

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

2019 Annual Shareholders' Meeting

Meeting Handbook

(Translation)

Date of Shareholders' Meeting: June 6, 2019 (Mon) 9 am

Address of Shareholders' Meeting: Conference room, 4F, No.2-1, Section 1, Jinan Rd,
Taipei (National Taiwan University Alumni Hall)

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

Table of Contents

	Pages
Chapter I Meeting Procedure	1
Chapter II Meeting Agenda	2
I. Announcements	3
II. Recognition	6
III. Matters to Be Discussed	7
IV. Extempore Motion	7
V. Adjournment	7
Chapter III Attachment	
I. 2018 Operating Report	8
II. 2018 Audit Report of Audit Committee	14
III. CPA Audit Report and 2018 Consolidated Financial Statements	15
IV. Statements of Deficit Compensated	27
V. Comparison Table of Operation Procedures of Acquisition or Disposal of Assets ...	28
VI. Comparison Table of Amendments to the Articles of Association	30
Chapter IV Appendix	
I. Procedures for Acquisition or Disposal of Assets (before Amendment)	45
II. Articles of Association (before Amendment)	66
III. Rules of Procedure for Shareholders' Meetings	112
IV. Shareholding Status of Directors	119

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

2019 Annual Shareholders' Meeting Procedure

- I. Call Meeting to Order
- II. Chairperson's Remarks
- III. Management Presentation
- IV. Proposals
- V. Discussions
- VI. Questions and Motions
- VII. Adjournment

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

2019 Annual Shareholders' Meeting Agenda

Time: June 6, 2019 (Mon) 9 am

Address: Conference room, 4F, No.2-1, Section 1, Jinan Rd, Taipei (National Taiwan University Alumni Hall)

- I. Call Meeting to Order
- II. Chairperson's remarks
- III. Report Items
 - (I) 2018 Operating Report
 - (II) 2018 Final Statement Audited by Audit Committee
 - (III) 2018 Allocation Report of Remuneration to Employees and Directors
 - (IV) Treasury Stock Execution Report
 - (V) Issuance of Second Guaranteed Convertible Corporate Bonds Execution Report within the Territory of the Republic of China
- IV. Proposals
 - (I) 2018 Operating Report and Consolidated Financial Statement Proposals of the Company
 - (II) 2018 Deficit Compensated Proposal of the Company
- V. Discussion
 - (I) Amendment to "Operation Procedures of Acquisition or Disposal of Assets"
 - (II) Amendment to the "Articles of Association"
- VI. Questions and Motions
- VII. Adjournment

Report items

First proposal

by the Board of Directors

Cause: Submit 2018 Operating Report for Joint Deliberation.

Note: Please refer to page 8-13 of this manual for the 2018 Operating Report of the Company (Attachment I).

Second proposal

by the Board of Directors

Cause: Submit 2018 Final Statement Report audited by Audit Committee for Joint Deliberation.

Note: Please refer to page 14 of this manual for the report audited by Audit Committee 2018 of the Company (Attachment II).

Third proposal

by the Board of Directors

Cause: Submit 2018 Allocation Report of Bonuses to Employees and Directors for Joint Deliberation.

Note:

- (I) In accordance with Article 14.5 of the Articles of Association, where there is profit in the year of the Company, 5%-10% of the profit is to be allocated as remuneration to employees, and no more than 3% allocated as remuneration to directors.
- (II) The remunerations to employees and directors in 2018 were allocated according to the previous practice, and issued in cash upon the resolution of the Board Meeting on March 4, 2019. Please refer to the following table for details.

Unit: NTD\$

Items	Amount to be allocated by the Board Meeting	Ratio in profit
Employee's remuneration	4,026,279	5.00%
Directors' remuneration	748,896	0.93%
Total	4,775,175	5.93%

Note: The remuneration to employees and directors were consistent with the estimated expense in 2018.

Fourth proposal

by the Board of Directors

Cause: Submit Treasury Stock Execution Report for Joint Deliberation.

Note:

- (I) Handled in accordance with Article 28 of Securities Transaction Act "Methods of Repurchase of Its Own Company Shares by Listed and Over-the-Counter Companies".
- (II) The repurchase situation of the Company's shares is reported as follows:

Repurchase (Period)	Fourth Meeting
Objective of repurchase	Transfer of shares to employees
Repurchase Period	January 3, 2018to February 12, 2018
Repurchase price range	NT\$ 16.75-38
Type and number of repurchased shares	Common stock/500 thousand shares
Amount of repurchased shares	NT\$ 12,474 thousand
Average repurchase price of every share	NT\$ 24.95
Reason for incomplete execution	-
Number of shares eliminated and transferred	- in thousand shares
Cumulative number of shares held in the Company	1,258 thousand shares
The ratio of the cumulative number of shares held of in Companyto the total number of shares issued (%)	1.02%

Fifth proposal

by the Board of Directors

Cause: Submit Execution Report of Issuance of Second Guaranteed Convertible Corporate Bonds within the Territory of the Republic of China for Joint Deliberation.

Note:

Name of bonds	Second Guaranteed Convertible Corporate Bonds within the Territory of the Republic of China
Reason for issuance	Repayment of bank loans
Issuance amount	NT\$ 500 million
Face interest rate	0%
Issuance period	3 years. Available from September 30, 2017 to September 30, 2020.
Issuance situations	The resolution of the Board Meeting on June 30, 2017 was to handle the second guaranteed convertible corporate bonds within the territory of the Republic of China; on August 8, 2018, the Company obtained the effective letter of application from FSC No.1060028399, and was listed for buying and selling transaction on September 30, 2017.
Conversion situations	As of the base date for book closure (April 8, 2019), there was no application for conversion.

Recognition

First proposal

by the Board of Directors

Cause: Submit the recognition case of the 2018 Operating Report and Consolidated Financial Statement of the Company for Joint Deliberation.

Note:

- I. The 2018 Consolidated financial Statement of the Company had been audited by CPAs Kuan-Wen Lu and Tzu-Hui Lee with KPMG, and passed the resolution of the fifth session of the third Audit Committee and the fifth session of the third Board Meeting.
- II. The attached are 2018 Operating Report (please refer to page 8-13 of this manual (Attachment I)), CPA Audit Report and Consolidated Financial Statement (please refer to page 15-26 of this manual (Attachment III)) for recognition.

Resolution:

Second proposal

by the Board of Directors

Cause: Submit 2018 Deficit Compensation Proposal of the Company for recognition.

Note:

- I. The undistributed earnings of the Company at the beginning of the period was NT\$ 61,640,826, so the distributable earnings for the period was NT\$ 75,264,821 after addition of the re-measurement change number of definite welfare plan NT\$ 28,223,296 and after-tax net loss (NT\$ 14,599,301); the conversion net decrease for recognition of special surplus reserve-financial statement translation of institutions running overseas was NT\$ (75,264,821), and the undistributed earnings at the end of the period was NT\$ 0.
- II. Please refer to page 27 of this manual for 2018 Deficit Compensation Statement (Attachment IV).

Resolution:

Discussions

First proposal

by the Board of Directors

Cause: Submit the Company's intention to amend "Operation Procedures of Acquisition or Disposal of Assets" for discussions.

Note:

- I. The Company was planning to amend partial Articles in " Operation Procedures of Acquisition or Disposal of Assets" according to actual operation requirement and laws and regulations.
- II. Please refer to page 28-29 of this manual for The Comparison Table of Amendments (Attachment V).
- III. Submitted for resolution.

Resolution:

Second proposal

by the Board of Directors

Cause: Submit amendment proposal of "Articles of Association" for discussion.

Note:

- I. The Company is planning to amend partial Articles in "Articles of Association" according to the relevant policies and regulations of the competent authority.
- II. Please refer to page 30-44 of this manual for The Comparison Table of Amendments (Attachment VI).
- III. Submitted for special resolution.

Resolution:

Extempore motion

Adjournment

Attachment I Operating Report

Chapter I Letter to the Shareholders

I. Introduction

By reviewing the operation performance of the Company in the past year, it can be found that although influenced by the continued global economic slump and Sino-US trade war combined with the slowdown difficulties of domestic sales of household appliances in 2018, the Company had started to gain benefits gradually and seen continuously improving profits thanks to the operation layout in the China market. Apart from accelerating the research and development of intelligent household appliances, the Company had also expanded the channels, improved quality and brand image, and grasped new market opportunities.

In the previous year, the Company had conducted operation framework adjustment, resources integration, production efficiency improvement, so as to lower production lost, uplift product price competitiveness; meanwhile, it had also actively developed high-end household appliances. With the introduction of new products, expansion of channel width and layout of sales strategy, it is expected to witness brand-new performance in 2019.

The following are the overview of the Company's operation in 2018 and the future prospect in 2019:

The Company is the ultimate parent company of the listed Group, mainly responsible for investment and holding. The production base is located at Shenzhen, Guangdong Province and Jiujiang, Jiangxi Province. The consolidated revenue in 2018 was NT\$ (14.6) million, and the net loss for every share after consolidated tax was NT\$ (0.12). Looking forward to 2019, the economy of Mainland China is still facing various economical challenges. In facing the continuous and stable growth of fast-moving demand for consumer goods and intense competition in small household appliances sector, the Company will continue to expand the Group operation scale, enhance operation management and reasonable control over cost and expense, actively expand market and deepen customer service, cooperate with major customers for shared growth, so as to build an enterprise with competitiveness and core values.

Looking forward to the future, consumers have raised their requirement upon small household appliances quality with the constantly improving living standard in Mainland China. This can be an opportunity for the Company. However, facing the downturn growth momentum and diversified and intense competition in the market of fast-moving consumer goods in Mainland China, the re-invested affiliated companies of the Company and the Group have to continue to stably dig deep into customer group and expand the market of terminal customers. Since the listing, the operation teams and all employees have spared no efforts in the production and operation of the industry with humbler spirit, strict requirement for self-reflection, and active and practical attitude. It is expected to offer competitive optimized products in the sector of small household appliances, create maximal benefits for shareholders and employees, and fulfill corporate social responsibilities, thus paying back the continuous support and care of shareholders and thanking their support as well.

II. 2018 Operating Results

(I) 2018 Operating Plan and Execution Results

Unit: NT\$ thousand

Items	2018 Number of audit times	2017 Number of audit times	Growth Rate
Consolidated operation revenue	10,614,940	10,024,202	5.89%
Consolidated operation gross profit	1,809,931	1,736,363	4.24%
Consolidated operation net profit	68,437	(46,001)	248.77%
Net revenue (expenditure) outside consolidated operation	3,830	53,336	(92.82)%
Consolidated Income Before Tax	72,267	7,335	885.24%
Income tax expense	90,350	5,981	1410.62%
Total consolidated profit or loss	(18,083)	1,354	(1435.52)%

(II) Financial revenue and profitability

Items		Year	2018	2017
Financial structure	Liability to asset ratio (%)		70.44	66.84
Solvency	Current ratio (%)		98.24	112.79
	Quick ratio (%)		55.45	50.26
Profitability	Asset return rate (%)		0.97	0.86
	Shareholders' equity return rate (%)		(0.58)	0.16
	Net profit ratio (%)		(0.14)	0.04
	Earnings per share (NT\$)		(0.12)	0.03

(III) Yearly research and new technology development status

1. Yearly research and new technology development results

- (1) Research and development of new-type water mist fan
- (2) Research of mute blades
- (3) Research and development of mute tower fan
- (4) Research and development of double-reflector electric heater
- (5) Research and development of humidifier and purifier
- (6) Research and development of folding box fan
- (7) Research and development of cover dryer
- (8) Development of DC brushless BMC motor
- (9) Development of standardized and modularized PCB modules
- (10) Research and development of purifying current fan
- (11) Research and development of humidifying current fan
- (12) Research and development of tower PTC electric heater
- (13) Research and development of vaporizing humidifier
- (14) Research and development of humidifying vaporizing humidifier with PTC (for dual purpose of humidifying and heating)
- (15) Research and development of tower heating coil electric heater
- (16) Research and development of cabinet heating coil electric heater
- (17) Research and development of one-piece skirting electric heater
- (18) Research and development of drum-type naturally vaporizing humidifier
- (19) Research and development of swaying parts with a 50 nosing up degree

2. Future research and new technology development plan

(1) Short-term business development plan

- A. Due to the changes in "coal to electricity" heating system in north China, the Company will enhance the research and development of various electric heaters, especially heat storage ones.
- B. Continue to uplift the efficiency of various motors, and fill in the gap of brushless DC BMC motor.
- C. Increase research and development input into new fans in domestic sales market, and increase models to cater to demands at different places.
- D. Continue to increase health related household appliance series.
- E. Increase research and development input into new fan system in medical system.

(2) Long-term business development plan

- A. Conduct prospective research on IoT household appliances.
- B. Cooperate in design of modularized products, and uplift researches on productivity.

- C. Conduct application research on the sensors and man-machine interaction (voice control) for intelligent household appliances.
- D. Conduct research on various composite air processor (cooling, heating, sterilizing and humidifying).
- E. Conduct application research on aerodynamics, air vent, blade optimization.

III. Operating plan overview of the year

1. Center on brand development in the China market, build enterprise with competitiveness and core values, ensure advantages in quality and quantity, and enhance cooperation with suppliers and customers.
2. Continue to push forward the localization of employment for companies, build Group enterprises management pattern, devote to company products popularization and continuous development of new products, improvement of production technology, continuous improvement in automation production line and reasonable control over expense and cost, to realize operation profits.
3. Emphasize harmonious labor relations, create maximal profits for employees and shareholders, and fulfill corporate social responsibilities.

(II) Expected sales quantity and basis

The market for the re-invested affiliated companies of the Company is located in Mainland China, Northeast Asia, Europe and America, so the yearly expected sales quantity is judged upon according to relevant statistical data of local industry, information feedback from major customers and future market supply-demand. Comprehensively speaking, the operation quantity and amount for small household appliances in the future will continue with stable growth.

(III) Important production and sales policies

1. Export sales
 - Ensure stable growth of sales of bi-seasonal products at the markets of Japan, South Korea, Europe and America, actively develop new customers, and assist customers in developing new products and introducing them into the market of Taiwan, Mainland China and Thailand.
 - Develop multifunction small household appliances, promote them to customers, and strive for OEM orders.
2. Offline operation in China
 - Team integration: the whole country is divided into 4 regions of east, west, south and north and 4 chief inspectors are set up to more accurately and effectively get close to the market for management, and improve the brand service to dealers and consumers.
 - Product depth concentration: concentrate on product going vogue, narrow down SKU, ensure product sales efficiency, and uplift product-sales integration. Emphasize the turnover rate of dealers and factory inventories, lower the inventory at the end of quarter, and realize decision of production according to sales.
 - Deep digging into channels: continue to expand the width of channel outlets,

from 1200 in 2017 to 2000 Airmate image shops at county/township in 2018. Uplift experience in 3C and supermarket system, enhance store image input and training of shopping guides, and increase the retailing amount of stores and ratio of high-end product sales.

3. Online operation in China

- Sound development on various platforms: develop differentiated and salable product portfolios for the online consumer groups and sales modes at the four major platforms of Tmall, JD, Suning and Vipshop, to meet the demand of different consumers. Emphasize the development of other new-type sales modes like pinduoduo, yunjinnet and YEATION, to improve the brand ratio across the network and all channels.
- Utilize the characteristics of high efficiency, low cost and high concentration of online platforms, make key input into the market of 4 major categories of clothes dryers, dehumidifiers, air exchange fans and bath heaters apart from electric fans and heaters, so as to make way for higher sustainable performance growth of the brand.
- Online propaganda: use the new social media and self-brand media as the propaganda channels, take quality, interactive and quality orientation-conforming content as communication means, enhance communication and exchange with users (especially young users of generation Z) and fans, improve Airmate's popularity and reputation among young consumer groups, and uplift its quality influence.

IV. Future development strategies

The Company and its re-invested affiliated companies will continue to pay close attention to the development of the industry, develop high gross profit products, carry out new technology research, development and modification, and enhance cooperation with suppliers and customers.

V. Influence of external competition environment, legal environment and overall operation environment

(I) Influence of external competition environment

The small household appliances industry is faced with various intense competition, so the Company and affiliated companies will continue to give play to their existing advantages and conduct reasonable control over expense and cost, to lower the impact of external competition environment.

(II) Influence of legal environment

The Company and affiliated companies have not undergone or faced any loss from country or region where there is influence of legal environment changes in recent years.

(III) Influence of overall operation environment

At present, the production and operation of re-invested affiliated companies of the Company are in Chinese Mainland. Although the overall environment for local small household appliances industry is intensely competitive, it is expected to see continuous stable growth in the future for economic development and significantly improved per capita income as well as increasingly enhanced consumption power.

Wish you peace and happiness

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

President: Rui-Bin Shih

General Manager: Rui-Bin Shih

Accountant in Charge: ZHANG ZHI WEI

Attachment II Audit Report by Audit Committee

Audit Report by Audit Committee

The Audit Committee has consented the Company's 2018 Consolidated Financial Statements approved by the Board of Directors have been audited by KPMG Taiwan appointed by the Board of Directors, and a standard unqualified opinion audit report has been issued thereof.

The Audit Committee has the responsibility for overseeing the Company's financial Statements approved by the

The Company's 2018 Consolidated Financial Statements have been audited by the CPAs, who have communicated with the Audit Committee regarding the following matters:

1. There was no significant discovery concerning the audit by the CPAs within the planned audit scope and time period.
2. The CPAs have provided the Audit Committee a declaration of independence where the personnel from the accounting firm are in compliance with the independence norms of CPAs code of professional ethics. Relations and other items that may be considered to affect the independence of the CPAs have not been found.
3. In the communication with the CPAs regarding key audit items, the Audit Committee found no key audit items that have the need to be communicated in the audit report.

The Company's 2018 Consolidated Financial Statements consented by the Audit Committee and approved by the Board of Directors are in compliance with the relevant laws and regulations, and are thereby reported according to the Article 219 of the Company Act.

It is hereby submitted for review.

Sincerely,

2018 General Shareholders' Meeting of Airmate (Cayman) International Co., Ltd.

Audit Committee Convener: FAN, CHIN-HWA

AttachmentIII CPA Audit Report and Consolidated Financial Statement

Representation Letter

The entities that are required to be included in the combined financial statements of AIRMATE (CAYMAN) INTERNATIONALCO LIMITED as of and for the year ended December 31, 2018 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements. " In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, AIRMATE (CAYMAN) INTERNATIONALCO LIMITED and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby Declared by

Company name: AIRMATE (CAYMAN)
INTERNATIONALCO LIMITED

Chairman: Rui-Bin Shih
Date: March 4, 2019

Independent Auditors' Report

Presented to Board of Director, Airmate (Cayman) International Co Limited

Opinion

The consolidated balance sheets of Airmate (Cayman) International Co Limited and Subsidiaries (hereinafter referred to as Airmate Group) as of December 31, 2017 and 2018, consolidated statements of comprehensive income as of 2018 and from January 1 to December 31, 2017, consolidated statements of changes in equity, consolidated statements of cash flows, and the notes of consolidated financial statements (including summary description of significant accounting policies) have been audited by the accountant.

Based on our review, the above Consolidated Financial Statements have been compiled in accordance with Regulations Governing the Preparation of Financial Reports, IFRSs and IAS with relevant interpretations and announcement approved and published by Financial Supervisory Commission. These financial statements are sufficient in presenting the Consolidated Financial Position of Airmate Group as of December 31, 2017 and 2018 and the Consolidated Financial Performance and the Consolidated Cash Flow for the period of January 1 to December 31, 2017 and 2018.

Basis of Audit Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). 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 Airmate 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. The accountant believes that sufficient and appropriate evidences for the audit have been obtained as the basis for expressing opinion.

Key Audit Matters

Key audit matters refer to most vital matters in the process of auditing of 2018 Consolidated Financial Statement of Airmate Group based on our professional judgment. These matters have been dealt with in the process of auditing the overall consolidated financial report and forming a review opinion. The accountant does not express separate opinions on these matters. The accountant's judgment should communicate the key audit matters on the audit report as follows:

I. Revenue recognition

For the accounting policy of revenue recognition, please refer to the revenue of the customer contract in Note 4 (16) of the consolidated financial statements. For the description of the revenue and expected return assessment, please refer to rights of pending returning products in Note 6 (9), refund liabilities in Note 6 (11), and revenue from customer contracts in Notes 6 (20) of the consolidated financial statements.

Description of Key Audit Matters:

Airmate Group is principally engaged in the sales of household appliances made in-house, and its operating revenue is one of the important items in the financial statement and is a matter of concern to users or recipients of the financial statement. Thus, revenue recognition is one of the important evaluated items when the accountant is auditing Airmate Group.

In response to the auditing procedures:

The main review procedures for the above-mentioned key audit matters performed by the accountant, including the accounting policies for assessing revenue recognition, are handled in accordance with the relevant communiques and have properly disclosed revenue information; The relevant manual control of the sales and collection operations cycle were tested, and the sales system data and general ledger entry were audited and amended; The sales contracts and terms between the important affiliated companies of the Group and customers are reviewed, the consistency with accounting policies was tested, and the accounting treatment and disclosure of expected sales returns were considered; A biennial analysis of the product categories and revenues from top ten customer was conducted to assess whether there is any significant abnormality; The sales return amount estimated by the management of the Group was obtained to compare with relevant internal or external data to assess the rationality of relevant parameters and key assumptions; The correctness of the sales return amount in the previous year was reviewed to assess whether there is any significant abnormality in the sales return amount estimated by the management; Sales transactions for a period of time before and after the balance sheet date were selected to audit the relevant internal and external information and evaluate whether sales revenues are covered in the appropriate period.

II. Note receivables and account receivables and impairment evaluation

For the accounting policies of impairment evaluation of account receivables, please refer to financial tools in Note 4 (17) of the consolidated financial statements; For the descriptions of accounting estimates of the allowances loss for accounts receivables and uncertainty of the assumptions, please refer to Note 5 (1) of the consolidated financial statements; For the impairment evaluation of accounts receivables and the transfer of obligations for note receivables, please refer to Note 6 (III) and 9 (2) of the consolidated financial statements.

Description of Key Audit Matters:

Airmate Group reserves expected credit losses in accordance with the stipulated accounts receivable allowance for bad debt policy. The reserves are conducted based on customer's credit risk and historical credit loss experience and reasonable expectations of customers' future economic conditions. In addition, Airmate Group discounts its notes receivables, or transfers the notes receivables to the supplier as payment in accordance with transaction

practice. The discounted and transferred notes receivables are all bank acceptances. It is not expected that the financial institution will refuse to pay the payment. Therefore, the discounted and transferred notes receivables are presented as a deduction for the notes receivables. In summary, the evaluation of the notes receivables and the impairment evaluation of accounts receivable is one of the important evaluation items for the accountant to audit the consolidated financial statement.

In response to the auditing procedures:

The accountant's main audit procedures for the above key auditing matters include understanding the accounting policies of Airmate Group in relation to notes receivables and accounts receivables and their impairments; Perform sampling procedures to check the correctness of the aging of accounts receivable and analyze the changes in the age of accounts receivable in each period; Review the status of collections after the accounts receivables came due to assess the reasonableness of the allowance for impairment losses and the amount of the allowance; Obtain and review the accounts receivable and sales contract, audit the relevant documents, confirm whether the contracts have right of recourse and send a letter of inquiry to understand the rights and obligations of Airmate Group and determine whether the nature of the transaction is a sale or secured loan.

III. Inventory Valuation

For the accounting policies of inventories, please refer to Note 4 (8) of the consolidated financial statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5 (2) of the consolidated financial statements; For the description of important accounting items in inventories, please refer to Note 6 (5) of the consolidated financial statements.

Description of Key Audit Matters:

Inventory is measured by the lower of cost and net realizable value. Since the inventories of Airmate Group are mainly household appliances such as electric fans and electric heaters, the characteristics of its products are affected by weather changes, which will result in unsalable inventory. The Group may sell its products at a lower price to reduce inventory. This may induce a risk that the cost of inventory is higher than net realizable value. Therefore, inventory evaluation is one of the important evaluation items in accountant's auditing on the financial review of Airmate Group.

In response to the auditing procedures:

The accountant understood the recognition policies of inventory depreciation loss of Emmett Group and assessed whether its inventory evaluation has been implemented in accordance with established accounting policies, including the implementation of sampling procedures to check the correctness of inventory age, and to analyze the changes in inventory age of each period; The reasonableness of past reserves for inventory depreciation loss withheld by the management was reviewed and was compared with the methods and

assumptions on the reserves for inventory depreciation loss for the current period to assess whether the valuation method and assumptions of the reserves for inventory depreciation loss for the current period are appropriate. The inventory sales status after the period is reviewed to assess the reasonableness of the estimation of the reserves for inventory depreciation loss.

Responsibility of the management and the governing body for the Consolidated Financial Statements

The responsibilities of management are to prepare an appropriately expressed consolidated financial report in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and standing interpretation recognized and published by Financial Supervisory Commission, and maintain the necessary internal controls related to the preparation of the consolidated financial statements to ensure that the consolidated financial report does not contain significant misrepresentation due to fraud or error.

In preparing the Consolidated Financial Statements, the responsibility of management includes assessing Airmate Group ability to continue as a going concern, disclosing going concern matters, as well as adopting going concern accounting, unless the management intends to liquidate Airmate Group or terminate the business, or no practicable measure other than liquidation or termination of the business can be taken.

The governing bodies of Airmate Group (including the Audit Committee) have the responsibility to oversee the procedures for financial reporting.

Accountant's responsibility in auditing consolidated financial statement

The purpose of our audit is to provide reasonable assurance that the Consolidated Financial Statements as a whole contains no material misstatements, whether due to fraud or error, and to issue an auditor's 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 Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement in consolidated financial statements when it exists. Misstatement may be caused by fraud or error. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the consolidated financial statements, they will be deemed as material.

When the accountant is auditing in accordance with generally accepted auditing standards, the accountant uses professional judgment and maintains professional suspicion. The accountant will also perform the following duties:

1. Identifying and assessing the risk of material misstatement in a consolidated financial statement due to fraud or error; Moreover, obtain sufficient and appropriate audit evidence as the basis for the auditing. The risk for not being able to detect misstatement

that is caused by fraud is higher than that caused by mistakes because fraud may involve conspiracy, forgery, intentional omission, false statement or overstepping internal control.

2. Obtaining 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 internal control of Airmate Group.
3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly.
4. Concluding on the appropriateness of the management's use of going concern basis of accounting, and determining whether there existed events or circumstances that might cast significant uncertainty over Airmate Group's ability to continue as a going concern. If the accountant believes that there are material uncertainties in the events or circumstances, it is necessary to remind the users of the consolidated financial statements to pay attention to the relevant disclosures of the consolidated financial statements in the audit report, or to amend the audit opinions when the disclosure is inappropriate. The accountant's conclusions are based on the audited evidence obtained as of the date of the audit report. However, future events or circumstances may cause Airmate Group to no longer have the capacity to function as a going concern.
5. Evaluating the overall expression, structure, and contents of the consolidated financial statements (including related notes) and whether the consolidated financial statements could appropriately express related transactions and events.
6. Obtained adequate and appropriate audit evidence regarding financial information of members of the Group so as to express opinions for the Consolidated Financial Statements. The CPA is responsible for the guidance, supervision, and implementation of Airmate Group's audit and responsible for forming audit opinions on Airmate Group.

Items that have been communicated by the accountant to the governance bodies, including the planned scope and timing of the audit, as well as major audit findings (including significant internal control deficiencies identified during the audit).

We have also provided the statement pertaining to our accounting firm's personnel under governance of independence to the governance unit, and communicated with governance unit over relations and other items (including relevant protective measures) that could affect the CPA's independence.

From the matters communicated with the governing bodies, we determined the key audit matters for Airmate Group's Consolidated Financial Statements for 2018. The accountant has stated those items in the audit report unless the law does not allow public disclosure of certain matters, or under extreme rare cases, the accountant decided not to communicate specific matters in the audit report because it can be reasonably assume the negative impact of communication is greater than the promoted public interest.

KPMG

Taipei, Taiwan (Republic of China)

March 4,2019

Note to Readers

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Balance Sheets
December 31, 2018 and 2017

Unit: thousand NT\$

		2018.12.31		2017.12.31				2018.12.31		2017.12.31	
Asset		Amount	%	Amount	%	Liabilities and Equities		Amount	%	Amount	%
Current Asset:						Current Liabilities:					
1100	Cash and cash equivalents (Note 6 (1))	\$ 417,768	5	300,850	4	2100	Short-Term Borrowings (Note 6 (10), 8)	\$ 1,289,239	15	1,071,992	13
1110	Financial Assets at Fair Value Through Profit or Loss - Current (Note 6 (2))	129,526	2	243	-	2120	Financial Liabilities at Fair Value Through Profit or Loss - Current (Note 6 (2) (14))	8,734	-	-	-
1150	Amount of Notes Receivables, Net (Note 6 (3), 8)	482,292	6	163,405	2	2131	Sales Revenue Received in Advance	359,937	4	159,452	2
1170	Amount of Account Receivables, Net (Note 6 (3))	1,173,297	14	1,190,060	15	2150	Notes Payable (Note 6 (11), 8)	1,177,486	14	832,685	11
1180	Account Receivable from Related Parties, Net (Note 7)	101,447	1	45,030	1	2170	Accounts Payable	928,657	11	1,237,741	16
130X	Inventories (Note 6 (5))	2,130,614	25	2,477,652	32	2200	Other Payables (Note 6 (11))	514,676	6	576,919	7
1470	Other Current Assets (Note 6 (4) (9) and 8)	544,740	7	254,837	3	2220	Other Payables to Related Parties (Note 7)	6,320	-	8,522	-
Total Current Assets		4,979,684	60	4,432,077	57	2230	Current Tax Liabilities	157,993	2	17,850	-
Noncurrent Asset:						2250	Provisions-Current (Note 6 (12))	6,871	-	118,633	2
1550	Investment accounted for Using the Equity Method (Note 6 (6))	30,045	-	34,854	-	2300	Other Current Liabilities (Note 6 (11))	84,138	1	3,354	-
1600	Property, Plant and Equipment (Note 6 (7), 8 and 12(3))	2,206,928	26	2,426,397	31	2321	Bonds Payable or Put Option Execution - Current Portion (Note 6 (2) (14))	488,687	6	-	-
1780	Intangible Asset (Note 6 (8))	20,033	-	31,775	-	2322	Long-Term Borrowings - Current Portion (Note 6 (13))	46,066	1	-	-
1840	Deferred income tax assets (Note 6 (17))	161,209	2	65,394	1	Total Current Liabilities		5,068,804	60	4,027,148	51
1900	Other Non-current Assets (Note 6 (9), 8)	968,253	12	842,639	11	Non-current Liabilities:					
Total Non-current Assets		3,386,468	40	3,401,059	43	2500	Financial Liabilities at Fair Value Through Profit or Loss - Non-liquid (Note 6 (2) (14))	-	-	2,550	-
						2530	Bonds Payable (Note 6 (14))	-	-	482,338	6
						2540	Long-term borrowings (Note 6 (13))	46,076	1	-	-
						2640	Net Defined Benefit Liability - Non-current (Note 6 (16))	38,850	-	62,484	1
						2645	Guarantee Deposits Received	84,181	1	69,421	1
						2670	Other Non-current liabilities - Others (Note 6 (11) and 12 (3))	655,208	8	592,053	8
						Total Noncurrent Liabilities		824,315	10	1,208,846	16
						Total Liabilities		5,893,119	70	5,235,994	67
						Equities Attributable to Owners of Parent Company (Note 6 (18))					
						3110	Common Stock	1,228,436	15	1,228,436	16
						3200	Capital Surplus	979,283	12	979,283	12
						3300	Retained Earnings	501,835	6	500,369	6
						3400	Other equities	(214,132)	(3)	(104,764)	(1)
						3500	Treasury Shares	(33,051)	-	(20,577)	-
						Equities Attributable to Shareholders of the Company		2,462,371	30	2,582,747	33
						3600	Non-controlling interests	10,662	-	14,395	-
						Total Equity		2,473,033	30	2,597,142	33
Total assets		\$ 8,366,152	100	7,833,136	100	Total liabilities and equity		\$ 8,366,152	100	7,833,136	100

(See the attached note for the consolidated financial report)

Chairman of Board: SHIH, JUI PIN

Manager: SHIH, JUI PIN

Chief Accountant: ZHANG, ZHI WEI

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2018 and 2017

Unit: thousand NT\$

		2018		2017	
		Amount	%	Amount	%
4000	Operating Revenue (Note 6 (20) (21), 7)	\$ 10,614,940	100	10,024,202	100
5000	Operating Cost (Note 6 (5), 7)	8,805,119	83	8,284,819	83
	Gross profit	1,809,821	17	1,739,383	17
5910	Less: Unrealized profit and loss on sales	10,393	-	10,586	-
5920	Gain: Realized profit and loss on sales	10,503	-	7,566	-
	Realized Gross Profit	1,809,931	17	1,736,363	17
	Operating expenses:				
6100	Selling Expense (Note 6 (16), 7)	1,159,539	11	1,200,820	12
6200	Administrative Expense (Note 6 (16))	427,149	4	417,448	4
6300	Research & Development Expense	160,820	1	164,096	2
6450	Expected credit loss (profit) (Note 6 (3))	(6,014)	-	-	-
	Total Operating Expense	1,741,494	16	1,782,364	18
	Operating profit (loss)	68,437	1	(46,001)	(1)
	Non-operating income and expenses:				
7010	Other incomes (Note 6 (23))	168,544	2	142,840	2
7020	Other gains and losses (Note 6 (23))	(55,956)	(1)	(19,054)	-
7050	Financial Costs (Note 6 (23))	(110,051)	(1)	(73,115)	(1)
7060	Share of profit of associates and joint ventures (Note 6 (6))	1,293	-	2,665	-
	Total non-operating income and expenses	3,830	-	53,336	1
7900	Net Income before taxes	72,267	1	7,335	-
7950	Less: Income tax expense (Note 6 (17))	90,350	1	5,981	-
	Net Income (loss)	(18,083)	-	1,354	-
8300	Other comprehensive gain or loss:				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans (Note 6 (16))	28,224	-	(6,400)	-
8349	Income tax expenses (gains) related to items that are not reclassified subsequently to profit or loss:	-	-	-	-
		28,224	-	(6,400)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(109,617)	(1)	15,183	-
8399	Income tax expenses (gains) related to items that may be reclassified subsequently to profit or loss:	-	-	-	-
	Total items that will may be reclassified subsequently to profit or loss:	(109,617)	(1)	15,183	-
8300	Other comprehensive income (loss)	(81,393)	(1)	8,783	-
	Total comprehensive income (loss)	<u>\$ (99,476)</u>	<u>(1)</u>	<u>10,137</u>	
	Attribution of net income:				
8610	Parent company	(14,599)	-	4,262	
8620	Non-controlling equity	(3,484)	-	(2,908)	-
		<u>\$ (18,083)</u>	<u>-</u>	<u>1,354</u>	
	Total Comprehensive Income Attributable to:				
8710	Parent company	(95,743)	(1)	13,356	-
8720	Non-controlling equity	(3,733)	-	(3,219)	-
		<u>\$ (99,476)</u>	<u>(1)</u>	<u>10,137</u>	-
	Earnings per share (Note 6 (19))				
9750	Basic EPS (Unit: NT\$)	<u>\$ (0.12)</u>		<u>0.03</u>	
9850	Diluted EPS (Unit: NT\$)	<u>\$ (0.12)</u>		<u>0.03</u>	

(See the attached note for the consolidated financial report)

Chairman of Board: SHIH, JUI PIN

Manager: SHIH, JUI PIN

Chief Accountant: ZHANG, ZHI WEI

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2018 and 2017

Unit: thousand NT\$

	Equity attributable to owners of parent company										Total equity
	Capital stock		Retained earnings				Other equity items		Total owner equity attributable to the parent company	Non-controlling Interests	
							Exchange differences on translation of foreign financial statements	Treasury shares			
	Common stocks	Capital Surplus	Legal reserve	Special reserve	Undistributed surplus	Total					
Balance as of January 1, 2017	\$ 1,228,436	966,919	110,770	182,381	331,758	624,909	(120,258)	(11,225)	2,688,781	17,614	2,706,395
Net income	-	-	-	-	4,262	4,262	-	-	4,262	(2,908)	1,354
Other comprehensive income (loss)	-	-	-	-	(6,400)	(6,400)	15,494	-	9,094	(311)	8,783
Total comprehensive income (loss)	-	-	-	-	(2,138)	(2,138)	15,494	-	13,356	(3,219)	10,137
Appropriation and distribution of retained earnings (Note 6 (18)):											
Legal reserve	-	-	28,230	-	(28,230)	-	-	-	-	-	-
Special reserve	-	-	-	120,258	(120,258)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(122,402)	(122,402)	-	-	(122,402)	-	(122,402)
Equities recognized arising from the issuance of convertible corporate bonds-	-	12,364	-	-	-	-	-	-	12,364	-	12,364
Treasury shares repurchase (Note 6 (18))	-	-	-	-	-	-	-	(9,352)	(9,352)	-	(9,352)
Balance as of December 31, 2017	1,228,436	979,283	139,000	302,639	58,730	500,369	(104,764)	(20,577)	2,582,747	14,395	2,597,142
Net income (loss)	-	-	-	-	(14,599)	(14,599)	-	-	(14,599)	(3,484)	(18,083)
Other comprehensive income (loss)	-	-	-	-	28,224	28,224	(109,368)	-	(81,144)	(249)	(81,393)
Total comprehensive income (loss)	-	-	-	-	13,625	13,625	(109,368)	-	(95,743)	(3,733)	(99,476)
Appropriation and distribution of retained earnings											
Legal reserve	-	-	426	-	(426)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(12,159)	(12,159)	-	-	(12,159)	-	(12,159)
Special reserve reversal	-	-	-	(15,494)	15,494	-	-	-	-	-	-
Treasury shares repurchase (Note 6 (18))	-	-	-	-	-	-	-	(12,474)	(12,474)	-	(12,474)
Balance as of December 31, 2018	\$ 1,228,436	979,283	139,426	287,145	75,264	501,835	(214,132)	(33,051)	2,462,371	10,662	2,473,033

(See the attached note for the consolidated financial report)

Chairman of Board: SHIH, JUI PIN

Manager: SHIH, JUI PIN

Chief Accountant: ZHANG, ZHI WEI

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2018 and 2017

Unit: thousand NT\$

	2018	2017
Cash flow of operating activities:		
Profit before tax	\$ 72,267	7,335
Adjustment items:		
Profit expense item		
Expected credit loss/bad debt expenses reserves	(6,014)	(8,064)
Depreciation expense	457,090	444,652
Amortization expense	13,062	15,723
Interest expense	110,051	73,115
Interest revenue	(66,896)	(55,055)
Recognized share of the profit of the affiliated enterprises and joint ventures using equity method	(1,293)	(2,665)
Measure net profits and losses of financial assets and liabilities by fair value through profits and losses	4,008	10,375
Loss on disposal of property, plant and equipment	6,514	3,904
Property, plant and equipment expenses transferred	11,811	83,693
Unrealized sales profit	10,393	10,586
Realized sales profit	(10,503)	(7,566)
Unrealized foreign exchange profit	(1,268)	-
Other incomes	(2,309)	(2,370)
Total income expense items	<u>524,646</u>	<u>566,328</u>
Changes in assets and liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Loss in financial assets held for trading	-	64,804
Loss in financial assets at fair value through profit or loss	1,933	-
(Gain) loss in notes receivable	(318,887)	464,480
Loss (gain) in accounts receivable	34,896	(306,503)
Gain in accounts receivable - affiliated	(56,417)	(39,764)
Gain (less) in inventories	347,038	(63,797)
(Gain) less in other current assets	(2,412)	162,098
Total net changes in assets of operating activities:	<u>6,151</u>	<u>281,318</u>
Net changes in liabilities related to operating activities:		
Gain (loss) in notes payable	344,801	(200,913)
Loss in accounts payable	(309,100)	(177,031)
Loss in other payables	(67,328)	(158,246)
(Loss) Gain in other payables - affiliated	(2,202)	2,286
Loss in liability reserve	(3,985)	(44,676)
Gain in advance	200,485	124,427
Loss in other current liabilities	(26,993)	(19,368)
Gain in net defined benefit liabilities	4,590	4,716
Decrease in other non-current liabilities	-	(721)
Total net changes in liabilities related to operating activities	<u>140,268</u>	<u>(469,526)</u>
Total net changes in assets and liabilities related to operating activities	<u>146,419</u>	<u>(188,208)</u>
Total adjusted items	<u>671,065</u>	<u>378,120</u>

(See the attached note for the consolidated financial report)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Cash Flows
2018 and January 1 to December 31, 2017

Unit: thousand NT\$

	2018	2017
Cash inflow from operations	743,332	385,455
Interest received	66,896	55,055
Interest paid	(98,617)	(72,233)
Income tax paid	(39,531)	(15,973)
Net cash inflow from operating activities	<u>672,080</u>	<u>352,304</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit and loss	(129,040)	-
Acquisition of property, plant and equipment	(401,667)	(421,150)
Disposal of property, plant, and equipment	1,671	17,872
Acquisition of intangible assets	(1,549)	(13,549)
Gain in other noncurrent assets	(273,928)	(564,124)
Gain in other financial assets	(177,365)	(110,126)
Gain in other noncurrent liabilities	208,046	-
Net cash outflow from investing activities	<u>(773,832)</u>	<u>(1,091,077)</u>
Cash flows from financing activities:		
Gain in short-term loans	3,488,197	2,847,207
Loss in short-term loans	(3,285,728)	(2,525,006)
Corporate bonds issued	-	494,578
Increase in long-term loan	92,285	-
Increase (decrease) in guarantee deposits received	10,554	(17,812)
Cash dividends distributed	(12,159)	(122,402)
Cost to repurchase treasury shares	(12,474)	(9,352)
Change in non-controlling equities	(249)	(311)
Net cash inflow from financing activities	<u>280,426</u>	<u>666,902</u>
Effect of exchange rate changes on cash and cash equivalents	(61,756)	(10,075)
Net increase (decrease) in cash and cash equivalents	116,918	(81,946)
Cash and cash equivalents at beginning of the period	300,850	382,796
Cash and cash equivalents at end of the period	<u>\$ 417,768</u>	<u>300,850</u>

(See the attached note for the consolidated financial report)

Chairman of Board: SHIH, JUI PIN Manager: SHIH, JUI PIN Chief Accountant: ZHANG, ZHI WEI

AttachmentIV Deficit Compensation Statement

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED 2018 deficit compensation statement

Unit: NT\$ thousand

Items	Amount	
Undistributed earnings at the end of the period		61,640,826
Plus (less):		
Changes of re-measurement number of definite welfare plan for the period	28,223,296	
After-tax net loss for the period	(14,599,301)	
Distributable earnings		75,264,821
less:		
Recognition of legal reserve	-	
Special surplus reserve-net decrease of exchange from translation of financial statements of institutions running overseas	(75,264,821)	
Distribution items:		
Shareholders' dividend-cash dividend	-	
Shareholders' dividend-stock dividend	-	
Undistributed earnings at the end of the period		-

AttachmentV Comparison Table of Amendment to "Operation Procedures of Acquisition or Disposal of Assets"

Article No.	Amended articles	Prevalent articles
3.2	<u>3.2 For any valuation report or letter of opinion from CPA, lawyer or securities underwriter received by the Company, the professional valutors and accountants, lawyers or securities underwriters must conform to the following provisions: 3.2.1 they have not violated this Law, Company Law, Bank Law, Insurance Law, Financial Holding Company Law, Business Accounting Law or committed any crime for fraud, perfidy, infringement, forgery or business crime confirmed by announcement for above one year sentence. However, those who have completed the execution, had expiration of probation or pardon are not limited to this. 3.2.2 They cannot act as related party or substantial related party to the transaction party. 3.2.3 If the Company needs to obtain valuation report from more than two professional valutors, different valutors or evaluators cannot be related parties or substantial related parties. In issuing valuation report or letter of opinion by the above personnel, the following items should be complied with: 3.2.3.1 Before accepting the case, they should prudently evaluate their own professional ability, practical experience and independence. 3.2.3.2 In auditing the case, they shall properly plan and execute suitable operation procedures, to form conclusion and further issue report or letter of opinion; the execution procedures, collected data and conclusions must be faithfully recorded in the working paper. 3.2.3.3 As for the data source, parameters and information used, they should evaluate their completeness, correctness and reasonableness item by item, so as to use them as the basis for issuing valuation report or letter of opinion. 3.2.3.4 Announcement items shall include the professionalism and independence of relevant personnel, reasonableness and correctness of used information, and compliance with relevant laws and regulations.</u>	3.2 For the valuation report or letter of opinion from account, lawyer or securities underwriter received by the Company, the professional valuator and the evaluators, accountant, lawyer or securities underwriter cannot act as related party with the transaction party.
3.6.1.2.7	3.6.1.2.7 Limitations and other important agreed items of this transaction The	3.6.1.2.7 Limitations and other important agreed items of this

Article No.	Amended articles	Prevalent articles
	calculation of the above transaction amount should be carried out in accordance with provisions of 3.9.1.1.6, and the within one year limit refers to that the actual occurrence date of the transaction is taken as the base and then dated back one year; the part submitted for permission from audit committee and for passing by board meeting does not need to be re-included. If the Company engages in the following transaction with its parent company, subsidiary or subsidiary where it directly or indirectly holds 100% issued shares or total capital amount, namely acquisition or disposal of equipment for operation, the board meeting will authorize the chairperson to execute on priority within certain limit in accordance with 3.5.3, and then it will be reported to the latest board meeting for confirmation. 3.6.1.2.7.1 Acquisition or disposal of equipment or use right assets for operation 3.6.1.2.7.2 Acquisition or disposal of property use right assets for operation	transaction The calculation of the above transaction amount should be carried out in accordance with provisions of 3.9.1.1.6, and the within one year limit refers to that the actual occurrence date of the transaction is taken as the base and then dated back one year; the part submitted for permission from audit committee and for passing by board meeting does not need to be re-included. For the acquisition or disposal of equipment for operation between the Company and its parent company or subsidiary, the board meeting will execute on priority within certain limit in accordance with 3.5.3, and then it will be reported to the latest board meeting for confirmation.
3.7.1.4.	3.7.1.4 Internal audit system: internal audit personnel shall regularly get to know the propriety of internal control over derivative products transaction, and monthly audit the compliance with derivative products transaction handling procedures by transaction department, analyze the transaction cycle to prepare the audit report, and notify the audit committee in writing if any material violation is discovered. Independent directors have been set up in accordance with this Law, and they should be notified in writing or through email as well.	3.7.1.4 Internal audit system: internal audit personnel shall regularly get to know the propriety of internal control over derivative products transaction, and monthly audit the compliance with derivative products transaction handling procedures by transaction department, analyze the transaction cycle to prepare the audit report, and notify the audit committee in writing if any material violation is discovered.

Attachment VI Comparison Table of Amendments to the Articles of Association

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED Comparison Table of Amendments to the Articles of Association

Amended articles	Prevalent articles
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: Omitted <u>Book Closure</u> <u>has the meaning</u> <u>Period</u> <u>given thereto in</u> <u>Article 20.3;</u> Omitted <u>Family</u> <u>in respect of a</u> <u>Relationship</u> <u>person, means</u> <u>within Second</u> <u>another person who</u> <u>Degree of</u> <u>is related to the</u> <u>Kinship</u> <u>first person either</u> <u>by blood or by</u> <u>marriage of a</u> <u>member of the</u> <u>family and within</u> <u>the second degree</u> <u>shall include the</u> <u>parents, siblings,</u> <u>grandparents,</u> <u>children and</u> <u>grandchildren of</u> <u>the first person as</u> <u>well as the parents,</u> <u>siblings and</u> <u>grandparents of the</u> <u>first person's</u> <u>spouse;</u> Omitted <u>Statutory</u> <u>has the meaning</u> <u>Reserve</u> <u>given thereto in</u> <u>Article 14.5;</u> Omitted	1.1 In these <u>Second</u> Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively: Omitted <u>New Definition</u> Omitted <u>New Definition</u> Omitted <u>New Definition</u>

Amended articles	Prevalent articles
	Omitted
2.1 Subject to <u>the Applicable Law</u>, the 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.	2.1 Subject to the 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.
2.6 The <u>pre-emptive right of employees under Article 2.3 and the</u>pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes: (a) in connection with a Merger, spin-off, or pursuant to any reorganization of the Company; (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.11 hereof; (c) in connection with the issue of	2.6 The pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes: (a) in connection with a Merger, spin-off, or pursuant to any reorganization of the Company; (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.11 hereof(<u>such pre-emptive rights shall also not apply to any issuance of shares to employees under Article 2.8</u>);

Amended articles	Prevalent articles
Restricted Shares in accordance with Article 2.5 hereof; (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares; (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; (f) <u>in connection with the issue of shares in accordance with Article 14.5; or</u> (g) in connection with Private Placement of the securities issued by the Company.	(c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof; (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares; (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; <u>or</u> (f) in connection with Private Placement of the securities issued by the Company.
14.5 Unless otherwise provided in the Law, the Applicable Public Company Rules or the Articles, upon the final settlement of the Company's annual accounts, if there is "surplus profit" (as defined below), the Company shall set aside an amount as compensation to employees and remuneration for the Directors as follows; provided however that, if the Company has accumulated losses, the Company shall reserve an amount thereof first to making up such losses: (a) five per cent (5%) to ten per cent (10%) as compensation to employees ("Employees' Compensations"), including employees of the Company's Subsidiaries; and (b) no more than three per cent (3%) as remuneration for the Directors (excluding the Independent Directors) ("Directors' Remuneration"). The distribution proposals in respect of Employees' Compensation and Directors'	14.5 Unless otherwise provided in the Law, the Applicable Public Company Rules or the Articles, upon the final settlement of the Company's annual accounts, if there is "surplus profit" (as defined below), the Company shall set aside an amount as compensation to employees and remuneration for the Directors as follows; provided however that, if the Company has accumulated losses, the Company shall reserve an amount thereof first to making up such losses: (a) five per cent (5%) to ten per cent (10%) as compensation to employees ("Employees' Compensations"), including employees of the Company's Subsidiaries; and (b) no more than three per cent (3%) as remuneration for the Directors (excluding the Independent Directors) ("Directors' Remuneration"). The distribution proposals in respect of

Amended articles	Prevalent articles
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 and for the avoidance of doubt, such amount is before any payment of compensation to employees and remuneration for the Directors. Subject to the Applicable Law, the Employees' Compensations shall be appropriated in the form of cash or stock. For so long as the shares are traded on the ESM or listed on 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: (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 under the Applicable Public Company Rules. If there are any remaining profits, such remaining profits, together with a part or whole of accumulated undistributed profits in the previous years, subject to compliance with the Law and after setting	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 and for the avoidance of doubt, such amount is before any payment of compensation to employees and remuneration for the Directors. Subject to the Applicable Law, the Employees' Compensations shall be appropriated in the form of cash or stock. For so long as the shares are traded on the ESM or listed on 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: (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; and (iv) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules. If there are any remaining profits, such remaining profits, together with a part or whole of accumulated undistributed profits in the previous years, subject to compliance with the Law and after setting aside the amounts for Employees'

Amended articles	Prevalent articles
aside the amounts for Employees' Compensations and Directors' Remuneration in accordance with Article 14.5 and such amounts as the Board deems fit in accordance with the dividend policy set out in preceding paragraph, may be distributed as dividends to Members in proportion to their shareholdings. Dividends to be distributed to the Members, may be made by way of cash dividends or by way of stock dividends or a combination thereof, provided that, the cash dividends shall not be less than fifty per cent (50%) of the total amount of dividends payable under the preceding sentence and, provided further that, subject to the Law and the Applicable Public Company Rules and unless otherwise resolved by the Board and the Members, after having considered the financial, business and operational factors of the Company, the amount of the remaining profits distributed as dividends to Members shall not be less than twenty-five per cent (25%) of profit after tax of the relevant year.	Compensations and Directors' Remuneration in accordance with Article 14.5 and such amounts as the Board deems fit in accordance with the dividend policy set out in preceding paragraph, may be distributed as dividends to Members in proportion to their shareholdings. Dividends to be distributed to the Members, may be made by way of cash dividends or by way of stock dividends or a combination thereof, provided that, the cash dividends shall not be less than fifty per cent (50%) of the total amount of dividends payable under the preceding sentence and, provided further that, subject to the Law and the Applicable Public Company Rules and unless otherwise resolved by the Board and the Members, after having considered the financial, business and operational factors of the Company, the amount of the remaining profits distributed as dividends to Members shall not be less than twenty-five per cent (25%) of profit after tax of the relevant year.
<u>19.7</u> <u>For so long as the shares are traded on the ESM or listed on the TSE, any one or more Members holding in aggregate more than half of the total number of the issued shares of the Company as at the relevant Book Closure Period for at least three consecutive months may convene an extraordinary general meeting.</u>	<u>New Article</u>
<u>19.8</u> <u>In addition to the event that the Board is unwilling or unable to convene a general meeting, an Independent Director of the</u>	<u>New Article</u>

Amended articles	Prevalent articles
<u>Audit Committee may convene a general meeting in the interest of the Company when he/she in his/her absolute discretion deems necessary.</u>	
20.3 For so long as the shares are traded on the ESM or listed on 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 Board shall fix the period that the Register of Members shall be closed for transfers in accordance with the Applicable Public Company Rules (the "Book Closure Period").</u>	20.3 For so long as the shares are traded on the ESM or listed on 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.
20.6 For so long as the shares are traded on the ESM or listed on 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, <u>(c) reduction of share capital,</u> <u>(d) application for de-registration as a public company in the ROC,</u> <u>(e) (i) dissolution, Merger or spin-off, (ii) 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,</u>	20.6 For so long as the shares are traded on the ESM or listed on 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, <u>(c) (i) dissolution, Merger or spin-off, (ii) 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</u>

Amended articles	Prevalent articles
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, (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, (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, (h)making distributions <u>of new shares or cash</u> out of the <u>Statutory Reserve</u>, the premium received on the issuance of any shares and income from endowments received by the Company to its Members, (i) Private Placement of any equity-related securities to be issued by the Company, and (j)issuance of employee stock options at an issue price lower than the closing price of the shares on the issue date. <u>The material contents of the above matters may be uploaded onto the website designated by the FSC or the Company, and such website shall be indicated in the notice of general meeting.</u>	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 out of the <u>statutory reserve</u>, the premium received on the issuance of any shares and income from endowments received by the Company to its Members<u>in cash</u>, (g) Private Placement of any equity-related securities to be issued by the Company, and (h)issuance of employee stock options at an issue price lower than the closing price of the shares on the issue date.
20.7 For so long as the shares are traded on the ESM or listed on 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.	20.7 For so long as the shares are traded on the ESM or listed on 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.

Amended articles	Prevalent articles
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, <u>transcribe</u> or make copies of the foregoing documents, <u>and the Company shall cause the stock affairs agent to provide such Members with access to above documents.</u>	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.
20.9 <u>The Board or any person who is entitled to convene a general meeting under the Articles may demand the Company or the Company's stock affairs agent to provide the Register of Members.</u>	<u>New Article</u>
23.6 For so long as the shares are traded on the ESM or listed on 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 by 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 a proposal unless (a) the proposing Member(s) holds less than one percent (1%) of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting or the proposal exceeds 300 Chinese characters; (c) the proposing Member(s) has/have proposed more than</u>	23.6 For so long as the shares are traded on the ESM or listed on 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 (a) the proposing Member(s) holds less than one per 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</u>

Amended articles	Prevalent articles
one proposal; or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).<u>If any of the proposals submitted by such Member(s) is to urge the Company to promote public interests or fulfill its social responsibilities, the Board may accept such proposal to be discussed at a general meeting.</u>	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).
34.2 For so long as the shares are traded on the ESM or listed on the TSE, unless otherwise approved by the TPEx (in the case that the shares are traded on the ESM) or the TSE (in the case that the shares are listed on the TSE), the number of Directors having a spousal relationship or <u>Family Relationship within Second Degree of Kinship</u> with any other Directors shall be less than half of the total number of Directors.	34.2 For so long as the shares are traded on the ESM or listed on the TSE, unless otherwise approved by the TPEx (in the case that the shares are traded on the ESM) or the TSE (in the case that the shares are listed on the TSE), the number of Directors having a spousal relationship or <u>familial relationship within the second degree of kinship</u> with any other Directors shall be less than half of the total number of Directors.
36.1 The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another in his stead. 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	36.1 The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another in his stead. 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

Amended articles	Prevalent articles
shares shall constitute a quorum for any general meeting to re-elect all Directors. If the term of office of all Directors expires at the same time and no general meeting was held before such expiry for re-election, their term of office shall continue and be extended to such time when new Directors are elected or re-elected in the next general meeting and they commence their office.	more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors. If the term of office of all Directors expires at the same time and no general meeting was held before such expiry for re-election, their term of office shall continue and be extended to such time when new Directors are elected or re-elected in the next general meeting and they commence their office.
37.1The 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 <u>or the court has declared a liquidation process in connection with the Director</u>, and <u>such Director</u> has not been reinstated to his rights and privileges; (ii) an order is made by any competent	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,

Amended articles	Prevalent articles
court or official on the grounds that the Director has no legal capacity, or his legal capacity is restricted according to Applicable Law; <u>(iii) the Director has been adjudicated of the commencement of assistantship (as defined under the Taiwan Civil Code) or similar declaration and such assistantship/declaration having not been revoked yet;</u> <u>(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 (A) has not commenced to serve the term of the sentence yet, or (B) has commenced to serve the term of sentence but not yet served the full term or (C) less than five years have elapsed from the date of completion of the full sentence, the date of expiry of probation period or the date on which the Director has been pardoned;</u> <u>(v) 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 (A) has not commenced to serve the term of the sentence yet, or (B) has commenced to serve the term of sentence but not yet served the full term or (C) less than two years</u>	or his legal capacity is restricted according to Applicable Law; <u>(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;</u> <u>(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;</u> <u>(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</u> <u>(vi) the Director has been dishonored for use of credit instruments, and the term of such sanction has not expired yet.</u> 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.

Amended articles	Prevalent articles
<u>have elapsed from the date of completion of the full sentence, the date of expiry of probation period or the date on which the Director has been pardoned;</u> <u>(vi) the Director has been adjudicated guilty by a final judgment for committing offenses under the Taiwan Anti-Corruption Act during the time of his public service, and (A) has not commenced to serve the term of the sentence yet, or (B) has commenced to serve the term of sentence but not yet served the full term or (C) less than two years have elapsed from the date of completion of the full sentence, the date of expiry of probation period or the date on which the Director has been pardoned; or</u> <u>(vii) the Director has been dishonored for use of credit instruments, and the term of such sanction has not expired yet.</u> In the event that any of the foregoing events specified in Article 37.1(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 <u>(other than an Independent Director)</u> 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 was elected, he shall, ipso facto, be removed automatically from the office of 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 was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and in such case no approval from the Members shall be required.

Amended articles	Prevalent articles
with immediate effect and in such case no approval from the Members shall be required.	
37.3 If a Director (<u>other than an Independent Director</u>) has, after having been elected as a Director (<u>other than an Independent Director</u>) but before assuming his office, transferred more than one half of the Company's shares being held by him at the time of his election as a Director (<u>other than an Independent Director</u>), or if the said Director, during the <u>Book Closure Period</u> prior to a general meeting, has transferred more than one half of the Company's shares being held by him, then the election of such Director shall immediately be invalidated without the need of any shareholders' approval.	37.3 If a Director has, after having been elected as a Director but before assuming his office, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, or if the said Director, during the <u>book closure period</u> prior to a general meeting, has transferred more than one half of the Company's shares being held by him, then the election of such Director shall immediately be invalidated without the need of any shareholders' approval.
47.2 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, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relation with a Director, has a personal interest in the matters under discussion at a meeting of the Directors in the preceding paragraph, such Director shall be deemed to have a personal interest in the matter. For the purpose of this Article 47.2, the terms "controlling" and "controlled" shall be interpreted in</u>	47.2 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.

Amended articles	Prevalent articles
<u>accordance with the Applicable Public Company Rules.</u>	
48.3 To the extent permitted under the laws of the Cayman Islands, Members continuously holding <u>one</u> per cent (<u>1%</u>) or more of the total issued shares of the Company for <u>six months</u> or longer may: (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or (b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; 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 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.	48.3 To the extent permitted under the laws of the Cayman Islands, Members continuously holding <u>three</u> per cent (<u>3%</u>) or more of the total issued shares of the Company for <u>one year</u> or longer may: (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or (b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; 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 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.
71 Corporate Social Responsibilities <u>In the course of conducting its business, the Company shall comply with the Applicable</u>	<u>New Article</u>

Amended articles	Prevalent articles
<u>Public Company Rules and business ethics and may take corporate actions to promote public interests in order to fulfill its social responsibilities.</u>	

Appendix I Procedures of Acquisition or Disposal of Assets (before Amendment)

Operation Procedures of Acquisition or Disposal of Assets

Amendment date: August 3, 2018

1. Objective:

The operation procedures are formulated to ensure the safety of the Company's assets, and maintain its rights and interests.

2. Scope:

The application scope for the assets in the operation procedures is as follows:

- 2.1 Stock, government bonds, corporate bonds, financial securities, negotiable securities of recognition fund, depository receipt, warrant to subscribe (sell), beneficial securities and asset-backed securities.
- 2.2 Property (including land, house and building, investment property, land use right) and equipment.
- 2.3 Membership certificate.
- 2.4 Intangible assets like patent right, copyright, trademark right, chartered right and etc.
- 2.5 Creditor's right of financial institutions (including receivables, negotiation discount and loan, receivables on demand).
- 2.6 Derivative products.
- 2.7 Acquisition or disposal of assets according to legal merger, division, acquisition or stock transfer.
- 2.8 Other important assets

3. Content:

3.1 The definition of terms in the operation procedures is as follows:

3.1.1. Derivative products:

Refers to forward contract, option contract, futures contract, leveraged margin contract, exchange contract and composite contract through portfolio of the above whose value is derived from products like assets, interest rate, exchange rate, index or other benefits. The forward contract mentioned excludes insurance contract, performance contract, after-sales service contract, long-term lease contract and long-term purchase (sales) contract.

3.1.2. Acquisition or disposal of assets according to legal merger, division, acquisition or stock transfer:

It means assets acquired or disposed of through merger, division or acquisition according to corporate merger law, financial holding company law, financial institution merger law and others, or those of transfer of other company shares according to item 8 of Article 156 of the Company Act (hereinafter referred to as stock transfer).

3.1.3. Related party and subsidiary:

They shall be identified according to the regulations in Preparation Standards of Securities Issuer Financial Report.

3.1.4. Professional valuator:

It refers to property valuator or those engaged in property and equipment

valuation according to law.

3.1.5. Factual date:

It refers to the dates like transaction agreement signing date, payment date, commissioned deal conclusion date, ownership transfer date, resolution date of board meeting or other date for transaction subject and amount, whichever is earlier. For investors requiring the review and approval of competent authority, it refers to the above date or the date of obtaining the approval of competent authority, whichever is earlier.

3.1.6. Investment in Mainland China:

Refers to investment in Mainland China in accordance with investment or technological cooperation permit methods by the Investment Deliberation Committee, Ministry of Economy.

3.2 For the letter of opinion from valuation report or CPA, lawyer or securities underwriter obtained by the Company, the professional valuator and the evaluator, CPA, lawyer or securities underwriter cannot be a related party to the transaction party.

3.3 Implementation and Amendment:

3.3.1 The Company shall formulate operation procedures of acquisition or disposal of assets according to the "Handling Standard on Acquisition or Disposal of Assets for Public Listed Companies" for permission from the audit committee and shareholders' meeting after passing the board meeting, and the same applies for amendment. If there is any director raising objection with record or written announcement, the Company shall submit the objection data to the audit committee.

3.3.2 Violation of the Standard or Operation Procedures by relevant personnel shall be punished in accordance with the rules and regulations of the Company.

3.3.3 The Company has set up independent directors according to the securities transaction law. Therefore, in submitting the operation procedures of acquisition or disposal of assets to the board meeting for discussions in accordance with the above provision, their opinion has to be fully considered. If they have objection or reserve their opinion, it shall be stated clearly in the meeting minutes of the board meeting.

3.3.4 The formulation or amendment of operation procedures of acquisition or disposal of assets for companies which have set up audit committee in accordance with the securities transaction law shall obtain the approval of more than half of all members of the audit committee, and then be submitted to the board meeting for resolution. If the above has not obtained the approval of more than half of all members of the audit committee, it will only apply after obtaining the approval of more than two thirds of all directors. And in the meeting minutes of the board meeting, the resolution of the audit committee has to be stated clearly.

3.3.5 The members of audit committee and all directors mentioned above in the third item are calculated by the actual incumbent ones.

3.4 Operation procedures of acquisition or disposal of negotiable securities investment

3.4.1 Evaluation procedures:

Financial department shall evaluate the reasonableness according to net value

per share, profitability, future development potential and market situation based on professionalism.

3.4.2 Transaction conditions:

3.4.2.1 Transaction of negotiable securities at concentrated transaction market or securities dealer operation place shall be determined by the listing or market price at the time.

3.4.2.2 Transaction of negotiable securities not at concentrated transaction market or securities dealer operation place shall obtain the latest CPA audited visa or viewed financial statement of the object company as the reference for evaluation of transaction price.

3.4.3 Determination procedures of authorization limit and financial department:

The stock transaction of the Company shall only be executed after financial department submits relevant data to competent supervisor for approval, and the authorization amount shall follow the provisions of the Company's approval authority table. The transaction amount of the Company in terms of short-term negotiable securities like promissory note, treasury securities and government bonds shall follow the provisions of the Company's approval authority table.

3.4.4 Obtainment of experts' opinion:

3.4.4.1 For any of the following situations in acquisition or disposal of negotiable securities by the Company and the transaction amount reaches 20% of the paid-in capital or more than RMB 60 million (or the equivalent of NT\$ 300 million in foreign currency), CPA shall be engaged to express opinion upon the reasonableness of the transaction price upon the date of factual occurrence:

3.4.4.1.1 Acquisition or disposal of negotiable securities not at stock exchange or securities dealer operation place.

3.4.4.1.2 Acquisition or disposal of private negotiable securities. However, the negotiable securities of the Company are not subject to this provision if they have open quotation from active market or it is otherwise stipulated by the FSC of the Executive Yuan.

3.4.4.2 For assets acquired or disposed of by the Company through court auction, documents of evidence from court shall replace valuation report or CPA's opinion.

3.4.4.3 The calculation of the above transaction amount should be carried out in accordance with provisions of 3.9.1.1.6, and within one year limit refers to the actual occurrence date of the transaction taken as the base and then dated back one year; the part that has obtained valuation report from professional valuers or CPA's opinion does not need to be re-included.

3.5 Operation procedures of acquisition or disposal of property (including land use right) or equipment:

3.5.1 Evaluation:

It shall be signed and submitted to relevant department by personnel from the applying department for evaluation of the necessity or reasonableness.

3.5.2 Transaction conditions:

- 3.5.2.1 For acquisition or disposal of property, the announced current value, assessed value, actual transaction price of adjacent property or evaluation report issued by professional evaluation institution.
- 3.5.2.2 Acquisition or disposal of equipment shall be carried out in one of the following means, namely enquiry, consideration, bargaining, or tendering.
- 3.5.3 Determination procedures of authorization limit and execution department:
 - 3.5.3.1 Acquisition or disposal of property:

For an amount less than RMB 10 million (inclusive), the approval from the Chairman has to be obtained; for an amount more than RMB 10 million, it has to be submitted to board meeting for approval before execution.
 - 3.5.3.2 Acquisition or disposal of equipment

For an amount less than RMB 10 million (inclusive), the approval from the Chairman has to be obtained; for an amount more than RMB 10 million, it has to be submitted to board meeting for approval before execution. In acquisition or disposal of property or equipment, the Company has to designate the user department and the management department for execution after approval according to the above approval authority.
- 3.5.4 Valuation report of property or equipment:

For acquisition or disposal of property or equipment by the Company, except for transaction with government authorities, self-owned land construction, leased land construction, or machinery and equipment acquired or disposed of for operation use, if the transaction amount reaches 20% of the paid-in capital or more than RMB 60 million (or the equivalent of NT\$ 300 million in foreign currency), the valuation report from professional valuator before the date of factual occurrence has to be obtained and the following provisions be complied with:

 - 3.5.4.1 If limit price or specific price has to be taken as the reference basis of transaction price for special reasons, the transaction has to pass the resolution of the board meeting first; if there is variation to the future transaction conditions, the above procedures have to be followed.
 - 3.5.4.2 If the transaction amount reaches more than RMB 200 million (or the equivalent of NT\$ 100 million in foreign currency), more than two professional valutors have to be engaged for valuation.
 - 3.5.4.3 For any of the following conditions in the valuation results by professional valutors, except that the valuation result of acquired asset is higher than the transaction amount, or the valuation result of disposed asset is lower than the transaction amount, CPA shall be engaged to process according to Article 20 of the audit standard announcement released by Accounting Research Development Fund of the Republic of China (hereinafter referred to as Accounting Research Development Fund), and specific opinions have to be given to the propriety of the reasons for difference and transaction price.

- 3.5.4.3.1 The difference between valuation result and transaction amount reaches above 20% of the transaction amount.
 - 3.5.4.3.2 The difference of valuation result by more than two professional valuers reaches above 20% of the transaction amount.
 - 3.5.4.4 The calculation of the above transaction amount should be carried out in accordance with paragraph 2, Article 30 of "Operation Standard of Acquisition or Disposal of Assets for Public Listed Companies", and within one year limit refers to the actual occurrence date of the transaction taken as the base and then dated back one year; the part that has obtained valuation report from professional valuers or CPA's opinion does not need to be re-included.
 - 3.5.4.5 For valuation before the contract is established, the report issuance date and contract establishment date shall not have an interval of more than three months. If it is applicable to the current value of announcement of the same period and less than six months, the original valuator may issue letter of opinion.
 - 3.5.4.6 For assets acquired or disposed of by the Company through court auction, documents of evidence from court shall replace valuation report or CPA's opinion.
- 3.6 Transaction of related party:
 - 3.6.1 Operation procedures of acquisition of assets from related party:
 - 3.6.1.1 Where the Company acquires property from related party through purchase or exchange, apart from following the provisions of Article 7 in terms of relevant resolution procedures and evaluation of reasonableness of transaction conditions of "Operation Standard of Acquisition or Disposal of Assets for Public Listed Companies", valuation report from professional valuers or CPA's opinion has to be obtained according to the previous provisions, if the transaction amount reaches more than 10% of the total assets of the Company. The calculation of the transaction amount shall be carried out in accordance with provisions 3.9.1.1.6. Besides, in judging whether the transaction subjects are related parties, the substantial relation has to be considered apart from paying attention to the legal form.
 - 3.6.1.2 Evaluation and operation procedures:

In acquisition or disposal of assets to related party by the Company, or the transaction amount of the acquired or disposed of equipment other than property with related party and the transaction amount reaches 20% of the paid-in capital, 10% of the total assets of the Company or more than NT\$ 300 million, the following data has to be listed and submitted to the audit committee for permission and to the board meeting for passing before signing transaction contract and effecting payment:

 - 3.6.1.2.1 The objective, necessity and expected benefit of acquisition or disposal of assets:
 - 3.6.1.2.2 Reason for selecting related party as transaction party.
 - 3.6.1.2.3 Acquisition of property from related party shall follow

provisions of 3.6.1.3.1 and 3.6.1.3.4 to evaluate relevant data about the reasonableness of preset transaction conditions.

- 3.6.1.2.4 Items like original date and price of acquisition by related party, transaction subject and relation between the Company and related party.
- 3.6.1.2.5 Predict the monthly cash income and expense in the following year from the month of signing the contract, and evaluate the necessity of transaction and the reasonableness of capital use.
- 3.6.1.2.6 Valuation report from professional valuator according to provision 3.6.1.1. or CPA's opinion.
- 3.6.1.2.7 Limitations of the transaction and other important agreements

The calculation of the above transaction amount should be carried out in accordance with provision 3.9.1.1.6, and within one year limit refers to the actual occurrence date of the transaction taken as the base and then dated back one year; the part that has been submitted to the audit committee for permission and board meeting for passing does not need to be re-included.

If the Company acquires or disposes of equipment for operation, the board meeting will authorize the chairman to execute on priority within certain limit in accordance with 3.5.3, and then it will be reported to the latest board meeting for confirmation.

For formulated operation procedures or other legal stipulations in terms of acquisition or disposal of assets by the Company, if there is any director raising objection with record or written announcement, the Company shall submit the objection data to the audit committee.

The Company has set up independent directors according to this Procedures. Therefore, if independent directors submit the matters to be discussed to the board meeting in accordance with the above provision, their opinion has to be fully considered. If they have objection or reserve their opinion, it shall be stated clearly in the meeting minutes of the board meeting.

The Company has set up audit committee in accordance with this Procedures. Therefore, the matters listed at this item have to obtain the approval of more than half of all members of the audit committee, and then be submitted to the board meeting for resolution. If the above has not obtained the approval of more than half of all members of the audit committee, it will only apply after obtaining the approval of more than two thirds of all directors. And in the meeting minutes of

the board meeting, the resolution of the audit committee has to be stated clearly. The members of audit committee and all directors mentioned above in the third item are calculated by the actual incumbent ones.

3.6.1.3 Evaluation of reasonableness of transaction cost:

3.6.1.3.1 The acquisition of property from related party by the Company shall follow the evaluation of reasonableness of the transaction cost according to the following methods:

3.6.1.3.1.1 Related party transaction price plus necessary capital interest and cost undertaken by the buyer according to law. The above mentioned necessary capital interest cost is calculated on the basis of weighted average interest rate of the loan of the year when the Company purchases the asset, but not higher than the non-financial highest loan interest rate released by the Ministry of Finance.

3.6.1.3.1.2 If the related party set up pledged loan from financial institutions with the subject matter, the latter would evaluate the total value of loan for it. But the cumulative value of actual loan for the subject matter has to reach 70% of the total evaluated value of loan and the loan period was above one year. However, it is not applicable when a financial institution and one transaction party are related parties.

3.6.1.3.2 If consolidated purchase of the land and the house of the same object is carried out, then the transaction cost has to be evaluated according to the previous method.

3.6.1.3.3 If the Company acquires property from a related party, it shall follow provisions 3.6.1.3.1 and 3.6.1.3.2.

In the evaluation of property cost, CPA shall be engaged for review and expression of specific opinions.

3.6.1.3.4 If the Company acquires property from a related party, the provision 3.6.1.3.5 shall be followed if the evaluation result according to 3.6.1.3.1 and 3.6.1.3.2 is lower than the transaction price. However, the following circumstances shall not apply if objective evidences are furnished and specific reasonableness opinions from professional property valuator and CPA are obtained:

3.6.1.3.4.1 If the related party obtains open land or rent land for re-construction, it has to prove for conformity of one of the

following conditions:

- 3.6.1.3.4.1.1 The open land is evaluated according to the previous method, and the house is evaluated through construction cost plus reasonable construction profit, and the sum shall be more than the actual transaction price. The above mentioned construction profit refers to the average operation gross profit rate of the construction department of the related party in the last three fiscal years or the rent gross profit rate in the construction industry released by the Ministry of Finance, whichever is lower.
- 3.6.1.3.4.1.2 As for the conclusion cases of non-related party within one year for other buildings or adjacent regions of the same object house, the transaction conditions shall be similar after evaluation of price difference for reasonable buildings or regions according to the transaction practice of property.
- 3.6.1.3.4.1.3 As for the lease cases of non-related party within one year for other floors of the same object house, the transaction conditions shall be similar after deducted evaluation of price difference for reasonable buildings according to the lease practice of property.
- 3.6.1.3.4.2 For property purchased from related party by the Company, the transaction conditions shall be similar to conclusion cases with other non-related party within one year in the adjacent regions and with similar area. The above mentioned

conclusion cases of adjacent regions follow the principle of subject matter with a distance not more than five hundred meters in the same or neighboring street or with similar current announcement value; the above mentioned similar area follows the principle that the area of conclusion cases with non-related party is not lower than 50% of the area of the transaction subject matter; the above mentioned within one year limit refers to the date of factual occurrence of acquisition of the asset taken as the base, and dated back one year.

3.6.1.3.5 For property acquired from related party by the Company, if the evaluation results, in accordance with provisions of 3.6.1.3.1, 3.6.1.3.2, 3.6.1.3.3 and 3.6.1.3.4, are all lower than the transaction price, the special surplus reserve recognized by the Company and public listed companies invested using equity method can only be employed under the circumstance in which the assets purchased with high price have been recognized into price drop loss or disposal, or suitable compensation, or restored state, or there are other evidences for no unreasonableness after permission from the FSC of Executive Yuan.

3.6.1.3.5.1 The Company shall recognize special surplus reserve for the difference between property transaction price and evaluation cost in accordance with paragraph 1, Article 41 of the Securities Exchange Law, without allotment or transfer to increased capital for allotment of shares. If the investors who evaluate the investment in the Company with equity method are public listed company, they shall also recognize special surplus reserve based on shares holding ratio in accordance with paragraph 1, Article 41 of Securities Exchange Law.

3.6.1.3.5.2 The audit committee shall process in accordance with the provisions of Article 218 of the Company Act.

3.6.1.3.5.3 Situations processed according to 3.6.1.3.5.1 and 3.6.1.3.5.2 shall be reported to the shareholders' meeting, and the transaction details shall be disclosed in annual report and prospectus.

3.6.1.3.6 Any one of the following situations in acquisition of property from related party by the Company shall

follow relevant provisions of evaluation and operation procedures in paragraph 1 and paragraph 2 of this Article, to the exclusion of relevant evaluation provisions of transaction cost reasonableness:

3.6.1.3.6.1 Acquisition of property by related party through inheritance or bestowal.

3.6.1.3.6.2 The time of related party concluding contract to acquire property is more than 5 years from this transaction contract concluding date.

3.6.1.3.6.3 Acquisition of property through joint construction contract with related party.

3.6.1.3.7 For acquisition of property from related party by the Company, if there are other evidences showing there are situations of violation against operation conventions in the transaction, provision 3.6.1.3.5 shall be followed.

3.7 Engagement in derivative financial products transaction:

3.7.1 Operation procedures for acquisition or disposal of derivative financial products:

3.7.1.1 Transaction principle and tenet:

3.7.1.1.1 Transaction type:

The derivative financial products of the Company refer to transaction contract with its value derived from products like asset, interest rate, exchange rate or other benefit (such as forward contract, futures, interest rate or exchange rate).

3.7.1.1.2 Operation (hedge) strategies:

The derivative financial products of the Company shall be for the purpose of hedge; transaction products shall be mostly for hedging the risks arising out of company business operation; the currency held by it must conform to the foreign currency for the demand of actual import and export and to the principle of overall internal balance, so as to lower the overall foreign exchange risk and save the operation cost therein. Other transactions of specific purpose can only be executed after prudent evaluation and report to the board of directors for approval before proceeding.

3.7.1.1.3 Power and responsibility division:

3.7.1.1.3.1 Financial personnel:

They shall be responsible for execution of transactions according to the provisions of the procedures, timely collecting market information, and familiarizing with relevant laws and operation skills, to offer sufficient and timely information to the

management.

3.7.1.1.3.2 Accounting personnel:

They shall be responsible for establishing accounting book, providing report and confirmation of transactions, making entries according to receipts, and completing relevant accounting statements.

3.7.1.1.4 Formulation of total contract amount and loss upper limit:

3.7.1.1.4.1 Total contract amount:

3.7.1.1.4.1.1 Hedging transaction limit:

The transaction limit of hedging transactions for the Company is limited by the sales, payment of loan and budget within one year, and the hedging period shall not be more than half a year.

3.7.1.1.4.1.2 Transactions for specific purpose:

Based on prediction over the market changes, financial personnel have to formulate strategies according to need and execute them after approval from executive officer, permission from board meeting, and through its resolution as well.

3.7.1.1.4.2 Formulation of loss upper limit:

3.7.1.1.4.2.1 Although the profit or loss for hedging derivative product transactions can be offset by the hedged part, the transaction loss upper limit is still set. The loss upper limit refers to that the individual contract or total contract loss amount in derivative products valuation table on a monthly basis shall not be more than 30% of the individual contract or

total contract amount. If the upper limit is exceeded, the case shall be immediately reported to the executive officer for discussions of countermeasures, and moreover it shall be properly handled and information disclosure be carried out in accordance with subparagraph 3, paragraph 1, Article 30 of the operation standard.

3.7.1.1.4.2.2 For transaction contract of specific purpose, stop loss has to be set up after establishment of position to prevent over loss. The setup of stop loss shall not exceed 10% of the transaction contract amount; if the loss amount is more than 10% of the transaction amount, the case shall be immediately reported to executive officer for discussions of countermeasures.

3.7.1.1.5 Performance evaluation:

3.7.1.1.5.1 Hedging transactions:

3.7.1.1.5.1.1 The exchange rate cost and profit or loss arising out of derivative financial transactions of the Company in book are taken as the basis for performance evaluation.

3.7.1.1.5.1.2 The Company evaluates the profit or loss twice every month to fully grasp and represent the evaluation risks in transactions.

3.7.1.1.5.1.3 Financial personnel shall provide foreign exchange position evaluation and foreign exchange market trend as well as market

analysis to executive officer and financial officer as management reference and guidance.

3.7.1.1.5.2 Transactions for special purpose:

The actual generated profit or loss is taken as the basis for performance evaluation, and financial personnel shall regularly formulate statements of positions for reference by the management.

3.7.1.2 Operation procedures:

3.7.1.2.1 Authorization limit and level:

3.7.1.2.1.1 Refer to the Company authority limit table for authorization limit and level for derivative products transaction.

3.7.1.2.1.2 To ensure that the Company authorization corresponds to relative transaction management personnel and confirmation personnel in the bank, if there is variation, the bank shall be notified in a real-time manner, and the bank will be asked to continue to execute existing provisions with the Company.

3.7.1.2.2 Execution department and transaction procedures:

3.7.1.2.2.1 Execution of transactions:

The financial personnel at the financial department shall fill in the "Approval Form for Advance Sales (Purchase) of Forward Foreign Exchange Settlement", and conduct transaction with the bank after approval by competent supervisor according to the authority limit table. After every transaction, they shall formulate bookkeeping note and submit to accounting personnel after checking the completeness of relevant documents and statistical position.

3.7.1.2.2.2 Transaction login:

Accounting personnel shall, according to the original transaction voucher of financial departments, review and approve the bookkeeping note formulated by accounting personnel.

3.7.1.2.3 For the derivative products transaction of the Company, memorandum book has to be prepared recording in detail the type, amount, date of passing the board meeting as well as items of prudent evaluation in

accordance with subparagraph 4 of Article 19, subparagraph 2 of paragraph 1, as well as subparagraph 1 of paragraph 2 of Article 20 for operation standards of acquisition or disposal of assets for public listed companies.

3.7.1.2.4 For the derivative products transaction of the Company, the relevant contract, minute book and memorandum book shall be kept in the Company, for at least three years, unless otherwise stipulated by law.

3.7.1.3 Risk management measures:

3.7.1.3.1 Credit risk management:

The following principles shall be followed, to avoid risks of loss to enterprises for non-performance of contract provisions of the other transaction party:

3.7.1.3.1.1 Transaction subject:

Mainly famous financial institutions both at home and abroad.

3.7.1.3.1.2 Transaction products:

Limited by products offered by famous financial institutions both at home and abroad.

3.7.1.3.1.3 Transaction amount:

The non-written off transaction amount for the same transaction subject shall not exceed 50% of the total authorized amount, unless otherwise approved by executive officer.

3.7.1.3.2 Market risk management:

Changes of various factors in the market can cause value fluctuation of derivative financial products, so in terms of market risk management, financial personnel shall regularly collect market information, make judgement upon trend and risk evaluation, and then report to executive officer as basis for transaction.

3.7.1.3.3 Liquidity risk management:

To ensure market liquidity, high liquidity financial products will be chosen (which can be offset at the time any time), and the financial institutions entrusted for transaction must possess sufficient information and the ability of conducting transaction at any market any time.

3.7.1.3.4 Cash flow risk management:

To ensure operation capital turnover stability, the capital source for derivative products transaction is limited by self-owned capital, and the operation amount

has to consider the capital demand out of cash receipt prediction in the following three months.

3.7.1.3.5 Operation risk management:

3.7.1.3.5.1 The authorization limit, operation procedures and internal audit have to be concretely complied with, to avoid operation risk.

3.7.1.3.5.2 The responsibilities for derivative products have to be divided, and trading personnel and operational personnel such as confirmation and delivery shall not concurrently hold the same posts.

3.7.1.3.5.3 The personnel in charge of risk measurement, supervision and control shall belong to different departments from those mentioned in the preceding paragraph and shall report to the board of directors or senior executives who are not responsible for trading or position decision-making.

3.7.1.3.5.4 The position held by derivative products transaction shall be evaluated at least once every week, and the hedging transaction for business requirement can be evaluated at least twice every month. The evaluation report has to be submitted to senior management authorized by the board meeting.

3.7.1.3.6 Product risk management:

Internal transaction personnel have complete and accurate professional knowledge about financial products, and ask the bank to fully disclose risks, to avoid misuse of them.

3.7.1.3.7 Legal risk management:

Documents with financial institutions can only signed after review by professional personnel in foreign exchange, law or legal consultation, to avoid legal risk.

3.7.1.4 Internal audit system:

Internal audit personnel shall regularly come to understand the propriety of internal control over derivative products transaction, monthly audit the compliance of operation procedures for derivative products transaction by transaction department, and analyze the transaction cycle to form audit report. Upon discovery of any material violation, they shall notify the audit committee in writing.

3.7.1.5 Regular evaluation means:

3.7.1.5.1 The board of directors shall authorize senior management personnel to regularly supervise and

evaluate whether derivative products transaction has been conducted in accordance with procedures, and whether the undertaken risk is within bearable scope. If there is abnormality in market price evaluation report (such as the held position is over the loss upper limit), they shall immediately report to the board for countermeasures.

3.7.1.5.2 The position held by derivative products transaction shall be evaluated at least once every week, and the hedging transaction for business requirement can be evaluated at least twice every month. The evaluation report has to be submitted to senior management authorized by the board.

3.7.1.6 When engaging in derivative products transaction, the board of directors should abide by the following supervision and management principles:

3.7.1.6.1 The board of directors shall authorize senior management personnel to pay attention to the supervision and control over derivative products transaction risk at all times. And the management principles are as follows:

3.7.1.6.1.1 The currently adopted risk management measures shall be reviewed regularly for suitability, and processed in accordance with "Operation Standards of Acquisition or Disposal of Assets for Public Listed Companies".

3.7.1.6.1.2 In supervision of transaction and the profit or loss, necessary countermeasures have to be taken upon discovery of any abnormality and the case shall be immediately reported at the board meeting. Where the Company has set up independent directors, they shall be present at the board meetings to express opinions.

3.7.1.6.2 The derivative products transaction performance shall be regularly evaluated for whether to comply with existing operation policies, and whether the undertaken risk is within bearable scope.

3.7.1.6.3 The relevant authorized personnel for engagement in derivative products transaction in accordance with operation procedures shall be reported and submitted to the most recent board meeting.

3.8 Corporate consolidation, splitting, acquisition and stock transfer:

3.8.1 In handling consolidation, splitting, acquisition or stock transfer by the Company, CPA, lawyer or securities underwriter has to be engaged to express opinions on the reasonableness of conversion ratio, acquisition price or cash or

other property allocated to shareholders, and then submitted to the board of directors for discussion and approval.

- 3.8.2 When participating in consolidation, splitting or acquisition by the Company, open documents concerning the important agreement content or other matters have to be prepared before the shareholders' meeting, and then delivered to shareholders together with the meeting notice, as the reference for whether to agree with the consolidation, splitting or acquisition case or not. The consolidation, splitting or acquisition cases for which no shareholders' meeting has to be held in accordance with other laws are not subject to the provision.

If the shareholders' meeting for either the Company or other company participating in the consolidation, splitting or acquisition cannot be convened or resolved because of the number of attendees, insufficient voting power or other legal limitation, or if the bill is vetoed by the shareholders' meeting, the Company and other company participating in the consolidation, splitting or acquisition shall immediately make public the reasons, future handling operations and expected date of convening shareholders' meeting.

- 3.8.3 Unless otherwise provided by law or subject to special circumstances, the company participating in consolidation, splitting or acquisition shall convene board meeting and shareholders' meeting on the same day to make resolutions on relevant issues, apart from reporting to securities competent authority for permission in advance. Unless otherwise provided by law or subject to special circumstances, the company participating in stock transfer shall convene board meeting on the same day, apart from reporting to securities competent authority for permission in advance.

The listed company participating in consolidation, splitting, acquisition or stock transfer, or whose shares are on transaction at securities dealer operation place shall prepare complete written record of the following materials and kept for five years for verification:

3.8.3.1 Basic data of personnel:

It includes the personnel for planning or planned execution for consolidation, splitting, acquisition or stock transfer before information disclosure, including title, name and ID No. (Passport No. for foreigners).

3.8.3.2 Date of important matters:

Includes dates for intention or MoU, entrusted financial or legal consultation, contract signing or board meeting.

3.8.3.3 Important documents and minute books:

Include documents like plan, intention or MoU, important contract or minute book of board meeting for consolidation, splitting, acquisition or stock transfer.

The listed company participating in consolidation, splitting, acquisition or stock transfer, or whose shares are on transaction at securities dealer operation place shall report and submit the data mentioned in the preceding paragraph 1 and paragraph 2 in fixed format to the Association for future reference within two days after the resolution of the board meeting through internet information system.

If the company participating in consolidation, splitting, acquisition or stock transfer contains company that is not listed or has shares on transaction at securities dealer operation place, the latter shall sign agreement and the matter shall be processed in accordance with paragraph 3 and paragraph 4.

- 3.8.4 All persons participating in or being informed of the company consolidation, splitting, acquisition or stock transfer plan shall issue written confidentiality agreement. Before the information is made public, they shall neither disclose the content of the plan, nor conduct transaction of shares or other negotiable securities with equity nature of all companies related with the above case by themselves or on behalf of others.
- 3.8.5 When the Company participates in consolidation, splitting, acquisition or stock transfer, the shareholding ratio or purchase price shall not be varied randomly except for the following situations, and the variations shall be included in the contract of consolidation, splitting, acquisition or stock transfer are as follows:
 - 3.8.5.1 Handling increased capital of cash, issuance of convertible corporate bonds, stock grants, issuance of corporate bonds with subscription right, special stock with subscription right, subscription right certificate and other negotiable securities with equity nature.
 - 3.8.5.2 The act of disposing of the Company's major assets, etc., which affects the Company's financial operations.
 - 3.8.5.3 Occurrence of major disaster or technological revolution that influence the Company's shareholders' right and interest, or securities price.
 - 3.8.5.4 Adjustment of redemption of treasury stock by any party of the companies participating in consolidation, splitting, acquisition or stock transfer.
 - 3.8.5.5 Increase or decrease of main subject or players participating in consolidation, splitting, acquisition or stock transfer.
 - 3.8.5.6 Other conditions of variation included in the contract and already made public.
- 3.8.6 When the Company participates in consolidation, splitting, acquisition or stock transfer, the contract shall clearly record the rights and obligations therein as well as the following matters.
 - 3.8.6.1 Handling of default.
 - 3.8.6.2 Handling principles of issued negotiable securities by eliminated or split company for consolidation, or treasury stock redeemed.
 - 3.8.6.3 Number of treasury stock to be redeemed by participating company after calculating the base date of conversion ratio and the handling principles.
 - 3.8.6.4 Handling means of increase or decrease of main subject or players participating in consolidation, splitting, acquisition or stock transfer.
 - 3.8.6.5 Expected plan execution progress and expected completion agenda.
 - 3.8.6.6 Relevant handling procedures of presetting the date of convening shareholders' meeting when the plan is not completed according to schedule.

- 3.8.7 If any party of the participating companies in consolidation, splitting, acquisition or stock transfer is planning to do the same with other companies after the information is made public, the already completed procedures or legal actions have to be redone by all participating companies in the original consolidation, splitting, acquisition or stock transfer case, unless the number of participating companies decreases, the shareholders' meeting has already resolved to authorize the board the variation authority, and the participating company is exempted from re-convening shareholders' meeting for re-resolution.
- 3.8.8 If the Company participating in consolidation, splitting, acquisition or stock transfer contains non-public listed companies, it shall sign agreement and the matter shall be handled in accordance with 4.3, 4.4 and 4.7.
- 3.9 Information disclosure:
- 3.9.1 The Company, in acquisition or disposal of assets, shall follow specified format and submit relevant information to designated website by securities competent authority for announcement application within two days after the factual occurrence of the following situations:
- 3.9.1.1 Declaration items that should be announced and declaration standard:
- 3.9.1.1.1 Acquisition or disposal of property with related party, or acquisition or disposal of other assets other than property with related party, and the transaction amount reaches more than 20% of the paid-in capital of the Company, 10% of total assets or more than NT\$ 300 million. However, transaction of government bonds, bonds with conditions of repurchase and reverse repurchase, purchase or redemption of market fund of the Republic of China are not subject to this provision.
- 3.9.1.1.2 Conducting consolidation, splitting, acquisition or stock transfer.
- 3.9.1.1.3 Loss of engaging in derivative products transaction reaches the loss upper limit of all or individual contract stipulated in operation procedures.
- 3.9.1.1.4 The transaction amount of financial institutions in disposal of creditor's right or engagement in investment in Mainland China reaches more than 20% of the paid-in capital of the Company or RMB 60 million (or the equivalent of NT\$ 300 million in foreign currency), except for the above three capital transactions. However, the following situations are not subject to this provision:
- 3.9.1.1.5.1 Transaction of government bonds.
- 3.9.1.1.5.2 Transaction of negotiable securities at domestic and foreign stock exchanges or securities dealer operation place as professional investment.

- 3.9.1.1.5.3 Transaction of bonds with conditions of repurchase and reverse repurchase, purchase or redemption of market fund of the Republic of China.
- 3.9.1.1.5.4 The type of assets in acquisition or disposal falls into machinery or equipment for operation use, the transaction party is not related party, and the transaction amount does not reach over RMB 100 million (or the equivalent of NT\$ 500 million in foreign currency).
- 3.9.1.1.5.5 In acquisition or disposal of property for construction use by public listed companies in construction business, the transaction party is not a related party, and the transaction amount does not reach over NT\$ 500 million.
- 3.9.1.1.5.6 The transaction amount of expected input by the Company for self-owned land of entrusted construction, leased land of entrusted construction, joint construction for distribution of building, joint construction for distribution of profit and joint construction for distribution of sales does not reach over RMB 100 million (or the equivalent of NT\$ 500 million in foreign currency).
- 3.9.1.1.6 The calculation of the above transaction amounts is carried out as follows, and within one year limit refers to the date of factual occurrence taken as the base and then dated back one year. Meanwhile, the announced part according to provisions will not be re-included.
 - 3.9.1.1.6.1 Amount of every transaction.
 - 3.9.1.1.6.2 Cumulative transaction amount of acquisition or disposal of the same nature object with the same other party within one year.
 - 3.9.1.1.6.3 Cumulative amount of acquisition or disposal (separate cumulation) of property of the same development project within one year.
 - 3.9.1.1.6.4 Cumulative amount of acquisition or disposal (separate cumulation) of the same negotiable securities within one year.

The Company shall, on a monthly basis, submit the situations of engagement in derivative products transactions by itself and its affiliated companies not going

public domestically to the information application website designated by securities competent authority before the 10th day of each month in the prescribed format.

For items to be announced according to the provisions of the Company, if there is any mistake or omission, corrections have to be made, and all items have to be re-announced for application.

In acquisition or disposal of assets by the Company, relevant contract, minute book, memorandum book, valuation report, letter of opinion by the CPA, lawyer or securities underwriter shall be kept in the Company, unless otherwise stipulated by law, for at least five years.

3.9.2 Time limit for processing announcement and application:

After announcement of and application for transaction by the Company according to the provisions, it shall prepare relevant information to process announcement and application on the designated website by the securities and futures authority within two days after the date of factual occurrence for one of the following situations:

- 3.9.2.1 There is variation, termination or cancellation in relevant contract signed for original transaction.
- 3.9.2.2 Consolidation, splitting, acquisition or stock transfer is not completed according to contract stipulated schedule.
- 3.9.2.3 There is variation to the content of original announcement and application.

4. Supplementary provisions:

- 4.1 If the subsidiary of the Company is a company not going public domestically, the announcement and application matters to be done in accordance with 3.9 for acquisition or disposal of assets shall be done by the Company.

The announcement and application standard applicable for subsidiaries mentioned in the preceding provision 3.9.1.1.1. regarding reaching 20% of the paid-in capital or 10% of the total assets, shall be subject to the paid-in capital or total assets of the Company.

As for the provisions of 10% of the total assets, it shall be calculated by the amount of total assets in the most recent entity or individual financial report stipulated by securities issuer financial report preparation standards.

- 4.2 The operation procedures will be released and implemented after the approval by the shareholders' meeting, and the same shall apply for amendment.

Appendix II Articles of Association(before Amendment)

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

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

艾美特(開曼)國際有限公司

(adopted by a Special Resolution passed on June 11, 2018)

THE COMPANIES LAW (as amended)
Company Limited by Shares

AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION
OF
AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED
艾美特(開曼)國際有限公司
(adopted by a Special Resolution passed on June 11, 2018)

1. The name of the Company is **Airmate (Cayman) International Co Limited** 艾美特(開曼)國際有限公司.
2. The Registered Office of the Company shall be at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands 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 2,162,500,000 divided into 216,250,000 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) and, subject to the provisions of the Companies Law (as amended) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

TABLE OF CONTENTS

Table A		
INTERPRETATION		
1.	Definitions	
SHARES		
2.	Power to Issue Shares	
3.	Redemption and Purchase of Shares	
4.	Rights Attaching to Shares	
5.	Share Certificates	
6.	Preferred Shares	
REGISTRATION OF SHARES		
7.	Register of Members	
8.	Registered Holder Absolute Owner	
9.	Transfer of Registered Shares	
10.	Transmission of Registered Shares	
ORDINARY RESOLUTION, SUPERMAJORITY RESOLUTION AND SPECIAL RESOLUTION		
11.	Alteration of Capital	
12.	Special Resolution and Supermajority Resolution	
13.	Variation of Rights Attaching to Shares	
DIVIDENDS AND CAPITALISATION		
14.	Dividends	
15.	Capital Reserve and Power to Set Aside Profits	
16.	Method of Payment	
17.	Capitalisation	
MEETINGS OF MEMBERS		
18.	Annual General Meetings	
19.	Extraordinary General Meetings	
20.	Notice	
21.	Giving Notice	
22.	Postponement of General Meeting	
23.	Quorum and Proceedings at General Meetings	
24.	Chairman to Preside	
25.	Voting on Resolutions	
26.	Proxies	
27.	Proxy Solicitation	
28.	Dissenting Member's Appraisal Right	
29.	Shares that May Not be Voted	
30.	Voting by Joint Holders of Shares	
31.	Representation of Corporate Member	
32.	Adjournment of General Meeting	
33.	Directors Attendance at General Meetings	
DIRECTORS AND OFFICERS		
34.	Number and Term of Office of Directors	
35.	Election of Directors	
36.	Removal of Directors	
37.	Vacation of Office of Director	
38.	Compensation of Directors	
39.	Defect in Election of Director	
40.	Directors to Manage Business	
41.	Powers of the Board of Directors	
42.	Register of Directors and Officers	
43.	Officers	
44.	Appointment of Officers	
45.	Duties of Officers	
46.	Compensation of Officers	
47.	Conflict of Interest	
48.	Indemnification and Exculpation of Directors and Officers	
MEETINGS OF THE BOARD OF DIRECTORS		
49.	Board Meetings	
50.	Notice of Board Meetings	
51.	Participation in Meetings by Video Conference	
52.	Quorum at Board Meetings	
53.	Board to Continue in the Event of Vacancy	
54.	Chairman to Preside	
55.	Validity of Prior Acts of the Board	
CORPORATE RECORDS		
56.	Minutes	
57.	Register of Mortgages and Charges	
58.	Form and Use of Seal	
TENDER OFFER AND ACCOUNTS		
59.	Tender Offer	
60.	Books of Account	
61.	Financial Year End	
AUDIT COMMITTEE		
62.	Number of Committee Members	
63.	Power of Audit Committee	
VOLUNTARY WINDING-UP AND DISSOLUTION		
64.	Winding-Up	
CHANGES TO CONSTITUTION		
65.	Changes to Articles	
REDUCTION OF SHARE CAPITAL		
66.	Reduction of Share Capital	
67.	Discontinuance	
68.	Appointment of Litigious and Non-Litigious Agent	
OTHERS		
69.	Shareholder Protection Mechanism	
70.	ROC Securities Laws and Regulations	

**AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF**

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

艾美特(開曼)國際有限公司

(adopted by a Special Resolution passed on June 11, 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 Second 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	these 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	Airmate (Cayman) International Co Limited 艾美特(開曼)國際有限公司;
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;
Directors	the directors for the time being of the Company and shall include any and all Independent Director(s);
Directors' Remuneration	has the meaning given thereto in Article 14.5;
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;
Employees' Compensations	has the meaning given thereto in Article 14.5;
ESM	the emerging stock market of the ROC;
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;
Joint Operation Contract	a contract between the Company and one or more person(s) or entit(ies) where the parties thereto agree to pursue the same business venture and jointly bear losses and enjoy profits arising out of such business venture in accordance with the terms thereof;
Law	The Companies Law of the Cayman Islands and every modification, reenactment or revision thereof for the time being in force;
Lease Contract	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) lease or rent from the Company the necessary means and assets to operate the whole business of the

	Company in the name of such person, and as consideration, the Company receives a pre-determined compensation from such person;
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;
Management Contract	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) manage and operate the business of the Company in the name of and for the benefit of the Company, and as consideration, such person(s) receive a pre-determined compensation from the Company while the Company continues to be entitled to the profits (or losses) of such business;
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 Merger	the memorandum of association of the Company; a transaction whereby: (a) (i) all of the companies participating in such transaction are combined into a new company, which new company generally assumes all rights and obligations of the combined companies; or (ii) all of the companies participating in such transaction are merged into one of such companies as the surviving company, and the surviving company generally assumes all rights and obligations of the merged companies, and in each case the consideration for the transaction being the shares of the surviving or new company or any other company, cash or other assets; or (b) other forms of mergers and acquisitions which fall

	within the definition of "merger and/or consolidation" under the Applicable Public Company Rules;
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 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 the Articles;
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 TSE) the Applicable Public Company Rules;
Registered Office	the registered office for the time being of the Company;
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

	authorised 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; (2) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (3) the entity, one half or more of whose shareholders involved in management or board of directors are concurrently acting as the shareholders involved in management or board of directors of such company; and (4) the entity, one half or more of whose total number of issued voting shares or the total amount of the share capital are held by the same shareholder(s) of such company;
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	has the meaning given thereto in Article 3.13;
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** In the Articles expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.
- 1.4** 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 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, 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, the TPEx or TSE (as applicable) 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 provisions of the 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 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 Applicable Public Company Rules.
- 2.6 The pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes:

- (a) in connection with a Merger, spin-off, or pursuant to any reorganization of the Company;
 - (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.11 hereof (such pre-emptive rights shall also not apply to any issuance of shares to employees under Article 2.8);
 - (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;
 - (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
 - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; or
 - (f) 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 programmes and may issue shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries, and for the avoidance of doubt, resolution of the Members is not required.
- 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 programmes 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 programme 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 programme approved pursuant to Article 2.8 above, whereby employees may subscribe for, within a specific period, a specific number of the shares. The terms and conditions of such agreements shall be no less restrictive on the relevant employee than the terms specified in the applicable incentive programme.
- 2.12** Without prejudice to any provisions in this Article 2, where shares are issued by the Company for purposes of changing the currency denomination of share capital of the Company as approved by the members at a general meeting (the "**Redenomination**"), to the extent that the percentage of shareholding interest of the members of the Company will not be affected and the members are not required to pay for any new

shares issued in connection with the Redenomination (other than out of the proceeds of any share buy back of their existing shares which are subject to the Redenomination), no further approval or consent of the Member or Members shall be required.

3. Redemption and Purchase of Shares

- 3.1** Subject to the Law, the Company is authorised 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 authorised to make payments in respect of the redemption of its shares out of capital or out of any other account or fund authorised 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** (i) Subject to the provisions of 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.
(ii) Without prejudice to Article 3.5.(i), 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 propose to purchase any share traded on the ESM or listed on 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 TSE for any reason.
- 3.7** For so long as the shares are traded on the ESM or listed on the TSE, the Company is authorised to purchase any share traded on the ESM or listed on 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: such purchase transactions shall be in accordance with the applicable ROC securities laws and regulations and the Applicable Public Company Rules; and
such purchase transactions shall be in accordance with the Law.
- 3.8** The redemption price may be paid in any manner authorised by Article 16.1.
- 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** Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or held as treasury shares ("**Treasury Shares**") at the discretion of the Directors.
- 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 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 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/scrupless 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 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 comply with the Law and the Applicable Public Company Rules to handle relevant matters, and shall deliver the shares to the subscribers by book-entry transfer through the book-entry system of the TDCC within thirty days after the Company is permitted by applicable listing laws and regulations to issue such shares and make a public announcement prior to the delivery.

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 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 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 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 recognised by the Company as holding any share on any trust; and
- (b) no person other than the Member shall be recognised 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 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 recognise 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 therefor 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 recognised 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 authorised 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 9.5 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 recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

11. Alteration of Capital

11.1 The Company may from time to time by Ordinary Resolution:

- increase its share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination;
- 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

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.

SPECIAL RESOLUTION AND SUPERMAJORITY RESOLUTION

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) issue securities by way of Private Placement within the territory of the ROC in accordance with the Applicable Public Company Rules.
- 12.2** Notwithstanding Article 12.1(e) hereof, the ordinary corporate bonds to be issued through Private Placement by the Company in accordance with the Articles and the Applicable Public Company Rules may be offered in different tranches within one year of the date of the meeting of the Directors approving such Private Placement.
- 12.3** Subject to the Law and Article 12.4, 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 bonuses 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 Lease Contract, Management Contract or Joint Operation Contract;
- (d) the transferring of the whole or any essential part of the business or assets of the Company;
- (e) acquiring or assuming the whole business or assets of another person, which has a material effect on the Company's operation; or
- (f) issuing employee stock options at an issue price lower than the closing price of the shares on the issue date provided that in no event shall the issue price be lower than the par value per share.

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.

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, shares or, subject to Article 14.2, wholly or partly in specie. No unpaid dividend shall bear interest as against the Company.

14.2 Subject to the provisions of Article 14.1, the Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may

consist of the shares or securities of any other company) and may settle all questions concerning such distribution, subject, however to obtaining the prior consent of any shareholder to whom it is proposed to make a distribution in specie and a valuation of the assets for distribution from an ROC certified public accountant, prior to the Directors fixing the value of the assets for distribution. The Directors may make cash payments to some Members on the footing of the value so fixed in order to adjust the rights of Members. Without limiting the foregoing generality, the Directors may vest any such specific assets in trustees on such terms as the Directors think fit and may issue fractional shares.

- 14.3** 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.
- 14.4** 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.
- 14.5** Unless otherwise provided in the Law, the Applicable Public Company Rules or the Articles, upon the final settlement of the Company's annual accounts, if there is "surplus profit" (as defined below), the Company shall set aside an amount as compensation to employees and remuneration for the Directors as follows; provided however that, if the Company has accumulated losses, the Company shall reserve an amount thereof first to making up such losses:
- (a) five percent (5%) to ten per cent (10%) as compensation to employees ("**Employees' Compensations**"), including employees of the Company's Subsidiaries; and
 - (b) no more than three per cent (3%) 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 and for the avoidance of doubt, such amount is before any payment of compensation to employees and

remuneration for the Directors.

Subject to the Applicable Law, the Employees' Compensations shall be appropriated in the form of cash or stock.

For so long as the shares are traded on the ESM or listed on 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: (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; and (iv) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules.

If there are any remaining profits, such remaining profits, together with a part or whole of accumulated undistributed profits in the previous years, subject to compliance with the Law and after setting aside the amounts for Employees' Compensations and Directors' Remuneration in accordance with Article 14.5 and such amounts as the Board deems fit in accordance with the dividend policy set out in preceding paragraph, may be distributed as dividends to Members in proportion to their shareholdings. Dividends to be distributed to the Members, may be made by way of cash dividends or by way of stock dividends or a combination thereof, provided that, the cash dividends shall not be less than fifty per cent (50%) of the total amount of dividends payable under the preceding sentence and, provided further that, subject to the Law and the Applicable Public Company Rules and unless otherwise resolved by the Board and the Members, after having considered the financial, business and operational factors of the Company, the amount of the remaining profits distributed as dividends to Members shall not be less than twenty-five per cent (25%) of profit after tax of the relevant year.

14.6 The Board shall fix any date as the record date for determining the Members entitled to receive any dividend or other distribution.

14.7 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.

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 plan 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.

17. Capitalisation

Subject to the 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** The general meetings (including annual general meetings and extraordinary general meetings) shall be held at such time and place as the Chairman or any two Directors or any Director and the Secretary or the Board shall appoint.
- 18.3** For so long as the shares are traded on the ESM or listed on 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 ESM (in the case that the shares are traded on the ESM) or the TSE (in the case that the shares are listed on the TSE) thereof 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 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 therefor and must be signed by the requisitionists and deposited at the Registered Office and the Company's stock affairs agent located in the ROC, and may consist of several documents in like form each signed by one or more requisitionists.
- 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.

20. Notice

- 20.1** Before the shares are traded on the ESM or listed on 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 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 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** 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 by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- 20.5** For so long as the shares are traded on the ESM or listed on 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.
- 20.6** For so long as the shares are traded on the ESM or listed on 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 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,
 - (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 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 in cash,

- (g) Private Placement of any equity-related securities to be issued by the Company, and
- (h) issuance of employee stock options at an issue price lower than the closing price of the shares on the issue date.

- 20.7** For so long as the shares are traded on the ESM or listed on 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.
- 20.8** For so long as the shares are traded on the ESM or listed on 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 purpose of this Article, a notice may be sent via electronic means if so agreed to by the Members in writing.

- 21.2** Any Notice or other documents shall be deemed to be effective when it is sent in accordance with Articles 20 and 21 of the Articles.

Any Notice or document may be given to a Member either in the English language or the Chinese 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, 20.5 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 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. No resolution put to the vote at the meeting shall be decided by a show of hands.
- 23.4** For so long as the shares are traded on the ESM or listed on 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 of the first instance 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 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, the Articles and the Applicable Public Company Rules.

24. Chairman to Preside

- 24.1** 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 TSE, the chairman at all meetings of the Members shall be appointed 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.

- 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 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 appointor in writing, or, if the appointor is a corporation or other non-natural person, under the hand of an officer or attorney duly authorised 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 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 authorised a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (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 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 Lease Contract, Management Contract or Joint Operation Contract;
- (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 therefor, in writing or verbally (with a record) before or during the general meeting approving such spin off or Merger, may request the Company to purchase all of his shares at the then prevailing fair price.

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 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 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, authorise such person or persons as it thinks fit to act as its representative at any meeting of the Members and any person so authorised 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 authorised 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, 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 seven (7) and no more than eleven (11) 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 TSE, unless otherwise approved by the TPEx (in the case that the shares are traded on the ESM) or the TSE (in the case that the shares are listed on 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 TSE, unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors accounting for not 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 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) 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 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 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 TSE, if the number of Directors is less than seven (7) 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, whether or not appointing another in his stead. 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. If the term of office of all Directors expires at the same time and no general meeting was held before such expiry for re-election, their term of office shall continue and be extended to such time when new Directors are elected or re-elected in the next general meeting and they commence their office.

- 36.2** For so long as the shares are traded on the ESM or listed on 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 of the first instance 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 the Director has been adjudicated bankrupt, and has not been reinstated to his rights and privileges;
- 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;
- 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;
- 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;
- 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
- 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 was elected, he shall, *ipso facto*, be removed automatically from the office of Director with immediate effect and in such case no approval from the Members shall be required.
- 37.3 If a Director has, after having been elected as a Director but before assuming his office, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, or if the said Director, during the book closure period prior to a general meeting, has transferred more than one half of the Company's shares being held by him, then the election of such Director shall immediately be invalidated without the need of any shareholders' approval.

38. Compensation of Directors

- 38.1 For so long as the shares are traded on the ESM or listed on 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

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, the Board may subject to Article 12.3:

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

- 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 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. For these purposes, where Directors present and entitled to vote at the meeting do not cast a vote at the meeting, such Directors will be deemed to vote against the resolution.
- 49.4** A Director may be represented at any meetings of the Board by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.
- 49.5** The instrument appointing a proxy shall be in writing in such form as the Board may approve and may at any time be revoked in like manner, and notice of every such appointment or revocation in like manner.
- 49.6** A proxy must be a Director and can only act on behalf of one appointing Director at a meeting of the Board.

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, 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 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 purpose 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 authorised 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 authorised 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 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 TSE, the Board shall set up an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and 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. Before the shares are listed on the TSE, the Board may resolve to set up the Audit Committee.

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 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.

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 WINDING-UP AND DISSOLUTION

64. 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. 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 Members 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.

REDUCTION OF SHARE CAPITAL

66. Reduction of Share Capital

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

67. Discontinuance

The Board may exercise all the powers of the Company to transfer by way of continuation the Company to a named country or jurisdiction outside the Cayman Islands pursuant to the Law.

APPOINTMENT OF LITIGIOUS AND NON-LITIGIOUS AGENT

68. Appointment of Litigious and Non-Litigious Agent

For so long as the shares are traded on the ESM or listed on 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

69. Shareholder Protection Mechanism

If the Company proposes to undertake:

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

which would result in the termination of the Company's listing on the TSE, 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's shares are not listed on the TPEx or the TSE, 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.

70. ROC Securities Laws and Regulations

For so long as the shares are traded on the ESMor listed on 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.

Appendix III Rules of Procedure for Shareholders' Meetings

Airmate (Cayman) International Co Limited

Rules of Procedure for Shareholders' Meetings, amended on June 11, 2018

Article 1

The rules are formulated in accordance with article 5 of the governance practice rules of listed and over-the-counter companies for compliance, to establish sound shareholders' meeting governance system, perfect supervision function and enhance management mechanism.

Article 2

The rules of procedure for shareholders' meeting of the Company shall follow these rules, unless otherwise stipulated by law or Articles of Association.

Article 3

The shareholders' meeting of the Company shall be convened by the board of directors, unless otherwise stipulated by law.

The Company shall prepare the shareholders' meeting notice, power of authorization paper, causes and description data of recognition case, discussion case, appointment or relief of directors in electronic files and send to open information observation station 30 days before the regular shareholders' meeting or 15 days before interim shareholders' meeting. And it shall prepare the meeting handbook and supplemental data of shareholders' meeting in electronic files and send to open information observation station 21 days before regular shareholders' meeting or 15 days before interim shareholders' meeting. It shall properly prepare the meeting handbook and supplemental data for every shareholders' meeting available to shareholders at any time 15 days before the shareholders' meeting, and display at the Company or special service agency entrusted by the Company for distribution at the meeting.

Notice and announcement shall clearly record the cause of convention; and the notice that has to be permitted by the relative party shall be in electronic form.

Appointment or relief of directors, variation to Articles of Association, Company dissolution, consolidation, splitting and items in paragraph 1 of Article 185 of the Company Act, paragraph 1 of article 26 and paragraph 6 of article 43 of securities transaction law, as well as paragraph 1 of article 56 and paragraph 2 of article 60 in operation standards for issuers placement and issuance of negotiable securities shall be listed in the cause for convention instead of being raised through extempore motion.

Shareholders holding over 1% of the total issued shares shall make proposal to the regular shareholders' meeting of the Company in writing. However, it is only limited to one; if the proposal is more than one, it will not be listed in the motion. Besides, if the proposal raised by shareholders fall into the provisions of subparagraph 4 of paragraph 1 of Article 172 of the Company Act, the board of directors will not list it as motion.

The Company shall announce the received proposals from shareholders, reception place and reception period before the date of suspending stock transfer prior to the convention of regular shareholders' meeting; the reception period shall not be less than 10 days.

The proposal raised by shareholders shall be within 300 words; or otherwise, it will not be listed as motion. The shareholders raising the proposal shall attend the regular shareholders' meeting in person or entrust others to do so on his behalf, and participate in the discussions.

The Company shall notify the proposal raising shareholder of the handling result before the date of shareholders' meeting convention notice, and list the motion conforming to the provisions of this Article in the convention notice. For proposal raised by shareholders not included in the motion, the board of directors shall explain the reasons for the same at the shareholders' meeting.

Article 4

Shareholders shall present letter of authorization issued by the Company before every shareholders' meeting, recording the scope of authorization, entrusted agent, attend the shareholders meeting.

One shareholder can only issue one letter of authorization and entrust one person. The letter of authorization shall be delivered to the Company five days before convention of the shareholders' meeting; if there is repetition, whichever arrives earliest shall prevail. However, announcement of revoking previous authorization is not subject to this provision.

If the shareholder is planning to attend the shareholders' meeting himself or execute his voting power in written or electronic form after delivery of the letter of authorization to the Company, he shall revoke the notice of letter of authorization to the Company in writing. In case of cancellation after the expiration of the time limit, the voting right of the entrusted agent shall prevail.

Article 5

The place for convening the shareholders' meeting shall be the domicile of the Company or other place that is convenient for shareholders to attend or suitable for the meeting. The starting time for the meeting shall not be earlier than 9 am or later than 3 pm. The convention time and place shall fully consider the opinions of independent directors.

Article 6

The Company shall clearly indicate in the convention notice items like the reporting time and place of the shareholders and other matters needing attention.

The above mentioned reporting time of shareholders shall be processed at least 30 minutes before the meeting; and the reporting place shall be explicitly marked and assigned with enough qualified personnel.

The shareholders themselves or agents entrusted by them (hereinafter referred to as shareholders) shall attend the shareholders' meeting with the attendance certificate, attendance sign-in card or other certificates. The Company shall not add requirements for provision of other certificates randomly for the above. The requester for letter of authority shall come with ID certificate for verification.

The Company shall prepare the signature book for sign-in by attending shareholders, or sign-in card has to be submitted for replacement.

The Company shall deliver the meeting handbook, annual report, attendance certificate, speech note, vote and other meeting materials to shareholders attending the meeting; if in selection of directors, ballots shall be attached.

When the government or legal person acts as shareholder, the representative to attend the shareholders' meeting is not limited to one. When legal person is entrusted to attend the shareholders' meeting, it can only assign one representative to attend.

Article 7

If the shareholder's meeting is convened by the board of directors, then the chairperson shall be acted upon by the chairman. If the chairman asks for leave or cannot execute his duty, vice chairman comes for replacement. If there is no vice chairman or the vice chairman asks for leave or cannot execute his duty, the chairman can designate one executive director as replacement; if there is no executive director, the chairman can designate one director as replacement; if the chairman does not designate, the executive director or director will recommend one as replacement.

If the above mentioned chairperson is to be acted upon by executive director or director as replacement, it shall be an executive director or director working at the position for more than six months, and who has obtained full understanding of the financial status of the Company. It is the same case when the chairperson is representative of legal person director.

The shareholders' meeting convened by board of directors is better to be chaired by the chairman himself and attended by more than half of all directors and one representative from various functional committees, and the attendance has to be recorded in the minute book.

If a shareholders' meeting is convened by a convener other than the board of directors, the convener shall be the chairperson of the shareholders' meeting. If the convener is more than two, one of them shall be recommended as the chairman.

The Company shall designate the entrusted lawyer, CPA or relevant personnel to attend the shareholders' meeting as a nonvoting delegate.

Article 8

The Company shall conduct continuous taping or video recording of the shareholders report process, meeting process, voting and counting process.

The above audio-visual data has to be kept for at least one year. When shareholders initiate legal proceedings according to Article 189 of the Company Aact, it shall be kept until the end of the proceedings.

Article 9

The attendance at shareholders' meeting shall take shares as the calculation basis. The attending shares shall be calculated with the number of shares through execution of voting power in written or electronic form according to the sign-in book or submitted sign-in card.

Upon the opening time of the meeting, the chairperson shall immediately announce opening. Only when the meeting is not attended by shareholders holding more than half of all issued shares, can the chairperson announce postponement. And the postponement is limited to two times and the postponed time cannot exceed one hour in total. If the meeting is not attended by shareholders holding more than one third of all issued shares after two times of postponement, then the chairperson will announce failed convention for lack of quorum.

If the meeting is attended by shareholders holding more than one third of all issued shares after two times of postponement, it will be false resolution according to the provisions of paragraph 1 of Article 175, which will be notified to shareholders that the meeting will be re-convened within one month.

Before closing the meeting, if the meeting is attended by shareholders holding more than half of all issued shares, the chairperson will take it as false resolution and re-apply to the shareholders' meeting for resolution according to provisions of Article 174 of the Company Act.

Article 10

If the shareholders' meeting is convened by the board of directors, the agenda shall be formulated by it. The meeting shall be conducted according to schedule, and shall not be varied without resolution of shareholders' meeting.

If the shareholders' meeting is convened by person other than the board of directors who has the right to convene, then the above provisions shall prevail.

Before closing the proceedings (including extempore motion) on the scheduled agenda of the above two items, the chairperson shall not announce adjournment at his own discretion; If the chairman announces adjournment by violating the proceedings rules, other members in the board shall quickly assist the attending shareholders in recommending one person as chairperson through permission of more than half of voting shareholders according to legal procedures and proceed with the meeting.

The chairperson shall give sufficient opportunities of explanation and discussion to the motion, amendment proposal or extempore motion raised by shareholders, announce suspension of discussion when deeming that it reaches the degree to be voted on, and submit for resolution.

Article 11

Before the attending shareholders make any speech, they need to firstly fill in the speech tenet, shareholder account (attendance certificate S/N) and account name, and the speech order will be determined by the chairperson.

Shareholders who only submit speech note without making the speech will be deemed as no speech. If the speech content and record in speech note are not consistent, the former shall prevail.

For the same motion, with the permission from the chairperson, every shareholder can only deliver a speech for two times at most for not more than five minutes per speech. Only when the shareholders' speech go against provisions or out of the agenda scope, will the chairperson stop the speech.

When the attending shareholder is making a speech, other shareholders shall not voice to interfere unless permission from the chairperson and shareholder making the speech is obtained; the chairperson shall stop violators.

If legal person shareholder designates more than two representatives to attend the shareholders' meeting, for the same motion only one person shall be recommended to speak.

After the attending shareholders' speech, the chairperson shall reply in person or designate relevant personnel for the same.

Article 12

The decision by vote at the shareholders' meeting shall take the shares as the calculation basis.

For the resolutions at the shareholders' meeting, the number of shares of shareholders with no voting power shall not be included into the total number of issued shares.

If shareholders have bearing on the meeting matters, or their stake can lead to damage of the Company's interest, they shall not join the voting or act on behalf of other shareholders in executing the voting power.

The number of shares with no voting power shall not be included into the number of voting power of attending shareholders.

If one person is entrusted by more than two shareholders at the same time, the voting power shall not exceed 3% of the total voting power of issued shares except for agencies approved by authorities in trust business or securities; otherwise the voting power over the limit will not be calculated.

Article 13

Shareholders have one voting power for every share; however, those limited or without voting power according to paragraph 2 of Article 179 of the Company Act are not subject to the provision.

In shareholder' meeting of the Company, if the voting power has to be executed in written or electronic form, the execution methods shall be clearly recorded on the convention notice. Shareholders executing the voting power in written or electronic form shall be deemed as present at the shareholders' meeting in person. But amendment to extempore motion and original motion by the shareholders' meeting shall be deemed as waiver. Therefore, the Company will avoid raising amendment.

The intention expression of those executing voting power in written or electronic form shall be delivered to the Company two days before convention of shareholders' meeting. When there is repetition, whichever arrives earliest shall prevail. However, announcement of revoking the previous intention expression is not subject to this provision.

If shareholders intend to attend the shareholders' meeting in person after executing the voting power in written or electronic form, they shall revoke the previous intention expression of voting power in the same manner two days in advance; if it is not revoked over the time limit, the voting power in written or electronic form shall prevail. If shareholders execute the voting power in written or electronic form or entrust agent to attend the shareholders' meeting, the voting power executed by the entrusted agent shall prevail.

The decision by vote upon motion shall only be approved by the consent of more than half of the voting power of the shareholders present., unless otherwise stipulated by Company Act or the Articles of Association of the Company. In deciding by vote, the chairperson or the personnel designated by the chairperson shall announce the total number of voting power of the attending shareholders for one case after another, and then shareholders shall vote for decision. And on the same day of convening the meeting, the results of shareholders' permission, objection or waiver shall be entered into the open information observation station.

If there is amendment proposal or substitution proposal for the same motion, the chairperson shall determine the order of decision by vote. If one bill is passed, the others will be deemed as vetoed without the need for decision by vote.

The supervising and counting personnel for decision by vote shall be designated by the chairperson, but the supervising personnel cannot be shareholders.

The counting for decision by vote or selection of motion at shareholders' meeting shall be carried out in open place within the venue. After completion of counting, the voting result shall be announced on the spot, including the statistical number of voting power for record.

Article 14

If directors are selected at the shareholders' meeting, it shall be handled according to the appointment norms of the Company, and the selection result shall be announced on the spot, including the list of selected directors and the number of voting power.

The selection votes for the above selection shall be property kept after supervising personnel seal and sign for at least one year. When shareholders initiate legal proceedings according to Article 189 of the Company Aact, it shall be kept until the end of the proceedings.

Article 15

The resolution matters at shareholders' meeting shall be prepared into minute book to be signed or stamped by the chairperson and then distributed to shareholders within 20 days after the meeting. The preparation and distribution of minute book shall be in electronic form.

The Company shall distribute the above minute book in the form of announcement that is entered into the open information observation station.

The minute book shall record the meeting year, month, date, place, name of chairperson, resolution method, proceedings process and the results to be kept permanently during the survival period of the Company.

Article 16

The number of shares obtained by the solicitor and the number of shares represented by the entrusted agent shall be clearly disclosed by the Company on the floor of the shareholders' meeting in the statistical table fabricated in accordance with the prescribed format on the day when the shareholders' meeting is held.

For the resolution matters at shareholders' meeting, if there is any important information involved according to legal stipulations or Taiwan Stock Exchange (consortium financial person over-the-counter transaction center of securities of the Republic of China), the Company shall upload the content to the open information observation station within specified time.

Article 17

The meeting staff for preparing shareholders' meeting shall wear identification certificate or armband.

The chairperson shall instruct the provost officers or security staff to maintain order. When the provost officers or security staff are maintaining order at the venue, they shall wear the armband with "provost officer" or identification certificate.

If the venue is equipped with loud-speaking equipment, the chairperson shall stop it when shareholders are using the equipment not allocated by the Company for speech.

If shareholders violate the proceedings rules, disobey the requirement for correction of the chairperson, interfere with the meeting, and refuse to stop after warnings, the chairperson shall instruct provost officers or security staff to guide them out of the venue.

Article 18

During the meeting, the chairperson can at his own discretion announce adjournment; in the case of any events of force majeure, the chairperson can decide to suspend the meeting temporarily and announce the time for continuing with meeting depending on the circumstances.

Before closing proceedings (including extempore motion) on the scheduled agenda at shareholders' meeting, the meeting shall make resolution to seek another venue for meeting if the current venue does not allow for continuous use.

The shareholders' meeting may, in accordance with Article 182 of the Company Act, decide to postpone or renew the meeting within five days.

Article 19

These rules shall come into force upon approval of the board of shareholders and the same shall apply for amendment.

Appendix IV Shareholding Situation of Directors

The shareholding situation of all directors of the Company

The number of shares recorded in the list of shareholders by directors of the Company as of the transfer suspension date of this regular shareholders' meeting (April 8, 2019) is as follows:

Title	Name	Current holding of shares	
		Number of shares	Shareholding ratio
Chairman	SHIH, JUI PIN	1,372,522	1.12%
Vice Chairman	TSAI, CHENG-FU	3,666,837	2.98%
Director	CHENG, LI-PING	3,095,192	2.52%
Director	SHIH LI, CHUEH-CHU	1,890,992	1.54%
Director	SHIH, JUI-LIN	260,000	0.21%
Director	CHEN, YEN-FU	15,000	0.01%
Director	CHEN, SHUN-LOONG	2,254,000	1.83%
Independent director	FAN, CHIN-HWA	5,000	0.00%
Independent director	CHIU, SHEAN-BII	0	0.00%
Independent director	CHEN, MING-CHANG	0	0.00%
Independent director	CHI, LAI-PING	0	0.00%

Note 1: The issued shares of the Company as of the transfer suspension date of this regular shareholders' meeting (April 8, 2019) are 122,843,586.

Note 2: The number of shares to be legally held by all directors of the Company is 8,000,000. There are 12,554,543 shares held as of the transfer suspension date of this regular shareholders' meeting (April 8, 2019).

Note 3: The number of shares held by independent shareholders is not included into the above number of shares held by all directors.

Note 4: The Company has set up audit committee, so the number of shares to be legally held by supervisors is not applicable.