorized representative may be elected as Director of the Company in accordance with the Articles. If there are more than one authorized representatives, each of them may be nominated for election at a general meeting.</p>	<p>35.5 Where a legal entity is a Member, its authorized representative may be elected as Director of the Company in accordance with the Articles. If there are more than one authorized representatives, each of them may be nominated for election at a general meeting.</p>	<p>Wording amended to complete the definition.</p>

<p>36.1 The Company may from time to time by Supermajority Resolution remove any Director from office. Where re-election of all Directors is effected prior to the expiration of the term of office of existing Directors, 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 present 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.</p>	<p>36.1 The Company may from time to time by Supermajority Resolution remove any Director from office. Where re-election of all Directors is effected <u>by a resolution adopted at a general meeting</u> prior to the expiration of the term of office of existing Directors, 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 present 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.</p>	<p>Wording amended to complete the description.</p>
<p>37.1 The office of Director shall be vacated:</p> <ul style="list-style-type: none"> <li>(a) if the Director is removed from office pursuant to the Articles;</li> <li>(b) if the Director dies;</li> <li>(c) if the Director is automatically discharged from his office in accordance with Article 34.3;</li> <li>(d) if the Director resigns his office by notice in writing to the Company;</li> <li>(e) if the Director is the subject of a court order for his removal in accordance with Article 36.2;</li> <li>(f) if the Director is automatically removed in accordance with Article 37.2;</li> <li>(g) if the Director ceases to be a Director in accordance with Article 37.3; or</li> <li>(h) with immediate effect without any action required on behalf of the Company if</li> <li>(i) the Director has been</li> </ul>	<p>37.1 The office of Director shall be vacated:</p> <ul style="list-style-type: none"> <li>(a) if the Director is removed from office pursuant to the Articles;</li> <li>(b) if the Director dies;</li> <li>(c) if the Director is automatically discharged from his office in accordance with Article 34.3;</li> <li>(d) if the Director resigns his office by notice in writing to the Company;</li> <li>(e) if the Director is the subject of a court order for his removal in accordance with Article 36.2;</li> <li>(f) if the Director is automatically removed in accordance with Article 37.2;</li> <li>(g) if the Director ceases to be a Director in accordance with Article 37.3; or</li> <li>(h) with immediate effect without</li> </ul>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>

<p>adjudicated bankrupt <u>or the court has declared a liquidation process in connection with the Director, and such Director</u> has not been reinstated to his rights and privileges;</p> <p>(ii) an order is made by any competent court or official on the grounds that the Director has no legal capacity, or his legal capacity is restricted according to Applicable Law;</p> <p>(iii) <u>the Director has been adjudicated of the commencement of assistantship (as defined under the Taiwan Civil Code) or similar declaration and such assistantship/declaration has not been revoked yet;</u></p> <p>(iv) the Director has committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently has been adjudicated guilty by a final judgment, and <u>(A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five years, or (D) was pardoned for less than five years;</u></p> <p>(v) the Director has committed an offence in terms of fraud, breach of trust or</p>	<p>any action required on behalf of the Company if</p> <p>(i) the Director has been adjudicated bankrupt, and has not been reinstated to his rights and privileges;</p> <p>an order is made by any competent court or official on the grounds that the Director has no legal capacity, or his legal capacity is restricted according to Applicable Law;</p> <p>(iii) the Director has committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently has been adjudicated guilty by a final judgment, and <u>the time elapsed after he has served the full term of the sentence is less than five years;</u></p> <p>iv) the Director has committed an offence in terms of fraud, breach of trust or misappropriation and subsequently has been punished with imprisonment for a term of more than one year, and <u>the time elapsed after he has served the full term of such sentence is less than</u></p>	
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<p>misappropriation and subsequently has been punished with imprisonment for a term of more than one year <u>by a final judgement</u>, and (A) <u>has not started serving the sentence</u>, (B) <u>has not completed serving the sentence</u>, (C) <u>the time elapsed after completion of serving the sentence or expiration of the probation is less than two years</u>, or (D) <u>was pardonedfor</u> less than two years;</p> <p>(vi) the Director has been adjudicated guilty by a final judgment for <u>committing offenses under the Taiwan Anti-Corruption Act</u> during the time of his public service, and (A) <u>has not started serving the sentence</u>, (B) <u>has not completed serving the sentence</u>, (C) <u>the time elapsed after completion of serving the sentence or expiration of the probation is less than two years</u>, or (D) <u>was pardonedfor</u>less than two years;</p> <p>or</p> <p>(vii)the Director has been dishonored for use of credit instruments, and the term of such sanction has not expired yet.</p> <p>In the event that any of the foregoing events specified in Article 37(h) has occurred in relation to a candidate for</p>	<p>two years;</p> <p>v) the Director has been adjudicated guilty by a final judgment for <u>misappropriating public funds</u> during the time of his public service, and <u>the time elapsed after he has served the full term of such sentence is less than</u> two years; or</p> <p>(vi) the Director has been dishonored for use of credit instruments, and the term of such sanction has not expired yet.</p> <p>In the event that any of the foregoing events specified in Article 37(h) has occurred in relation to a candidate for election of Director, such person shall be disqualified from being elected as a Director.</p>	
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election of Director, such person shall be disqualified from being elected as a Director.		
37.2 In case a Director has, during the term of office as a Director( <u>other than an Independent Director</u> ), transferred more than one half of the Company's shares being held by him at the time he is elected, he shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required.	37.2 In case a Director has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him at the time he is elected, he shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required.	This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.
37.3 If any Director ( <u>other than an Independent Director</u> )has, after having been elected as a Director and before his inauguration of the office of Director, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, then he shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares then being held by him within the share transfer prohibition period prior to the convention of a shareholders' meeting according to the Applicable Public Company Rules, then he shall immediately cease be a Director and no shareholders' approval shall be required.	37.3 If any Director has, after having been elected as a Director and before his inauguration of the office of Director, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, then he shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares then being held by him within the share transfer prohibition period prior to the convention of a shareholders' meeting according to the Applicable Public Company Rules, then he shall immediately cease be a Director and no shareholders' approval shall be required.	This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.
47.2 Notwithstanding anything to the contrary contained in this Article 47, a Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract or arrangement with the Company shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors as required by the Applicable Law. <u>Where the spouse of a Director, the person related to a Director by</u>	47.2 Notwithstanding anything to the contrary contained in this Article 47, a Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract or arrangement with the Company shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors as required by the Applicable Law..	This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.

<p><u>blood and within the second degree of kinship, or any company which has a controlling or controlled relation with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.</u></p>		
<p>48.3 To the extent permitted under the laws of the Cayman Islands, Members continuously holding <u>one</u> per cent (1%) or more of the total issued shares of the Company for <u>six months</u> or longer may:</p> <p>(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</p> <p>(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; or</p> <p>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</p>	<p>48.3 To the extent permitted under the laws of the Cayman Islands, Members continuously holding three per cent (3%) or more of the total issued shares of the Company for a year or longer may:</p> <p>(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</p> <p>(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; or</p> <p>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)</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>

<p>(b), the Independent Director of the Audit Committee fails to file such petition.</p>	<p>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.</p>	
<p>63.2 Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Independent Directors of the Audit Committee shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, <u>examine, review or make copies of</u> the accounting books and documents, and request the Board or officers to report on matters referred to above. Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Board may authorise any Independent Director of the Audit Committee to appoint on behalf of the Company, a practicing lawyer and independent auditors to conduct the examination.</p>	<p>63.2 Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Independent Directors of the Audit Committee shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, examine the accounting books and documents, and request the Board or officers to report on matters referred to above. Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Board may authorise any Independent Director of the Audit Committee to appoint on behalf of the Company, a practicing lawyer and independent auditors to conduct the examination.</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>
<p><b><u>69. Social Responsibilities</u></b></p> <p><u>When the Company conducts the business, the Company shall comply with the laws and regulations as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities.</u></p>	<p>(None)</p>	<p>This Article is added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>

**JPP Holding Company Limited**  
**Rules of Procedure for Shareholder Meetings**

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.

2. Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

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

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

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

6. The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Vice Chairman of the Board of Directors or one of the Directors shall preside at the Meeting in accordance with Article 208 of the Company Law of the Republic of China.

If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.

7. Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate.

If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the executed in accordance with relevant provisions of the Company Law of the Republic of China.

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

8. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in

accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

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

9. Shareholders attending the Meeting shall have the obligation to observe Meeting rules, obey resolutions and maintain order at Meeting place.

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

11. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman. Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

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

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

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item. After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

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

13. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.

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

15. During the Meeting, the chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the Meeting will resume or, by resolution of the shareholders present at the Meeting, the chairman may resume the Meeting within five days without further notice or public announcement.

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

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

18. The resolutions of the shareholders' meeting shall be made into a deliberation, signed or sealed by the chairman, and the minutes shall be distributed to the shareholders within 20 days after the meeting.

19. The production and distribution of the proceedings can be made electronically. For the distribution of the proceedings in the preceding paragraph, the Company was able to enter announcement method of the Market observation Post System "MOPS". The proceedings shall be recorded in accordance with the year, month, day, place, chairman's name, resolution method, method of the proceedings and the results of the meeting, and shall be kept forever during the company's existence.

20. The number of shares acquired by the solicitor and the number of shares represented by the entrusted proxy shall be clearly disclosed in the shareholders' meeting at the date of the shareholders meeting.

21. The resolutions of the shareholders' meeting shall be transmitted information to the Market observation Post System "MOPS" within the specified time if there is any material information required by the laws and regulations and the Taiwan Stock Exchange Market of the Republic of China.

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

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

**JPP HOLDING COMPANY LIMITED**

(Adopted by a Special Resolution passed on June 26, 2018)

**THE COMPANIES LAW (as amended)**  
**Company Limited by Shares**  
**SIXTH AMENDED AND RESTATED**  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**JPP HOLDING COMPANY LIMITED**

(Adopted by a Special Resolution passed on June 26, 2018)

1. The name of the Company is **JPP Holding Company Limited**.
2. The Registered Office of the Company shall be at the offices of Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, British West Indies or at such other place as the Directors 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 any law as provided by the Companies Law (as amended).
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by the Companies Law (as amended).
5. Nothing in the preceding sections shall be deemed to permit the Company to carry on the business of a Bank or Trust Company without being licensed in that behalf under the provisions of the Banks & Trust Companies Law (as amended), or to carry on Insurance Business from within the Cayman Islands or the business of an Insurance Manager, Agent, Sub-agent or Broker without being licensed in that behalf under the provisions of the Insurance Law (as amended), or to carry on the business of Company Management without being licensed in that behalf under the provisions of the Companies Management Law (as amended).
6. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
8. The authorised share capital of the Company is New Taiwan Dollars 600,000,000 divided into 60,000,000 ordinary shares of a par value of New Taiwan Dollars 10.00 each provided always that subject to the provisions of the Companies Law (as amended) and the Articles of Association the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
9. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Law (as amended).

**SIXTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION  
OF  
JPP Holding Company Limited  
(Adopted by a Special Resolution passed on June 26, 2018)**

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**SIXTH AMENDED AND RESTATED ARTICLES OF  
ASSOCIATION  
OF  
JPP Holding Company Limited**

**(Adopted by a Special Resolution passed on June 26, 2018)**

**Table A**

The regulations in Table A in the First Schedule to the Law (as defined below) do not apply to the Company.

**INTERPRETATION**

**1. Definitions**

- 1.1** In these Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

Applicable Law	the Applicable Public Company Rules, the Law or such other rules or legislation applicable to the Company;
Applicable Public Company Rules	the ROC laws, rules and regulations (including, without limitation, the Company Law of the ROC, the Securities and Exchange Law of the ROC, the rules and regulations promulgated by the FSC, the rules and regulations promulgated by the TPEx and the rules and regulations promulgated by the TSE, as amended from time to time) affecting public reporting 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	the Articles of Association as altered from time to time;
Audit Committee	the audit committee of the Board, which shall

	comprise solely of all the Independent Directors of the Company;
Board	the board of directors appointed or elected pursuant to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles;
Capital Reserve	for the purpose of the Articles only, comprises of the premium paid on the issuance of any share and income from endowments received by the Company under the Law;
Chairman	the Director elected amongst all the Directors as the chairman of the Board;
Company	JPP Holding Company Limited;
Compensation Committee	a committee of the Board, which shall be comprised of professional individuals and having the functions, in each case, prescribed by the Applicable Public Company Rules;
Cumulative Voting	the voting mechanism for an election of Directors as described in Article 35.2 hereof;
Directors	the directors for the time being of the Company and shall include any and all Independent Director(s);
Electronic Record	has the same meaning as in the Electronic Transactions Law;
Electronic Transactions Law	the Electronic Transactions Law (2003 Revision) of the Cayman Islands;
ESM	the emerging stock market of the ROC;
Family Relationship within Second Degree of Kinship	in respect of a person, means another person who is related to the first person either by blood or by marriage of a member of the family and within the second degree shall include the parents, siblings, grandparents, children and grandchildren of the first person as well as the parents, siblings

	and grandparents of the first person's spouse;
FSC	the Financial Supervisory Commission of the ROC;
Independent Directors	the Directors who are elected as "Independent Directors" in accordance with the Applicable Public Company Rules or the Articles;
Law	The Companies Law of the Cayman Islands and every modification, reenactment or revision thereof for the time being in force;
Litigious and Non-Litigious Agent	a person appointed by the Company pursuant to the Applicable Law as the Company's process agent for purposes of service of documents in the relevant jurisdiction and the Company's responsible person in the ROC under the Securities and Exchange Law of the ROC;
Market Observation Post System	the public company reporting system maintained by the TSE;
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
Memorandum	the memorandum of association of the Company;
Merger	means : (a) a "merger" or "consolidation" as defined under the Law ; or  (b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Applicable Public Company Rules;
month	calendar month;

Notice	written notice as further provided in the Articles unless otherwise specifically stated;
Officer	any person appointed by the Board to hold an office in the Company;
Ordinary Resolution	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by not less than a simple majority of the votes cast;
Preferred Shares	has the meaning given thereto in Article 6;
Private Placement	means, for so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the private placement by the Company of shares or other securities of the Company as permitted by the Applicable Public Company Rules;
Register of Directors and Officers	the register of directors and officers referred to in Article 42 hereof;
Register of Members	the register of members of the Company maintained in accordance with the Law and (as long as the shares of the Company are traded on the ESM or listed on the TPEx or the TSE) the Applicable Public Company Rules;
Registered Office	the registered office for the time being of the Company;
Related Parties	has the meaning as set out in No. 24 of the International Accounting Standard.
Restricted Shares	has the meaning given thereto in Article 2.5;
ROC	Taiwan, the Republic of China;
Seal	the common seal or any official or duplicate seal of the Company;
Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person

	appointed by the Board to perform any of the duties of the Secretary;
share(s)	share(s) of par value New Taiwan Dollars 10.00 each in the Company;
Special Resolution	Subject to the Law, means a resolution passed at a general meeting of the Company by a majority of at least two-thirds of the votes cast by such Members who, being entitled to do so, vote in person or by their proxies, or, in the case of Members that are corporations or other non-natural person, by their duly authorized representatives by computing the number of votes to which each Member is entitled;
Subsidiary	with respect to any company, (1) the entity, more than one half of whose total number of the issued voting shares or the total amount of the share capital are directly or indirectly held by such company; or (2) the entity that such company has a direct or indirect control over its personnel, financial or business operation;
Supermajority Resolution	a resolution passed by a majority vote of the Members present at a general meeting attended by Members who represent two-thirds or more of the total issued 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 issued shares, but more than one half of the total issued shares, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting;
Treasury Shares	means shares of the Company held in treasury pursuant to the Law and the Articles;
TDCC	the Taiwan Depository & Clearing Corporation;
TPEX	the Taipei Exchange;

TSE the Taiwan Stock Exchange Corporation; and  
year calendar year.

**1.2** In the Articles, where not inconsistent with the context:

- (a) words denoting the plural number include the singular number and vice versa;
- (b) words denoting the masculine gender include the feminine and neuter genders;
- (c) words importing persons include companies, associations or bodies of persons whether corporate or not;
- (d) the words:-
  - (i) "may" shall be construed as permissive; and
  - (ii) "shall" shall be construed as imperative;
- (e) "written" and "in writing" include all modes of representing or reproducing words in visible form, including the form of an Electronic Record;
- (f) a reference to statutory provision shall be deemed to include any amendment or re-enactment thereof;
- (g) unless otherwise provided herein, words or expressions defined in the Law shall bear the same meaning in the Articles; and
- (h) Section 8 of the Electronic Transactions Law shall not apply to the extent that it imposes obligations or requirements in addition to those set out in the Articles.

**1.3** Headings used in the Articles are for convenience only and are not to be used or relied upon in the construction hereof.

## **SHARES**

### **2. Power to Issue Shares**

**2.1** Subject to the the Applicable Law, Articles and any resolution of the Members to the contrary, and without prejudice to any special rights

previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares of the Company on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the Members prescribe, provided that no share shall be issued at a discount except in accordance with the Law and the Applicable Public Company Rules.

- 2.2** Unless otherwise provided in the Articles, the issue of new shares of the Company 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. The issue of new shares shall at all times be subject to the sufficiency of the authorized capital of the Company.
- 2.3** After the application for trading of the shares on the ESM has been approved by the TPEX or the TSE, 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 offering in the ROC to the public ("**Public Offering Portion**") unless it is not necessary or appropriate, as determined by the FSC or the TPEX or the TSE for the Company to conduct the aforementioned public offering or otherwise provided by Applicable Law. However, if a percentage higher than the aforementioned 10% is resolved by the Members in a general meeting by Ordinary Resolution to be offered, the percentage determined by such resolution shall prevail and shares corresponding to such percentage shall be reserved as Public Offering Portion. The Company may also reserve 10% to 15% of such new shares for subscription by the employees of the Company and its Subsidiaries (the "**Employee Subscription Portion**"). The Company may prohibit such employees from transferring the shares so subscribed within a certain period; provided, however, that such a period cannot be more than two years.
- 2.4** Unless otherwise resolved by the Members in general meeting by Ordinary Resolution, where the Company increases its issued share

capital by issuing new shares for cash consideration pursuant to Article 2.3 hereof, after allocation of the Public Offering Portion, including, for the avoidance of doubt, any percentage in excess of 10% of the total amount of the new shares to be issued for offering in the ROC to the public as resolved by the Members in general meeting be offered pursuant to Article 2.3, and the Employee Subscription Portion pursuant to Article 2.3 hereof, 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, to be 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 and that if any Member fails to purchase his pro rata portion of such remaining newly-issued shares within the prescribed period, such Member shall be deemed to forfeit his pre-emptive right to purchase such newly-issued shares. Where an exercise of the pre-emptive right may result in fractional entitlement of a Member, the entitlements (including fractional entitlements) of two or more Members may be combined to jointly subscribe for one or more whole new shares in the name of a single Member, subject to compliance with such directions and terms and conditions as determined by the Board and the Applicable Public Company Rules. If the total number of the new shares to be issued has not been fully subscribed for 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 in such manner as is consistent with the Applicable Public Company Rules.

- 2.5** Subject to the Applicable Law, 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 traded on the ESM or listed on the TPEx or the TSE, 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 rules promulgated by the competent authority of securities of the ROC.

- 2.6** The pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes: in connection with a Merger, spin-off, or pursuant to any reorganization of the Company;
- (a) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.11 hereof;
  - (b) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;
  - (c) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
  - (d) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; or
  - (e) in connection with Private Placement of the securities issued by the Company.
- 2.7** The Company shall not issue any unpaid shares or partly paid-up shares.
- 2.8** Notwithstanding Article 2.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more employee incentive programs 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** Directors of the Company and its Subsidiaries shall not be eligible for Restricted Shares pursuant to Article 2.5 hereof or the incentive programs pursuant to Article 2.8 hereof, provided that directors who are also employees of the Company or its Subsidiaries may subscribe for Restricted Shares or participate in an incentive program in their capacity as an employee and not as a director of the Company or its Subsidiaries.

- 2.11** The Company may enter into agreements with employees of the Company and/or the employees of its Subsidiaries in relation to the incentive program 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 the relevant employee than the terms specified in the applicable incentive program.

### **3. Redemption and Purchase of Shares**

- 3.1** Subject to the Law, the Company is authorized to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member.
- 3.2** The Company is authorized to make payments in respect of the redemption of its shares out of capital or out of any other account or fund authorized for this purpose in accordance with the Law.
- 3.3** The redemption price of a redeemable share, or the method of calculation thereof, shall be fixed by the Board at or before the time of issue.
- 3.4** Every share certificate relating to redeemable share shall indicate that the share is redeemable.
- 3.5** Subject to the Applicable Law and the 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) on such terms and in such manner as the Directors may determine and hold them as Treasury Shares in accordance with the Applicable Law PROVIDED THAT if any purchase of the Company's own shares involves any immediate cancellation of shares of the Company, such repurchase of shares is subject to approval by the Members by way of an Ordinary Resolution and the number of shares of the Company to be cancelled shall be allocated among all the Members as of the date of such cancellation on a pro rata basis (as rounded up or down to the nearest whole number as determined by the Directors) based on the then prevailing percentage of shareholding of the Members, unless otherwise provided for in the Law

or the Applicable Public Company Rules.

Upon approval by Members by way of an Ordinary Resolution to repurchase and cancel shares of the Company, the repurchase price may be paid in any manner authorized by the Law, including in cash or in kind, provided that where any repurchase price is to be paid in kind, the monetary equivalent value of such payment in kind shall be (a) assessed by an ROC certified public accountant before being submitted by the Board to the Members for approval as part of the Ordinary Resolution authorizing the repurchase and cancellation of shares of the Company; and (b) agreed to individually by each Member who will be receiving the repurchase price in kind. Without prejudice to this Article 3.5, in the case of a repurchase of shares by the Company for purposes of changing the currency denomination of share capital of the Company, consent of the holders of the shares subject to such repurchase shall not be required.

- 3.6** In the event that the Company proposes to purchases any share traded on the ESM or listed on the TPEx or the TSE pursuant to the preceding Article, 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 its shares traded on the ESM or listed on the TPEx or the TSE for any reason.
- 3.7** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the Company is authorized to purchase any share traded on the ESM or listed on the TPEx or the TSE in accordance with the following manner of purchase:
- (a) the total price of the shares purchased by the Company shall not exceed the sum of retained earnings minus earnings distribution resolved by the Board or the general meeting, plus the following realized capital reserve:
    - (i) the premium received from the disposal of assets that has not been booked as retained earnings;
    - (ii) the premium paid on the issuance of any share and income from endowments received by the Company provided however

that income from the shares shall not be included before such shares have been transferred to others;

- (b) the maximum number of shares purchased by the Company shall not exceed ten percent of the total number of issued and outstanding shares of the Company; and
- (c) the purchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in its sole discretion provided however that:
  - (i) such purchase transactions shall be in accordance with the laws and regulations of the ROC relating to securities transactions and Applicable Public Company Rules; and
  - (ii) such purchase transactions shall be in accordance with the Law.

**3.8** Subject to Article 3.5 and the Applicable Public Company Rules, the redemption or repurchase price may be paid in any manner permissible under the Law as determined by the Board.

**3.9** A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due enquiry, estimate to be representative of the rates being offered by banks holding “A” licenses (as defined in the Banks and Trust Companies Law (Revised) of the Cayman Islands) in the Cayman Islands for thirty day deposits in the same currency.

**3.10** The Directors may exercise as they think fit the powers conferred on the Company by Section 37(5) of the Law (payment out of capital) but only if and to the extent that the redemption could not otherwise be made (or not without making a fresh issue of shares for this purpose).

**3.11** Subject as aforesaid, the Directors may determine, as they think fit all questions that may arise concerning the manner in which the redemption of the shares shall or may be effected.

**3.12** No share may be redeemed unless it is fully paid-up.

- 3.13** The Board may designate as Treasury Shares any of its shares that it purchases or redeems, or any shares surrendered to it, in accordance with the Applicable Law.
- 3.14** 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 of the Company) may be made to the Company in respect of a Treasury Share.
- 3.15** 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 the Articles or the Law.
- 3.16** After the Company purchases the shares traded on the ESM or listed on the TPEx or the TSE, any proposal to transfer the Treasury Shares to the employees of the Company and its Subsidiaries at a price below the average actual repurchase price must be approved by Special Resolution in the next general meeting and the items required by the Applicable Public Company Rules shall be specified in the notice of the general meeting and may not be proposed as an extemporaneous motion. The aggregate number of Treasury Shares resolved at all general meetings and transferred to the employees of the Company and its Subsidiaries shall not exceed 5% of the total issued shares, and each employee may not subscribe for more than 0.5% of the total issued 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.
- 3.17** Subject to Article 3.16 and the Applicable Public Company Rules, Treasury Shares may be disposed of by the Company on such terms and conditions in accordance with the Applicable Law as determined by the

Directors.

#### **4. Rights Attaching to Shares**

Subject to Article 2.1, the Memorandum and the Articles, other contractual obligations or restrictions that the Company is bound by and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the share capital of the Company shall be divided into shares of a single class the holders of which shall, subject to the provisions of the Articles:

- (a) be entitled to one vote per share;
- (b) be entitled to such dividends as recommended by the Board and approved by the Members at general meeting;
- (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- (d) generally be entitled to enjoy all of the rights attaching to shares.

#### **5. Share Certificates**

**5.1** The Company may issue shares in uncertificated/scripless form or issue share certificates. Where share certificates are issued, every Member shall be entitled to a certificate issued under the Seal (or a facsimile thereof), which shall be affixed or imprinted with the authority of the Board, specifying the number and, where appropriate, the class of shares held by such Member. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means. For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, shares of the Company shall be issued in uncertificated/scripless form unless the issuance of share certificates is required by the provisions of the Applicable Public Company Rules.

**5.2** If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost

certificate if it sees fit.

**5.3** Share may not be issued in bearer form.

**5.4** When the Company shall issue share certificates pursuant to Article 5.1 hereof, the Company shall deliver the share certificates to the subscribers within thirty (30) days from the date such share certificates may be issued pursuant to the Law, the Memorandum, the Articles, and 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.

**5.5** Where the Company shall issue the shares in uncertificated/scripless form, the Company shall upon the issue of such shares cause the name of the subscriber and other particulars to be entered onto the Register of Members in accordance with the Law and the Applicable Public Company Rules.

## **6. Preferred Shares**

**6.1** The Company may by Special Resolution designate one or more classes of shares with preferred or other special rights as the Company, by Special Resolution, may determine (shares with such preferred or other special rights, the "Preferred Shares"), and cause to be set forth in the Articles.

**6.2** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, 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.

## **REGISTRATION OF SHARES**

### **7. Register of Members**

- (a) For so long as shares are traded on the ESM or listed on the TPEx or the TSE, the Board shall cause to be kept a Register of Members which may be kept outside the Cayman Islands at such place as the Directors shall appoint and which shall be maintained in accordance with the Law and the Applicable Public Company Rules.
- (b) In the event that the Company has shares that are not traded on the ESM or listed on the TPEx or the TSE, the Company shall also cause to be kept a register of such shares in accordance with Section 40 of the Law.

### **8. Registered Holder Absolute Owner**

Except as required by law:

- (a) no person shall be recognized by the Company as holding any share on any trust; and
- (b) no person other than the Member shall be recognized by the Company as having any right in a share.

### **9. Transfer of Registered Shares**

- 9.1** Title to shares traded on the ESM or listed on the TPEx or the TSE may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules (including through the book-entry system of the TDCC).
- 9.2** All transfers of shares which are in certificated form may be effected by an instrument of transfer in writing in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and, if the Board so requires, by or on behalf of

the transferee. Without prejudice to the foregoing, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. Notwithstanding the foregoing, an instrument of transfer shall not be required for a repurchase of shares by the Company for purposes of changing the currency of share capital of the Company.

**9.3** The Board may refuse to recognize any instrument of transfer in respect of shares in certificated form unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

**9.4** The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.

**9.5** The Board may in its absolute discretion and without assigning any reason therefore refuse to register the transfer of a share in certificated form in the event such registration of transfer would (i) conflict with the Applicable Law; or (ii) conflict with the Memorandum and/or the Articles. If the Board refuses to register a transfer of any share, the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

## **10. Transmission of Registered Shares**

**10.1** In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognized by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal

personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorized to deal with the shares of a deceased Member.

**10.2** Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share.

**10.3** On the presentation of the evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration or refuse registration as stipulated in Article 9.3 hereof as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.

**10.4** Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognize no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

## **ORDINARY RESOLUTION, SPECIAL RESOLUTION AND SUPERMAJORITY RESOLUTION**

### **11. Alteration of Capital**

**11.1** The Company may from time to time by Ordinary Resolution alter the conditions of its Memorandum to:

- (a) increase its share capital by new shares of such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of a 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;
- (d) sub-divide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares; or
- (e) cancel any shares which, at the date of the passing of the 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.

**11.2** The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the new proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

## **12. Special Resolution and Supermajority Resolution**

**12.1** Subject to the Law and the Articles, the Company may from time to time 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;
- (d) reduce its share capital and any capital redemption reserve fund;  
or
- (e) effect a Merger under the Law.

**12.2** Subject to the Law, 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, for issuance of corporate bonds which do not involve the grant of a warrant, option, or right of conversion or otherwise grant the holders of the bonds the right to acquire equity or similar rights by way of Private Placement within the territory of the ROC, the Company may do so by resolution of the Board in different tranches within one year from the date of the resolution of the Board in accordance with Applicable Public Company Rules.

**12.3** Subject to the Law and Article 12.4 hereof, the following actions by the Company shall require the approval of the Members by a Supermajority Resolution:

- (a) effecting any capitalization of distributable dividends and/or bonus share and/or any other amount prescribed under Article 17 hereof;
- (b) effecting any Merger (except for any Merger which falls within the definition of "merger" and/or "consolidation" under the Law, which requires the approval of the Company by Special Resolution only) or spin-off of the Company;
- (c) entering 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) the transferring of the whole or any essential part of the business or assets of the Company; or

- (e) acquiring or assuming the whole business or assets of another person, which has a material effect on the Company's operation.

**12.4** Subject to the Law, the Company may be wound up voluntarily:

- (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 12.4(a) above.

**12.5** Subject to the Applicable Law, 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 existing Members in proportion to the number of shares being held by each of them or by cash.

### **13. Variation of Rights Attaching to Shares**

If, at any time, the share capital is divided into different classes of shares, 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 the 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 adopted by a Special Resolution and shall also be adopted by a Special Resolution passed at a separate meeting of Members of that class of shares. 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. To any such meeting all the provisions of the Articles relating to general meetings shall apply *mutatis mutandis*.

## **DIVIDENDS AND CAPITALISATION**

### **14. Dividends**

- 14.1** The Board may, subject to approval by the Members by way of Ordinary Resolution or, in the case of Article 12.3(a), Supermajority Resolution and subject to the Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members in proportion to the number of shares held by them, and such dividend may be paid in cash or shares.
- 14.2** Subject to the Applicable Law, no dividends or other distribution shall be paid except out of profits of the Company, realised or unrealised, out of share premium account or any reserve, fund or account as otherwise permitted by the Law. 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 dividends accordingly.
- 14.3** Subject to the Law 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.
- 14.4** Upon the final settlement of the Company's accounts, if there is "surplus profit" (as defined below), the Company shall set aside between zero point one per cent (0.1%) and ten per cent (10%) as compensation to employees ("**Employees' Compensations**") and Employees' Compensations may be distributed to employees of the Company and its Subsidiaries, who meet certain qualifications. The Company shall, from the surplus profit, set aside no more than two per cent (2%) thereof as remuneration for the Directors (excluding the Independent Directors) ("**Directors' Remuneration**"). The distribution proposals in respect of Employees' Compensation and Directors' Remuneration 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 submitted to the shareholders' meeting for report. However, if the Company has accumulated losses, the Company shall reserve an amount thereof for making up the losses before proceeding with the abovementioned distributions and allocation.

The "surplus profit" referred to above means the net profit before tax of the Company and for the avoidance of doubt, such amount is before any payment of compensation to employees and remuneration for the Directors.

- 14.5** The Company operates in a market for specific demands and customized products and is in the growth stage. The Board shall prepare the dividend proposal by taking into account the profit of the year, overall development, financial plans, capital need, projection of the industry and the Company's prospects and so on and submit the proposal for the Members' approval. For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, if there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year, in addition to the provision in Article 14.4: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) ten per cent (10%) as reserve ("Statutory Reserve"); and (iv) a special surplus reserve as required by the applicable securities authority of the ROC under the Applicable Public Company Rules.
- 14.6** Subject to compliance with the Law and after setting aside the amounts for Employees' Compensations and Directors' Remuneration in accordance with Article 14.4 and such amounts as the Board deems fit in accordance with the distribution policy set out in Article 14.5, the Board shall recommend to Members for approval to distribute the remaining profits, if any, together with a part or whole of accumulated undistributed profits in the previous years, after having considered the financial, business and operational factors of the Company, as dividends to Members in proportion to their shareholdings in the amount of no less than twenty per cent (20%) of profit after tax of the relevant year, provided that, in the case of a distribution to Members, no less than ten per cent (10%) of the total amount of such dividend shall be paid in cash.
- 14.7** The Board shall fix any date as the record date for determining the Members entitled to receive any dividend or other distribution.

**14.8** For the purpose of determining Members entitled to receive payment of any dividend or other distributions, the Directors may provide that the Register of Members be closed for transfers for five (5) days before the relevant record date or such other period consistent with the Applicable Public Company Rules subject to compliance with the Law.

**14.9** No unpaid dividend shall bear interest as against the Company.

## **15. Capital Reserve and Power to Set Aside Profits**

**15.1** The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such sum as it thinks proper as a reserve to be used to meet contingencies or for meeting the deficiencies for implementing dividend distribution plans or for any other purpose to which those funds may be properly applied. Pending application, such sums may be in the absolute discretion of the Directors either be employed in the business of the Company or invested in such investment as Directors may from time to time think fit, and need not be kept separate from other assets of the Company. The Directors may also, without placing the same to reserve, carry forward any profit which they decide not to distribute.

**15.2** Subject to any direction from the Company in general meeting, the Directors may on behalf of the Company exercise all the powers and options conferred on the Company by the Law in regard to the Capital Reserve. Subject to compliance with the Law, the Directors may on behalf of the Company set off accumulated losses against credits standing in the Capital Reserve and make distributions out of the Capital Reserve.

## **16. Method of Payment**

**16.1** Any dividend, interest, or other monies payable in cash in respect of the shares may be paid by wire transfer to the Member's designated account or by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the holder may in writing direct.

**16.2** In the case of joint holders of shares, any dividend, interest or other

monies payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the holder may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

- 16.3** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the payment of any dividend shall comply with the Applicable Public Company Rules and the Law.

## **17. Capitalisation**

Subject to the Applicable Law and Article 12.3(a), the Board may capitalise any sum for the time being standing to the credit of the Capital Reserve or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

## **MEETINGS OF MEMBERS**

### **18. Annual General Meetings**

- 18.1** The Company shall hold a general meeting as its annual general meeting within six months following the end of each fiscal year, which shall be called by the Board.

- 18.2** Subject to Article 18.1, the annual general meeting of the Company may be held at such time and place as the Board shall determine. For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, unless otherwise provided by the Law, the general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall apply for the approval of the TPEx or the TSE 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 of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members).

## **19. Extraordinary General Meetings**

- 19.1** General meetings other than annual general meetings shall be called extraordinary general meetings.
- 19.2** The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or is desirable.
- 19.3** For so long as the shares are traded on the ESM or listed on the TPEX or the TSE, the Board shall on a Member's requisition as defined in Article 19.4 forthwith proceed to convene an extraordinary general meeting of the Company.
- 19.4** A Member's requisition set forth in Article 19.3 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 (3%) of the total number of issued shares of the Company which as at that date have been held by such Member(s) for at least one year.
- 19.5** The Member's requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefore.
- 19.6** If the Board does not within fifteen (15) 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 in the same manner, as nearly as possible, as that in which general meetings may be convened by the Board. If it is proposed that the extraordinary general meeting be held outside the ROC, an application shall be submitted by such requisitionists to the TPEX or the TSE for its prior approval.

## **20. Notice**

- 20.1** Before the shares are traded on the ESM or listed on the TPEX or the TSE, at least five days' notice of a general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of business to be conducted at the meeting.

- 20.2** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, at least thirty days' notice of an annual general meeting, and at least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of the business to be considered at the meeting. The notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior written consent from the recipient(s) thereof.
- 20.3** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, 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.
- 20.4** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, 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 general meetings, including but not limited to, election or discharge of Directors, in accordance with Article 20.2 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 Article 20.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be made available to all Members and shall be transmitted to the Market Observation Post System in accordance with the Applicable Public Company Rules.
- 20.5** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, 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 Memorandum or Articles,
- (c) (i) dissolution, Merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for frequent joint operation with others;, (iii) transfer of the whole or any essential part of the business or assets of the Company, and (iv) acquisition or assumption of the whole of the business or assets of another person, which has a material effect on the operations of the Company,
- (d) ratification of an action by Director(s) who engage(s) in business for himself or on behalf of another person that is within the scope of the Company's business,
- (e) distribution of the whole or part of the surplus profit of the Company in the form of new shares, capitalization of Capital Reserve and any other amount in accordance with Article 17,
- (f) making distributions of new shares or cash out of the Statutory Reserve , the premium received on the issuance of any shares and income from endowments received by the Company to its Members, and
- (g) Private Placement of any equity-related securities to be issued by the Company.

**20.6** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the Board shall keep the Memorandum and Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the 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 interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.

**20.7** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the Company shall make available all the 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 (10) 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.

## **21. Giving Notice**

**21.1** Any Notice or document, whether or not to be given or issued under the Articles from the Company to a Member, shall be in writing either by delivering it to such Member in person or by sending it by letter mail or courier service to such Member at his registered address as appearing in the Register of Members or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address. For the purposes of this Article, a notice may be sent via electronic means if so agreed to by the shareholder in writing.

**21.2** Any Notice or other document shall be deemed to be effective when it is sent in accordance with Articles 20 and 21 of these Articles. Any Notice or document may be given to a Member either in the Chinese language or the English language, subject to due compliance with all Applicable Law, rules and regulations. This Article shall apply *mutatis mutandis* to the service of any document by a Member on the Company under the Articles.

## **22. Postponement of General Meeting**

The Board may postpone any general meeting called in accordance with the provisions of the Articles provided that notice of postponement is given to each Member before the time for such meeting. A notice stating the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of the Articles provided that in the event that the Members resolve to postpone the general meeting to a specified date which is not more than five days, Articles 20.1, 20.2, 20.3, 20.4 and 21 do not apply and notice of the adjournment shall not be required.

## **23 Quorum and Proceedings at General Meetings**

- 23.1** No resolutions shall be adopted unless a quorum is present. Unless otherwise provided for in the Articles, Members present in person or by proxy or in the case of a corporate Member, by corporate representative, representing more than one-half of the total issued shares of the Company entitled to vote, shall constitute a quorum for any general meeting.
- 23.2** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, 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 in a manner consistent with the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies of or announce to the public the ratified financial statements and the Company's resolutions on distribution of profits or allocation of losses, to each Member or otherwise make the same available to the Members in accordance with the Applicable Public Company Rules.
- 23.3** Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll.
- 23.4** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, if and to the extent permitted under the Law, 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 convening of any general meeting or the passage of any resolution in violation of applicable laws or regulations or the Articles 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.
- 23.5** Unless otherwise expressly required by the Law, the Memorandum or the Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Members at any general meeting may be passed by an Ordinary Resolution.
- 23.6** For so long as the shares are traded on the ESM or listed on the TPEx or

the TSE, member(s) holding one per cent (1%) or more of the Company's total issued 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 one 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 Applicable Law specifying the place and a period of not less than ten (10) days for Members to submit proposals. Proposals submitted for discussion at an annual general meeting shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than one cent (1%) of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).

- 23.7** The rules and procedures of general meetings shall be established by the Board and approved by an Ordinary Resolution, and such rules and procedures shall be in accordance with the Law, these Articles and the Applicable Public Company Rules.

## **24. Chairman to Preside**

- 24.1** In the event that the general meeting is convened by the Board, the Chairman shall act as chairman at all meetings of the Members at which such person is present. In his absence the Directors who are present at the meeting of Members shall elect one from among themselves to act as the chairman at such meeting in lieu of the Chairman.

- 24.2** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the chairman at all meetings of the Members shall be appointed or elected in accordance with the Applicable Public Company Rules.

## **25. Voting on Resolutions**

- 25.1** Subject to any rights, privileges or restrictions attached to any share, every Member who (being an individual) is present in person or by proxy or (in the case of a corporation or other non-natural person) by duly authorized corporate representative(s) or by proxy shall have one

vote for every share of which he is the holder. A Member who holds shares for benefit of others, need not use all his votes or cast all the votes he holds in the same way as he uses his votes in respect of shares he holds for himself. The qualifications, scope, methods of exercise, operating procedures and other matters with respect to exercising voting power separately shall comply with the Applicable Public Company Rules.

- 25.2** 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 he has paid all the calls on all shares held by such Member. .
- 25.3** 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.
- 25.4** Subject to the Law, for so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the Company shall provide the Members with a method for exercising their voting power by way of electronic transmission; provided, however, that the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission if a general meeting is to be held outside the ROC or otherwise required under the Applicable Public Company Rules. 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 (2) 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 electronic document. The chairman of the general meeting 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 electronic document and/or any amendment to resolution(s) proposed at the said general meeting. For the purpose of clarification, such Members 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.

**25.5** 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 25.4 hereof later intends to attend the general meetings in person, he shall, at least two (2) 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 previous voting decision under Article 25.4 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.

**25.6** A Member who has served the Company with his voting decision in accordance with Article 25.4 for the purpose of exercising his voting power by way of a written ballot or by way of electronic transmission may appoint a person as his proxy to attend the meeting in accordance with the Articles, in which case the vote cast by such proxy shall be deemed to have revoked his previous voting decision served on the Company and the Company shall only count the vote(s) cast by such expressly appointed proxy at the meeting.

## **26. Proxies**

**26.1** 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. The form of proxy shall include at least the following information: (a)

instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Member, proxy and the solicitor (if any). The form of proxy shall be provided to the Members together with the relevant notice for the relevant general meeting, and such notice and proxy materials shall be distributed to all Members on the same day.

- 26.2** An instrument of proxy shall be in writing, be executed under the hand of the appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation or other non-natural person, under the hand of an officer or attorney duly authorized for that purpose. A proxy need not be a Member of the Company.
- 26.3** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, subject to the Applicable Public Company Rules, except for an ROC trust enterprise or stock affair agents approved pursuant to Applicable Public Company Rules, save with respect to the Chairman being deemed appointed as proxy under Article 25.4, in the event a person acts as the proxy for two or more Members, the total number of issued and voting shares entitled to be voted as represented by such proxy shall be no more than three per cent (3%) of the total number of issued and voting shares of the Company immediately prior to the relevant book closed period, during which the Company close its Register of Member; any vote in respect of the portion in excess of such three per cent (3%) threshold shall not be counted.
- 26.4** 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 authorized 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 (2) days prior to the date of such general meeting, serve the Company with a separate 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.

**26.5** 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 not less than five (5) 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 Chairman being deemed appointed as proxy under Article 25.4. 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.

## **27. Proxy Solicitation**

For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, 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."

## **28. Dissenting Member's Appraisal Right**

**28.1** Subject to compliance with the Law, in the event any of the following resolutions is passed at general meetings, any Member who has notified the Company in writing of his objection to such matter prior to the meeting and has raised again his objection at the meeting, may request the Company to purchase all of his shares at the then prevailing fair price:

- (a) the Company proposes to 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;;
- (b) the Company transfers the whole or an essential part of its business or assets, provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or
- (c) acquires or assumes the whole business or assets of another person, which has a material effect on the operation of the Company.

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

## **29. Shares that May Not be Voted**

### **29.1** Shares held:

- (a) by the Company itself;
- (b) by any entity in which the Company owns, legally or beneficially, more than fifty per cent (50%) of its total issued and voting share or share 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 fifty per cent (50%) of its issued and voting share or share capital.

shall not carry any voting rights nor be counted in the total number of issued shares at any given time but only for so long as the circumstances as set out in sub-paragraphs (a) to (c) (as applicable) above continue.

**29.2** 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.

**29.3** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, if the number of shares pledged by a Director at any time amounts to more than 50% of the total shares held by such Director at the time of his latest appointment, such pledged shares exceeding 50%

of the total shares held by such Director at the time of his latest appointment, up to 50% of the total number of shares held by the 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.

### **30. Voting by Joint Holders of Shares**

In the case of joint holders, the joint holders should appoint among themselves one person to exercise the rights of a shareholder pursuant to the Applicable Public Company Rules. In case no agreement is reached among the joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

### **31. Representation of Corporate Member**

**31.1** A corporation or non-natural person which is a Member may, by written instrument, authorize such person or persons as it thinks fit to act as its representative at any meeting of the Members and any person so authorized shall be entitled to exercise the same powers on behalf of the corporation or such non-natural person which such person represents as that corporation or non-natural person could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorized representative or representatives.

**31.2** Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation or non-natural person which is a Member.

### **32. Adjournment of General Meeting**

The chairman of a general meeting may, with the consent of a majority in number of the Members present at any general meeting at which a quorum is present, and shall if so directed, adjourn the meeting. Unless the meeting is

adjourned to a specific date, place and time announced at the meeting being adjourned and the meeting is adjourned for more than five days, a notice stating the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with the provisions of the Articles.

### **33. Directors Attendance at General Meetings**

The Directors of the Company shall be entitled to receive notice of, attend and be heard at any general meeting.

## **DIRECTORS AND OFFICERS**

### **34. Number and Term of Office of Directors**

**34.1** There shall be a Board consisting of no less than five (5) and no more than nine (9) persons. The term of office for each Director shall not exceed a period of three (3) years provided that in the event the expiration of the term of office of such Directors would otherwise leave the Company with no Directors, the term of office of such Directors shall be extended automatically to the date of the general meeting next following the expiration of such term, at which new Directors will be elected to assume office. Directors may be eligible for re-election. The Company may from time to time by Special Resolution increase or reduce the number of Directors, subject to the foregoing and the Applicable Law.

**34.2** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, 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.

**34.3** 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 34.2 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 34.2 hereof. Any person who has already served as a Director but is in violation of the aforementioned

requirements shall be automatically discharged from his office effective from such violation without any action required on behalf of the Company.

**34.4** For so long as the shares are listed on the TPEX or the TSE, unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors and the number of Independent Directors shall not be less than one-fifth of the total number of 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. Before the shares are listed on the TPEX or the TSE, the Board may resolve that the Company shall hold an election of Independent Director(s) at the general meeting.

**34.5** The Directors (including Independent Directors and Directors other than Independent Directors) may be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules provided that the Independent Directors shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules for so long as the shares are traded on the ESM or listed on the TPEX or the TSE.

**34.6** 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 consistent with the Applicable Public Company Rules.

## **35. Election of Directors**

**35.1** The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 35.2 below. 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 elect one or more Directors.

**35.2** The Director(s) shall be elected by Members upon a poll vote by way of

cumulative voting (the manner of voting described in this Article to be referred to as "**Cumulative Voting**") in the following manner:

- (a) on an election of Directors, the numbers of votes attached to each voting share held by a Member shall be cumulative and correspond to the number of Directors nominated for appointment at the general meeting;
- (b) the Member(s) may vote all or part of their cumulated votes in respect of one or more Director candidates;
- (c) such number of Director candidates receiving the highest number of votes in the same category (namely, independent or non-independent) of Directors to be elected shall be appointed; and
- (d) where two or more Director candidates in the same category receive the same number of votes and as a result the total number of new Directors in such category intended to be appointed is exceeded, there shall be a draw by such Director candidates receiving the same number of votes to determine who shall be appointed; the chairman of the meeting shall draw for a Director nominated for appointment who is not present at the general meeting.

**35.3** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, if the number of Independent Directors is less than three (3) persons due to the resignation or removal of such 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 (60) days from the date of resignation or removal of last Independent Director, a general meeting to elect succeeding Independent Directors to fill the vacancies.

**35.4** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, if the number of Directors is less than five (5) persons due to the vacancy of Director(s) for any reason, the Company shall call an election of Director(s) at the next following general meeting to fill the vacancies. 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 (60) days from the date of the occurrence of vacancies, a general meeting to elect succeeding Directors to fill the vacancies.

- 35.5** Where a legal entity is a Member, its authorized representative may be elected as Director of the Company in accordance with the Articles. If there are more than one authorized representatives, each of them may be nominated for election at a general meeting.

### **36. Removal of Directors**

- 36.1** The Company may from time to time by Supermajority Resolution remove any Director from office. Where re-election of all Directors is effected by a resolution adopted at a general meeting prior to the expiration of the term of office of existing Directors, 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 present 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.

- 36.2** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, in case a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or is in serious violation of applicable laws, regulations and/or the Articles, but has not been removed by a Supermajority Resolution, the Member(s) holding three per cent (3%) or more of the total number of issued shares of the Company may, within thirty (30) days after such general meeting, to the extent permissible under Applicable Law, institute a lawsuit to remove such Director. The Taiwan Taipei District Court, ROC, may be the court for this matter.

### **37. Vacation of Office of Director**

- 37.1** The office of Director shall be vacated:

- (a) if the Director is removed from office pursuant to the Articles;

- (b) if the Director dies;
- (c) if the Director is automatically discharged from his office in accordance with Article 34.3;
- (d) if the Director resigns his office by notice in writing to the Company;
- (e) if the Director is the subject of a court order for his removal in accordance with Article 36.2;
- (f) if the Director is automatically removed in accordance with Article 37.2;
- (g) if the Director ceases to be a Director in accordance with Article 37.3; or
- (h) with immediate effect without any action required on behalf of the Company if
  - (i) the Director has been adjudicated bankrupt, and has not been reinstated to his rights and privileges;
  - (ii) an order is made by any competent court or official on the grounds that the Director has no legal capacity, or his legal capacity is restricted according to Applicable Law;
  - (iii) the Director has committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently has been adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of the sentence is less than five years;
  - (iv) the Director has committed an offence in terms of fraud, breach of trust or misappropriation and subsequently has been punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;
  - (v) the Director has been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years;
 or

- (vi) the Director has been dishonored for use of credit instruments, and the term of such sanction has not expired yet.

In the event that any of the foregoing events specified in Article 37(h) has occurred in relation to a candidate for election of Director, such person shall be disqualified from being elected as a Director.

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

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

## **38. Compensation of Directors**

**38.1** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, 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 shall be consistent with the Applicable Public Company Rules. Before the shares are traded on the ESM, the Board may resolve to establish a Compensation

Committee.

**38.2** The compensation referred in the preceding Article shall include the compensation, stock option and other incentive payments of Directors and managers of the Company.

**38.3** The compensation of the Directors may be decided by the Board by reference to recommendation made by the Compensation Committee (if established), the standard generally adopted by other enterprises in the same industry, and shall be paid in cash only. The Directors may also 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, 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 if permitted by the Law, the Applicable Public Company Rules, the service agreement or other similar contract that he/she has entered into with the Company.

#### **39. Defect in Election of Director**

Subject to Article 23.4 and the Applicable Law, all acts done in good faith by the Board or by a committee of the Board or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly elected and was qualified to be a Director.

#### **40. Directors to Manage Business**

The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Law or by the Articles, required to be exercised by the Company in general meeting subject, nevertheless, to the Articles, the provisions of the Law, and to such directions as may be prescribed by the Company in general meeting.

#### **41. Powers of the Board of Directors**

Without limiting the generality of Article 40 and subject to the Applicable Law, the Board may:

- (a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their compensation and determine their duties;
- (b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;
- (c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;
- (d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;
- (e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney. Such attorney may, if so authorised, execute any deed or instrument in any manner permitted by the Law;
- (f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;
- (g) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board and every such committee shall conform to such directions as the Board shall

impose on them. Subject to any directions or regulations made by the Directors for this purpose, the meetings and proceedings of any such committee shall be governed by the provisions of the Articles regulating the meetings and proceedings of the Board;

- (h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board sees fit;
- (i) present any petition and make any application in connection with the liquidation or reorganization of the Company;
- (j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and
- (k) authorize any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any agreement, document or instrument on behalf of the Company.

## **42. Register of Directors and Officers**

**42.1** The Board shall cause to be kept in one or more books at the Registered Office a Register of Directors and Officers in accordance with the Law and shall enter therein the following particulars with respect to each Director and Officer:

- (a) first name and surname; and
- (b) address.

**42.2** The Board shall, within the period of thirty days from the occurrence of:-

- (a) any change among its Directors and Officers; or
- (b) any change in the particulars contained in the Register of Directors and Officers,

cause to be entered on the Register of Directors and Officers the particulars of such change and the date on which such change occurred, and shall notify the Registrar of Companies in accordance with the Law.

## **43. Officers**

The Officers shall consist of a Secretary and such additional Officers as the Board may determine all of whom shall be deemed to be Officers for the purposes of the Articles.

#### **44. Appointment of Officers**

The Secretary (and additional Officers, if any) shall be appointed by the Board from time to time.

#### **45. Duties of Officers**

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

#### **46. Compensation of Officers**

The Officers shall receive such compensation as the Board may determine.

#### **47. Conflicts of Interest**

**47.1** Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to compensation as if such Director were not a Director; provided that this Article 47.1 shall not apply to Independent Directors.

**47.2** Notwithstanding anything to the contrary contained in this Article 47, a Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract or arrangement with the Company shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors as required by the Applicable Law.

**47.3** Notwithstanding anything to the contrary contained in this Article 47, a Director who has a personal interest in the matter under discussion at a meeting of the Directors, 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 board meeting.

- 47.4** Notwithstanding anything to the contrary contained in this Article 47, a Director who is engaged in anything on his own account or on behalf of another person, which 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 their approval by Supermajority Resolution.

#### **48. Indemnification and Exculpation of Directors and Officers**

- 48.1** The Directors and Officers of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, officer or trustee and their respective heirs, executors, administrators, and personal representatives (each of which persons being referred to in this Article as an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud, dishonesty or breach of duties provided under Article 48.4 which may attach to any of the said persons.

- 48.2** The Company may purchase and maintain insurance for the benefit of any Director or Officer of the Company against any liability incurred by him in his capacity as a Director or Officer of the Company or indemnifying such Director or Officer in respect of any loss arising or

liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any Subsidiary thereof.

**48.3** To the extent permitted under the laws of the Cayman Islands, Members continuously holding three per cent (3%) or more of the total issued shares of the Company for a year or longer may:

- (a) request in writing the Board to authorize 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; or

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 authorization or the Independent Director of the Audit Committee having been authorized 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.

**48.4** Without prejudice and subject to the general directors' duties that a Director owe to the Company and its shareholders under common law principals and the laws of the Cayman Islands, a Director shall perform his fiduciary duties of loyalty and due care of a good administrator in the course of conducting the Company's business, and shall indemnify the Company, to the maximum extent legally permissible, from any loss incurred or suffered by the Company arising from breach of his fiduciary duties. If a Director has made any profit for the benefit of himself or any third party as a result of any breach of his fiduciary duties, the Company shall, if so resolved by the Members by way of an Ordinary Resolution, take all such actions and steps as may be appropriate and to the maximum extent legally permissible to seek to

recover such profit from such relevant Director. If a Director has, in the course of conducting the Company's business, violated any laws or regulations that causes the Company to become liable for any compensation or damages to any person, such Director shall become jointly and severally liable for such compensation or damages with the Company and if any reason such Director is not made jointly and severally liable with the Company, such Director shall indemnify the Company for any loss incurred or suffered by the Company caused by a breach of duties by such Director. The Officers, in the course of performing their duties to the Company, shall assume such duties and obligations to indemnify the Company in the same manner as if they are Directors.

## **MEETINGS OF THE BOARD OF DIRECTORS**

### **49. Board Meetings**

- 49.1** Board meetings shall be convened by the Chairman, and the Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit.
- 49.2** For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the Company shall hold regular meetings of the Board at least on a quarterly basis and such meetings shall be held in compliance with the Applicable Public Company Rules.
- 49.3** 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 in the case of an equality of votes the resolution shall fail.
- 49.4** The decision of the Company to not to increase its investment in the Subsidiaries shall require the approval by a majority of the Directors at a meeting of the Board attended by two-thirds or more of the total number of the Directors.
- 49.5** The promulgation or amendment of any rules or management measures with respect to the Related Parties shall require the approval by a majority of the Directors at a meeting of the Board attended by all Independent Directors and two-thirds or more of the total number of the

Directors and at such meeting, all Independent Directors shall be able to express their respective opinions on the promulgation or amendment of such rules or management measures.

## **50. Notice of Board Meetings**

**50.1** The Chairman may, and the Secretary on the requisition of the Chairman shall, at any time summon a meeting of the Board.

**50.2** Before the shares are traded on the ESM or listed on the TPEx or the TSE, at least 48 hours prior notice shall be given for any meeting of the Board provided that in the case of urgent circumstances as agreed by a majority of the Directors, a meeting of the Board may be convened on short notice, or be held anytime after notice has been given to every Director or be convened without prior notice if all Directors agree. For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, to convene a meeting of the Board, a notice setting forth therein the matters to be considered and if appropriate, approved at the meeting shall be given to each Director no later than seven (7) days prior to the scheduled meeting date. However, in the case of emergency as agreed by a majority of the Directors, the meeting may be convened with a shorter notice period in a manner consistent with the Applicable Public Company Rules. For the purposes of this Article, a notice may be sent via electronic means if so agreed to by the Directors.

## **51. Participation in Meetings by Video Conference**

Directors may participate in any meeting of the Board by means of video conference or other communication facilities, as permitted by the Applicable Law, where all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

## **52. Quorum at Board Meetings**

The quorum for a meeting of the Board shall be more than one-half of the total number of the Directors.

## **53. Board to Continue in the Event of Vacancy**

The Board may act notwithstanding any vacancy in its number.

**54. Chairman to Preside**

The Chairman, if there be one, shall act as chairman at all meetings of the Board at which such person is present. In his absence a chairman shall be appointed or elected in accordance with the Applicable Public Company Rules.

**55. Validity of Prior Acts of the Board**

No regulation or alteration to the Articles made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

**CORPORATE RECORDS**

**56. Minutes**

The Board shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all elections and appointments of Officers;
- (b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and
- (c) of all resolutions and proceedings of general meetings of the Members, meetings of the Board, meetings of managers and meetings of committees appointed by the Board.

**57. Register of Mortgages and Charges**

**57.1** The Directors shall cause to be kept the Register of Mortgages and Charges required by the Law.

**57.2** The Register of Mortgages and Charges shall be open to inspection by Members and creditors in accordance with the Law, at the Registered Office on every business day in the Cayman Islands, subject to such reasonable restrictions as the Board may impose, so that not less than two (2) hours in each such business day be allowed for inspection.

**58. Form and Use of Seal**

- 58.1** The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorized by the Directors in that behalf; and, until otherwise determined by the Directors, the Seal shall be affixed in the presence of a Director or the Secretary or an assistant secretary or some other person authorized for this purpose by the Directors or the committee of Directors.
- 58.2** Notwithstanding the foregoing, the Seal may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.
- 58.3** The Company may have one or more duplicate Seals, as permitted by the Law; and, if the Directors think fit, a duplicate Seal may bear on its face of the name of the country, territory, district or place where it is to be issued.

## **TENDER OFFER AND ACCOUNTS**

### **59. Tender Offer**

For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, any public announcement in connection with any tender offer of the Company's shares shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing Public Tender Offers for Securities of Public Companies."

### **60. Books of Account**

- 60.1** The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;
  - (b) all sales and purchases of goods by the Company; and
  - (c) all assets and liabilities of the Company.

Such books of account shall be kept for at least five (5) years from the date they are prepared.

**60.2** Such records of account shall be kept and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept, at such place as the Board thinks fit, such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

**60.3** The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant rules and regulations shall be kept for at least one (1) year. However, if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information mentioned herein, they shall be kept until the conclusion of the litigation if longer than one (1) year.

## **61. Financial Year End**

Unless the Directors otherwise specify, the financial year of the Company:

- (a) shall end on 31st December in the year of its incorporation and each following year; and
- (b) shall begin when it was incorporated and on 1st January each following year.

## **AUDIT COMMITTEE**

## **62. Number of Committee Members**

For so long as the shares are listed on the TPEx or the TSE, the Board shall set up an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and all Independent Directors shall be members of the Audit Committee. The number of committee members shall not be less than three (3). 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.

## **63. Powers of Audit Committee**

**63.1** The Audit Committee (if established) shall have the responsibilities and powers as specified under the Applicable Public Company Rules. 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-related 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 (if applicable under the Applicable Public Company Rules); 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 Directors meeting.

**63.2** Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Independent Directors of the Audit Committee shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, examine the accounting books and documents, and request the Board or officers to report on matters referred to above. Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Board may authorize any Independent Director of the Audit Committee to appoint on behalf of the Company, a practicing lawyer and independent auditors to conduct the examination.

**63.3** The Audit Committee shall audit the various financial statements and records prepared by the Board for submission to the general meeting, and shall report their findings and opinions at such meeting.

## **VOLUNTARY DISSOLUTION AND WINDING-UP**

### **64. Voluntary Dissolution and Winding-Up**

**64.1** The Company may be voluntarily wound-up in accordance with Article 12.4.

**64.2** If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members subject to the Applicable Law. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

## **CHANGES TO CONSTITUTION**

### **65. Changes to Articles**

Subject to the Law and to the conditions contained in its Memorandum, the Company may, by Special Resolution, alter or add to its Articles.

## **LITIGIOUS AND NON-LITIGIOUS AGENT**

### **66. Appointment of Litigious and Non-Litigious Agent**

For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the Company shall appoint a Litigious and Non-Litigious Agent pursuant to the Applicable Law to act as the Company's responsible person in the ROC under the Securities and Exchange Law of the ROC to handle matters stipulated in the Securities and Exchange Law of the ROC and the relevant rules and regulations thereto. The Litigious and Non-Litigious Agent shall be an individual who has a residence or domicile in the ROC.

## **OTHERS**

### **67. ROC Securities Laws and Regulations**

For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, the qualifications, composition, appointment, removal, exercise of functions and other matters with respect to the Directors, Independent Directors, Compensation Committee and Audit Committee which are required to be followed by the Company shall comply with the applicable ROC securities laws and regulations.

### **68. Delisting Resulted from Certain Events**

If the Company proposes to undertake:

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

which would cause or result in the delisting of the Company from the TSE or the TPEx, 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 in exchange for the Company's shares and, (in the case of (d) above) the existing or newly incorporated spun-off company is not a listed company on the TSE or the TPEx, then in addition to any requirements to be satisfied under the Law, such action shall be first approved at a general meeting by a resolution passed by members holding two-thirds or more of the votes of the total number of issued shares of the Company.

## **Appendix III**

### **JPP Holding Company Limited Regulations Governing the Acquisition and Disposal of Assets**

1. These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") of R.O.C.
2. The company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where relevant financial law or regulation provides otherwise, such procedures shall govern.
3. The term "assets" as used in these Regulations includes the following:
  1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
  2. Real property (including land, houses and buildings, investment property, and inventories of construction enterprises) and equipment.
  3. Memberships.
  4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
  5. Right-of-use assets.
  6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
  7. Derivatives.
  8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
  9. Other major assets.
4. Terms used in these Regulations are defined as follows:
  1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, whose value is derived from specified interest rates, financial instrument price, commodity price, foreign exchange rates, indexes of prices or rates, credit rating or credit index or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
  2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
  3. Related party; subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers..
  4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.

5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
  6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
  7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
  8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
  9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
5. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
- May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- (1) May not be a related party or de facto related party of any party to the transaction.
  - (2) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.
- When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:
- (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
  - (2) When examining a case, they shall appropriately plan and execute adequate working

procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

- (3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

#### Disposition Procedures

6. The company shall establish these Regulations in accordance with the provisions of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. After these Regulations have been approved by the board of directors, and then to a shareholders' meeting for approval; the same applies when these Regulations are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created in accordance with the provisions of the Act, when these Regulations are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, when these Regulations are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds 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" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

7. The company shall specify the following items in these Regulations, and handle the acquisition or disposal matters in compliance with the procedures:
  1. The scope of assets.
  2. Appraisal procedures: Shall include the means of price determination and supporting reference materials.
  3. Operating procedures: Shall include the degree of authority delegated, the levels to which authority is delegated, the units responsible for implementation, and transaction process.
  4. Public announcement and regulatory filing procedures.
  5. Total amounts of real property and right-of-use assets thereof and securities acquired by the company and each subsidiary for business use, and limits on individual securities.
  6. Control procedures for the acquisition and disposal of assets by subsidiaries.

7. Penalties for personnel violating these Regulations or the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

8. Other important matters.

The company that engages in any related party transaction, engages in derivatives trading, or conducts a merger, demerger, acquisition, or transfer of shares of enterprises shall, in addition to conducting such matters in compliance with the provisions of the preceding paragraph, shall also establish related procedures in accordance with the provisions of Section III through Section V of this Chapter.

If the company does not intend to engage in derivatives trading, it may, after obtaining the approval of the board of directors, be exempted from adopting procedures governing derivatives trading. If it subsequently wishes to engage in derivatives trading, it will still be required first to comply with the provisions of the preceding article and the preceding paragraph before doing so.

The company shall see to it that its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets in compliance with these Regulations.

8. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.

#### Acquisition or Disposal of Assets

9. In acquiring or disposing of real property, equipment or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use or right-of-use assets thereof, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional

appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

(1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

(2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

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

Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks commencing immediately from the date of occurrence.

10. The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC), Executive Yuan.

11. Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF).

12. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

13. Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

#### Related Party Transactions

14. When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

15. When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 16 and Article 17.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.

Items that have been approved by the board of directors and recognized by the supervisors pursuant to these Regulations need not be counted toward the transaction amount.

5. With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it

directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting: Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

6. Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where the audit committees have been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the audit committees shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.

16. The company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The company that acquires real property from a related party and appraises the cost of the real property or right-of-use thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the company acquires real property or right-of-use thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding Article and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use thereof through inheritance or as a gift.

2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use thereof to the signing date for the current transaction.
  3. The real property is acquired through signing of a joint development contract with the related party.
  4. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
17. When the results of a public company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
    - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
    - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property sale or lease market practices.
  2. Where the company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or right-of-use assets thereof.
- 18 Where the company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two Articles are uniformly lower than the transaction price, the following steps shall be taken:
1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property or right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its

investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2. The independent directors of the audit committee shall comply with Article 218 of the Company Act.

3. Actions taken pursuant to preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the lease has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm length transaction.

#### Engaging in Derivatives Trading

19. The companies engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:

1. Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.

2. Risk management measures.

3. Internal audit system.

4. Regular evaluation methods and the handling of irregular circumstances.

20. The public company engaging in derivatives trading adopts the following risk management measures:

1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.

2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

5. Other important risk management measures.

21. Where the company engaging in derivatives trading, its board of directors shall faithfully

supervise and manage such trading in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.

2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.

2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

The company shall report to the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

22. The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 20, and subparagraph 2 of paragraph 1 as well as subparagraph 1 of paragraph 2 of the preceding Article shall be recorded in detail in the log book.

The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the supervisors shall be notified in writing.

Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors.

Where an audit committee has been established in accordance with the provisions of the Act, the provisions of paragraph 2 relating to supervisors shall apply mutatis mutandis to the audit committee.

#### Mergers and Consolidations, Splits, Acquisitions, and Assignment of

23. The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

24. The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article

when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

25. The company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

26. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of

any company related to the plan for merger, demerger, acquisition, or transfer of shares.

27. The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
  1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
  2. An action, such as a disposal of major assets, that affects the company's financial operations.
  3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
28. The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
  1. Handling of breach of contract.
  2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  4. The manner of handling changes in the number of participating entities or companies.
  5. Preliminary progress schedule for plan execution, and anticipated completion date.
  6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
29. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
30. Where any of the companies participating in a merger, demerger, acquisition, or transfer of

shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 25, Article 26, and the preceding Article.

31. Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements.

2. Merger, demerger, acquisition, or transfer of shares.

3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:

(1) For a company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.

(2) For a company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.

5. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

(1) Trading of domestic government bonds.

(2) Securities trading by investment professionals on securities exchanges or over-the-counter markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.

2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.

3. The cumulative transaction amount of real property or right-of-use assets thereof acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.

4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions

and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

32. Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

33. Information required be publicly announcing and reporting in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by a subsidiary of the company that is not itself a public company in Taiwan shall be reported by the [parent] company.

The paid-in capital or total assets of the company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 31, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches the prescribed percentage of paid-in capital or the total assets.

34. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case that the company's shares have no par value or have a par value other than NT\$10: for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

## Appendix IV

### JPP Holding Company Limited Shareholdings of All Directors

Book closure date: 04 26, 2019

Position	Name	Date elected	Shareholding while elected		Current shareholding	
			Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Director	HO SHENG HOLDINGS CO., LTD.	06.17. 2016	6,173,030	15.73	6,173,030	15.64
Director	POWELL GROUP CO., LTD.	06.17. 2016	4,787,779	12.2	4,787,779	12.13
Director	BELIEVING POWER CO., LTD.	06.17. 2016	3,783,612	9.64	3,783,612	9.59
Director	Mr. Wang Chia-Nan	06.17. 2016	168,177	0.44	170,177	0.43
Independent Director	Mr. Chen Shih-Chin	06.17. 2016	0	0	0	0
Independent Director	Mr. Kao Hong-Ming	06.17. 2016	0	0	0	0
Independent Director	Mr. Huang Yung-Fu	06.17. 2016	0	0	0	0
Total			14,912,598	38.01	14,914,598	37.79

**Note 1:** Total Issued shares: 39,464,608 shares on 04/26/19 (book closure date).

**Note 2:** The minimum required combined shareholding of all directors by law: 4,500,000 shares

The combined shareholding of all directors on the book closure date: 14,914,598 shares

**Note 3:** The shares held by independent director shall not be counted in the calculation of director shareholdings.