

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

2020 Annual Shareholders' Meeting

Meeting Handbook
(Translation)

Date of Shareholders' Meeting: June 11, 2020 (Thurs.) 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.)

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AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

2020 Annual Shareholders' Meeting Procedure

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

AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED

2020 Shareholders' Meeting Agenda

Time: June 11, 2020 (Thurs.) 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) 2019 Operating Report
 - (II) 2019 Final Statement Audited by Audit Committee
 - (III) 2019 Allocation Report of Remuneration to Employees and Directors
 - (IV) Issuance of Third Guaranteed Convertible Corporate Bonds Execution Report within the Territory of the Republic of China
- IV. Proposals
 - (I) 2019 Operating Report and Consolidated Financial Statement Proposals of the Company
 - (II) Adoption of the Proposal for Distribution of 2019 Profits
- V. Discussions
 - (I) Issuance of New Shares for Capital Increase from Retained Earnings
 - (II) Amendments to the "Operational Procedures for Loaning Funds to Others"
 - (III) Amendments to the "Regulations Governing the Management of Endorsement and Guarantee"
 - (IV) Amendments to the "Articles of Association"
 - (V) Amendments to "Procedures for Election of Directors"
 - (VI) Amendments to "Rules of Procedure for the Shareholders' Meeting"
- VIII. Extempore Motions
- IX. Adjournment

Report items

First proposal

by the Board of Directors

Cause: Submit 2019 Operating Report for Joint Deliberation.

Note: Please refer to #page 8-12# of this manual for the 2019 Operating Report of the Company (Attachment I).

Second proposal

by the Board of Directors

Cause: Submit 2019 Final Statement Report audited by Audit Committee for Joint Deliberation.

Note: Please refer to #page 13# of this manual for the report audited by Audit Committee 2019 of the Company (Attachment II).

Third proposal

by the Board of Directors

Cause: Submit 2019 Allocation Report of Bonuses to Employees and Directors for Joint Deliberation.

Note: (I) According to the Company's Articles of Association 14.5, if the Company is profitable in the year, it should allocate 5% to 10% of employees' remuneration and not more than 3% to Directors.

(II) The remunerations to employees and Directors in 2019 were allocated according to the previous practice, and issued in cash upon the resolution of the Board Meeting on March 12, 2020. Please refer to the following table for details.

Unit: NT\$

Item	Amount to be allocated by the Board Meeting	Ratio in profit
Employee's remuneration	17,416,618	5%
Directors' remuneration	3,483,324	1%
Total	20,899,942	6%

Note: The remuneration to employees and Directors were consistent with the estimated expense in 2019.

Fourth proposal

by the Board of Directors

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

Note:

Name of bonds	Third Guaranteed Convertible Corporate Bonds within the Territory of the Republic of China
Reason for issuance	Land purchase payment and bank loans repayment
Issuance amount	NT\$0.3 billion
Face interest rate	0%
Issuance period	3 years. Available from December 4, 2019 to December 4, 2022
Issuance situations	The resolution of the Board Meeting on August 8, 2019 was to handle the third guaranteed convertible corporate bonds within the territory of the Republic of China; on October 25, 2019, the Company obtained the effective letter of application from FSC No.10803334691, and was listed for buying and selling transaction on December 4, 2019.
Conversion situations	As of the base date for book closure (April 13, 2020), there was no application for conversion.

Proposals

First proposal

by the Board of Directors

Cause: Submit the recognition case of the 2019 Operating Report and Consolidated Financial Statement of the Company for Joint Deliberation.

- Note: I. The 2019 Consolidated financial Statement of the Company had been audited by CPAs Yu-Feng Xu and Kuan-Wen Lu with KPMG, and passed the resolution of the tenth session of the third Audit Committee and the tenth session of the third Board Meeting.
- II. The attached are 2019 Operating Report (please refer to #page 8-12# of this manual (Attachment I)), CPA Audit Report and Consolidated Financial Statement (please refer to #page 14-22# of this manual (Attachment III)) for recognition.

Resolution:

Second proposal

by the Board of Directors

Cause: Adoption of the 2019 Earnings Distributions

- Note: I. The Company's undistributed surplus at the beginning of the year was NT\$0, plus NT\$12,232,675 changes of re-measurement number of defined benefit plan for the period and NT\$251,919,325 of the 2019 net profit after tax, the distributable net profit for the period was NT\$264,152,000. And after the recognition of legal reserve (NT\$25,191,932) and the special reserve-net decrease of exchange from translation of financial statements of institutions running overseas (NT\$1,413,316), the distributable net profit for the period was NT\$237,546,752.
- II. This year, it is estimated on the ex-dividend record date that the cash dividend will be NT\$109,480,510 with estimated amount of NT\$0.8 per share, while the stock dividend will be NT\$27,370,130 with estimated amount of NT\$ 0.2 per share. The fractional dollar amount which is less than one New Taiwan Dollar, if there is any, will not be distributed and will be recognized by the company as other income. It is proposed the Board of Directors be authorized to determine the record date and the payment date that the cash and stock dividends will be distributed.
- III. If the foregoing matters affect the number of outstanding shares due to factors such as the conversion of the Company's corporate bonds, which lead to changes of dividend payout ratio, it is proposed the Board of Directors is authorized to adjust it.
- IV. Please refer to #page 23# of this manual for 2019 Earnings Distribution Table (Attachment IV).

Resolution:

Discussions

First proposal

by the Board of Directors

Cause: Submit the Company's intention to issue new shares for capital increase from retained earnings for discussions.

- Note: I. The Company proposed to contribute NT\$27,370,130 from the distributable earnings in 2019 to increase the share capital and issue 2,737,013 new shares at face value of NT\$10 per share. The newly issued shares with the increased share capital would be allocated in accordance with the Shareholders' Registrar on the record date for stock dividend, i.e. 20 shares for each 1,000 shares. The shareholders can compile fractional share into one share, and register it with the Shareholders' Registrar within five days from the record date for distribution of share dividend. The Company would pay cash instead for such stock dividend (calculated to NTD and rounded down to an integer) for any failure to make the fractional share into one share by shareholders and the chair is to be authorized to offer the shares to specific persons.
- II. Rights and obligations of the new shares are the same as those of the original shares.
- III. In the future, if the number of outstanding shares is affected by factors such as the conversion of the Company's corporate bonds, which leads to changes of dividend payout ratio, it is proposed the Board of Directors is authorized to adjust it.
- IV. Upon the approval of the shareholders' meeting, it is proposed that the Board of Directors is authorized to determine the record date and payment date for issuance of new shares, and other relevant issues.
- V. Submitted for resolution.

Resolution:

Second proposal

by the Board of Directors

Cause: The amendments to the "Operational Procedures for Loaning Funds to Others" were submitted for discussion.

- Note: I. The Company is planning to amend partial Articles in "Operational Procedures for Loaning of Funds" according to actual operation requirement and laws and regulations.
- II. Please refer to #page 24-25# of this manual for The Comparison Table of Amendments (Attachment V).
- III. Submitted for resolution.

Resolution:

Third proposal

by the Board of Directors

Cause: The amendments to the "Regulations Governing the Management of Endorsement and Guarantee" were submitted for discussion.

The Company is planning to amend partial Articles in "Operational Procedures for Endorsements/Guarantees" according to actual operation requirement and laws and regulations.

- II. Please refer to #page 26# of this manual for The Comparison Table of Amendments (Attachment VI).
- III. Submitted for resolution.

Resolution:

Fourth 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" of the Company in compliance with the relevant policies and regulations of the competent authority.
- II. Please refer to #page 27-41# of this manual for The Comparison Table of Amendments (Attachment VII).
- III. Submitted for special resolution.

Resolution:

Fifth proposal

by the Board of Directors

Cause: The amendments to the "Regulations Governing the Election of Director" were submitted for discussion.

- Note: I. The Company is planning to amend partial Articles in "Procedures for Election of Directors" of the Company in compliance with the Articles of Association amendments regarding adoption of candidates nomination system for election of the directors.
- II. Please refer to #page 42# of this manual for The Comparison Table of Amendments (Attachment VIII).
- III. Submitted for resolution.

Resolution:

Sixth proposal

by the Board of Directors

Cause: The amendments to the "Rules of Procedure for Shareholders Meetings" were submitted for discussion.

- Note: I. The Company is planning to amend partial Articles in "Rules of Procedure of the Shareholders' Meeting" of the Company with reference to Tai-Zheng-Zhi-Li-Zi No.1080024221 announced by Taiwan Stock Exchange on January 2, 2020.
- II. Please refer to #page 43-46# of this manual for The Comparison Table of Amendments (Attachment IX).
- III. Submitted for resolution.

Resolution:

Extempore motion

Adjournment

Attachment I. Operating Report

Chapter 1. Letter to Shareholders

I. Foreword

Affected by the turmoil in the world's political and economic situation and the continued fluctuations of the China-US trade war in 2019, global trade, consumption, and economics have been sluggish. Simultaneously, due to the severe downward trend in macroeconomic control, China's domestic appliance sales have begun to level off. Taking a comprehensive look at the Company's operating performance over the past year, in terms of overall operations that include the Chinese market, efficiencies have gradually surfaced, and profits have continued to improve. In addition to accelerating the development of smart home appliances in accordance with our long-term goals, we will work hard to expand the breadth, depth and penetration of channels. We will also improve quality and extend the brand image to seize new market opportunities.

Apart from fine-tuning our operations structure, the Company has deepened resource integration and improved production efficiency in the past year. We reduced production costs to increase the price competitiveness of our products. At the same time, we actively launched high-end household electrical appliance lines to add product value and enhance premium appeal of the brand. Through new product launches, channel convergence, deep cultivation and more, the deployment of our sales strategies will lead to continued expectations for excellent performance in 2020.

Below is an overview of the Company's 2019 operations and future prospects for 2020:

The Company is the ultimate parent company of the listed Group, mainly responsible for investment and holdings. The production base is located in Shenzhen, Guangdong Province and Jiujiang, Jiangxi Province, both in mainland China. 2019 consolidated revenues were NT\$10.14 billion; combined net profit after tax was NT\$252 million; and net profit per share after consolidated tax was NT\$2.05. Looking ahead to 2020, the global and Chinese domestic economies still present many challenges. Facing the rapid qualitative and quantitative changes in the local consumer market and fierce competition in the small appliance industry, the Company will continue to steadily expand the scale of the group's operations. We will strengthen the Company's operational management through reasonable cost controls and overall synergy. By actively exploiting a blue ocean strategy and diving in with full customer service, we will work closely with major customers and grow with them. The Company will pursue competitiveness through our core values and sustainable development.

Looking forward to the future, as mainland China becomes more prosperous and with the continually improving living standard in mainland China, consumers have raised their standards for small household appliance quality. This presents an opportunity for the Company. However, facing a downturn in growth momentum and diversified and intense competition in the mainland China consumer goods market, the Company's re-invested subsidiaries, together with the Group, will tap into the potential of customer groups and robustly expand into the end-user market. Since the listing, the management team and employees have spared no effort in the production and operations of our primary business, upholding a spirit of humbleness, strict requirements for self-reflection, and a proactive, practical attitude. The Company will offer competitive optimized products in the small household appliance sector while creating maximal benefits for shareholders and employees. We will fulfill our corporate social responsibilities, thus paying back the shareholders and giving thanks for their continuous support and care.

II. 2019 Operating Results

(I) 2019 Operating Plan and Execution Results

Unit: thousand NT\$

Item	2019 Audit	2018 Audit	Growth Rate
Consolidated operating revenue	10,142,781	10,614,940	(4.45)%
Consolidated operating profit	1,972,712	1,809,931	8.99%
Consolidated net profit	289,876	68,437	323.57%
Consolidated net non-operating income (expense)	32,948	3,830	760.26%
Consolidated net profit before tax	322,824	72,267	346.71%
Income tax expense	65,665	90,350	(27.32)%
Consolidated total profit and loss	257,159	(18,083)	1522.10%

(II) Financial income & expenditures and profitability

Item		Year	2019	2018
Financial structure	Liabilities to assets ratio (%)		66.19	70.44
Liquidity analysis	Current ratio (%)		104.29	98.24
	Quick ratio (%)		61.01	55.45
Profitability	Return on assets (%)		3.78	0.97
	Return on shareholders' equity (%)		9.23	(0.58)
	Net profit margin (%)		2.48	(0.14)
	Earnings per share (NT\$)		2.05	(0.12)

(III) Annual research and technological developments

1. Annual research and technological development results

- (1) Development of diagnosis and treatment tables
- (2) Development of (five-in-one) integrated ceiling exhaust fan products with Bluetooth remote control
- (3) Development of window-type air conditioners; application expansion of compressor product series
- (4) Development of integrated fan with control PCB and motor integration
- (5) Development of head controls with 433 MHz wireless remote control
- (6) Development of quilt dryer
- (7) Development of large-volume humidifying plate evaporative humidifier
- (8) Application of electrolytic water sterilization technology to humidifiers
- (9) Development of one-piece baseboard electric heater
- (10) Development of tower heating coil electric heater
- (11) Development of graphene baseboard electric heater
- (12) Development of external rotor DC motor

2. Future research and technology development plans

- (1) Short-term business development plans
 - A. Continue to develop various sterilization functions for new air systems and integrated ceiling exhaust fan products.
 - B. Expand the compressor product line of small air conditioners and dehumidifiers in the domestic market, and add models to suit the needs

of different venues.

- C. Continue to develop new heat insulation & anti-scalding materials, as well as processes, for electric heaters.
- D. Application of low wind resistance and high-efficiency screening program to circulating fans.
- E. Continue to expand development of stator-wound motors and applications research for cooling fins.
- F. Development of high-efficiency air cleaners and rotary fans.
- G. Development of high-speed entrance fans.
- (2) Long-term business development plans
 - A. Development of household appliances for cleanliness and health (antimicrobial and sterilization).
 - B. Development of medical product series.
 - C. The Company plans to research the application of smart home appliance sensors and human-computer interaction (voice control).
 - D. Developing a variety of combination air processors (cooling, heating, sterilizing and humidifying).
 - E. Development of DIY fresh air products.

III. Operating plan overview of the year

1. Taking the branding in the Chinese market as the core policy, constructing an enterprise with competitiveness and core values to assure advantages in quality and volume, and strengthening the successful cooperation among Airmate, suppliers, and customers.
2. Continue to push forward the localization of employment for companies, build Group enterprise management patterns, devote to company product popularization and continuous development of new products, improvement of production technology, continuous improvement in automated production lines, and reasonable control over expense and cost, to realize operation profits.
3. Enhance harmonious labor relations, create the greatest profits for employees and shareholders, and fulfill corporate social responsibility.

(II) Sales volume forecast and the basis

The main markets of the Company's re-invested subsidiaries are mainland China, Northeast Asia, Europe, and America. Therefore, the estimated annual sales volume is primarily based on the relevant statistics of local industries, information feedback from key customers, and judgment of future market supply and demand. In general, the business volume and amount of small household appliances industry will continue to grow steadily in the future.

(III) Significant Sales and Production Policies

1. Export sales
 - Steadily promote sales growth for the two seasons in Japan, Korea, Europe, and the US. Actively develop new customers and open new markets in

Southeast Asia. At the same time, assist customers to develop new products and expand into Taiwan, China, and Thailand markets.

- Develop and promote multi-functional products for small household appliances. Build a one-stop export model, and strive for OEM orders.

2. Offline operation in China

- Integration: We have divided the whole Chinese market into four sub-regional markets (eastern, western, southern, and northern) in which we have established four regional market director positions. We have done this to achieve more accurate and efficient market management to enhance the services for dealers and consumers of our brand. At the same time, we assist dealers through collaboration with the ability and efficiency to achieve online and offline integration.
- Focus: Hot-selling products are targeted and SKUs are reduced to ensure sales efficiency, and improve production-marketing integration performance. Emphasize the turnover rate of dealers and factory inventories, lower the inventory at the end of the quarter, and realize a sales-based production plan.
- Deep diving into channels: continue to expand the network of sales outlets, from 1200 in 2017 to the current 2000 Airmate image shops in counties/townships. Uplift user experience in chained 3C stores and supermarkets, enhance store image with investment in shopping guide training, and increase the store retailing amount as well as the ratio of high-end product sales.

3. Online operation in China

- Multi-Platform Suitability Development: Given the different online consumers and sales modes of four platforms, namely Taobao Tianmao, Jingdong Mall, Suning Easy-to-buy and Merchandise Club, we will develop differentiated product portfolios suitable for all platforms to meet the needs of different consumers. Emphasize the development of other new sales channels such as Pinduoduo, Yunji, and NetEase Yeation. Establish vertical integration of sales and production to improve brand share across the network and channels. In addition, we will enter new sales in the secondary e-commerce channels, setting our sights on high-end target markets through emerging focused private domain channels such as videos, content e-commerce, and information streaming e-commerce.
- Utilize the highly effective, low cost, and highly focused nature of online platforms. Apart from electric fans and heaters, make major entry into the market for clothes dryers, dehumidifiers, air exchange fans, and integrated ceiling exhaust fans, as well as other niche small appliance markets. By doing so, make way for higher, sustainable performance growth of the brand.
- Online campaign: Use new social media and self-branded media as promotion channels. Use outstanding, interactive, quality content as communication means to enhance communication with users in all segments and fans with

different needs. Improve Airmate's popularity and reputation among all levels of consumer groups, and uplift its quality influence.

IV. The Company's future development strategy

The Company and its re-invested subsidiaries will continue to pay close attention to industry developments; develop high gross profit products; carry out new technology research, development, and modification; and pursue win-win-win cooperation with suppliers and customers. We will strengthen brand power and customer loyalty while actively responding to potential market and end customer demand. By quickly reacting to market changes, we will gain new markets and new customers. Achieving promotion and recognition for new products within the smart small home appliance market will create an ecological closed-loop effect.

V. The effect of external competition, the legal environment, and the overall business environment

(I) Impact from external competitive environment

The small household appliance industry is in a state of intense competition from all sides. The Company and subsidiaries will continue to give play to existing advantages by strengthening product differentiation and cost performance and conducting reasonable control over expense and cost, to lower impacts from the external competitive environment.

(II) Impact of legal environment

The Company and its important subsidiaries have not suffered any punishment or loss in recent years from the changes in the regulatory environment.

(III) Impact of the overall business environment

At present, the production and operation of re-invested subsidiaries of the Company are in mainland China. Although the overall environment for the local small household appliance industry is intensely competitive, economic development and significantly improved per capita income mean increasingly enhanced consumer spending power. Due to the ever-increasing desire for product quality and high responsiveness to new products and applications, it is expected to see continuous stable growth in the future.

Wishing you peace and happiness,

Airmate (Cayman) International Co Limited

President: Rui-Bin Shih

General Manager: Yung-Chang Lin

Account Manager: Mei-Hsiu Ho

Attachment II. Audit Report by Audit Committee

Audit Report by Audit Committee

The Audit Committee has consented the Company's 2019 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 is accountable for overseeing the Group's Financial Statements.

The Company's 2019 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 2019 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,

2020 General Shareholders' Meeting of Airmate (Cayman) International Co., Ltd.

Audit Committee Convener: FAN, CHIN-HWA

March 12, 2020

Attachment III. CPA Audit Report and Consolidated Financial Statement
Audit Report by Audit Committee
Independent Auditors' Report

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

Audit Opinion

The consolidated balance sheets of Airmate (Cayman) International Co Limited and Subsidiaries (hereinafter referred to as Airmate Group) as of December 31, 2018, and 2019, consolidated statements of comprehensive income as of 2019 and from January 1 to December 31, 2018, consolidated statements of changes in equity, consolidated statements of cash flows, and the notes of consolidated financial statements (including a 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 announcements 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, 2018 and 2019 and the Consolidated Financial Performance and the Consolidated Cash Flow for the period of January 1 to December 31, 2018 and 2019.

Basis of Audit Opinion

We conducted our audit for 2019 consolidated financial statements in accordance with Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants, the Decree No. 1090360805 of FSC, and Generally Accepted Auditing Standards (GAAS); The 2018 consolidated financial statements were audited 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 (Cayman) International Co Limited and Subsidiaries 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 evidence for the audit has been obtained as the basis for expressing an opinion.

Key Audit Matters

Key audit matters refer to most vital matters in the process of auditing of 2019 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 (15) 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 (10), refund liabilities in Note 6 (12), and revenue from customer contracts in Notes 6 (22) 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 the design and production of household appliance products at the request of subcontractors. The sales revenue must be based on the contract and provide sales allowance and returns (based on the contract) to customers. The Group treats the estimation of aforementioned item as the deduction of revenue. Operating revenue is one of the important items of financial statements. In addition, sales revenue is a matter of concern to users or recipients of the financial statements. Thus, revenue recognition is one of the important evaluated items when the accountant is auditing Airmate Group.

In response to the auditing procedures:

The accountant's main auditing procedures for the above-mentioned key auditing matters, including: assess the recognition of revenue that are subject to the relevant accounting regulations and has been properly disclosed; test relevant manual controls of sales and collection operations cycle; review the sales contracts and terms of important subsidiaries and customers of the group, conduct analytical procedure on important customer changes and revenue changes based on product categories; check the relevant internal and external information of the sales transactions before and after the selected balance sheet date, and evaluate whether the sales revenue is covered in an appropriate period; obtain accrued sales allowance and returns set by the management of the group and check with relevant internal and external information to evaluate the rationality of relevant parameters and key assumptions; review the reasonableness of the estimates of allowance and returns of accrued sales in previous years to assess whether there are any significant abnormalities in the allowance and returns of accrued sales set by the management; understand whether there will be any major sales allowance and returns after the 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 (7) 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 note receivables and accounts receivables, please refer to Note 6 (3) 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. Therefore, 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-mentioned key audit matters, including: understand whether the rationality of the Airmate Group's policy on notes receivable and impairment loss allowance for account is handled in accordance with the relevant accounting regulations; perform sampling procedures to check the correctness of the accounts receivable's aging schedule and analyze the changes in the age of accounts receivable in each period; execute sampling on letter of inquiry, and test the collection status of account receivable after the period to evaluate the reasonableness of impairment loss allowance and the amount of reserve.

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 cost or net realized value, whichever is lower. 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 the net realizable value. Therefore, inventory evaluation is one of the important evaluation items in the 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 Airmate 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 the 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 an 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 evaluating likely risks from significant false contents in the consolidated financial statements as a result of the fraudulence of errors, designing and executing proper countermeasures against the risks identified, and also establishing sufficient and appropriate audit evidence to serve as the basis of the auditors' comments. The risk of not being able to detect a 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 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. Obtaining sufficient and appropriate audit evidence with regard to the finances of the individual entities in the Group to establish our opinion about 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 the 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 2019. 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 reasonably assume the negative impact of communication is greater than the promoted public interest.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2020

Unit: NT\$ thousand

(See the attached note for the consolidated financial report)
Manager: LIN,YUNG-CHANG

Chief Accountant: HO,MEI HSIU

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2019, and 2018

Unit: thousand NT\$

		2019		2018	
		Amount	%	Amount	%
4000	Operating Revenue (Note 6 (22), 7)	\$ 10,142,781	100	10,614,940	100
5000	Operating Cost (Note 6 (5), 7)	8,166,237	81	8,805,119	83
	Gross Profit	1,976,544	19	1,809,821	17
5910	Less: Unrealized profit and loss on sales	13,868	-	10,393	-
5920	Gain: Realized profit and loss on sales	10,036	-	10,503	-
	Realized Gross Profit	1,972,712	19	1,809,931	17
	Operating expenses:				
6100	Selling expense (Note 6 (17), 7)	1,090,678	11	1,159,539	11
6200	Administrative expense (Note 6 (17))	429,444	4	427,149	4
6300	Research and development expense	146,226	1	160,820	1
6450	Expected credit loss (profit) (Note 6 (3))	16,488	-	(6,014)	-
	Total Operating Expenses	1,682,836	16	1,741,494	16
	Operating Profit	289,876	3	68,437	1
	Non-operating Income and Expenses:				
7010	Other incomes (Note 6 (24))	109,192	1	168,544	2
7020	Other Gains and Losses (Note 6 (24))	11,633	-	(55,956)	(1)
7050	Financial Costs (Note 6 (24))	(87,882)	(1)	(110,051)	(1)
7060	Share of profit of associates and joint ventures (Note 6 (6))	5	-	1,293	-
	Total Non-operating Income and Expenses	32,948	-	3,830	-
7900	Net Profit Before Tax	322,824	3	72,267	1
7950	Less: Income Tax Expense (Note 6 (18))	65,665	1	90,350	1
	Net Income (Loss)	257,159	2	(18,083)	-
8300	Other Comprehensive Gain or Loss:				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (Note 6 (17))	12,233	-	28,224	-
8349	Less: Income tax expenses (gains) related to items that are not reclassified subsequently to profit or loss:	-	-	-	-
		12,233	-	28,224	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements (Note 6 (19))	(150,305)	(1)	(109,617)	(1)
8399	Less: Income tax expenses (gains) related to items that may be reclassified subsequently to profit or loss:	-	-	-	-
	Total of items that may be reclassified to profit or loss	(150,305)	(1)	(109,617)	(1)
8300	Other Comprehensive Income of the Period	(138,072)	(1)	(81,393)	(1)
	Total Comprehensive Income	\$ 119,087	1	(99,476)	(1)
	Net Income Attributable to:				
8610	Parent company	\$ 251,919	2	(14,599)	
8620	Non-controlling equity	5,240	-	(3,484)	-
	Net Income	\$ 257,159	2	(18,083)	
	Total Comprehensive Income Attributable to:				
8710	Parent company	\$ 114,461	1	(95,743)	(1)
8720	Non-controlling equity	4,626	-	(3,733)	-
	Total Comprehensive Income	\$ 119,087	1	(99,476)	(1)
	Earnings Per Share (Note 6 (21)):				
9750	Basic EPS (Unit: NT\$)	\$	2.05	(0.12)	
9850	Diluted EPS (Unit: NT\$)	\$	2.00	(0.12)	

(See the attached note for the consolidated financial report)

Chairman of the Board: SHIH, JUI PIN

Manager: LIN, YUNG-CHANG

Chief Accountant: HO, MEI HSIU

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2019 and 2018

Unit: NT\$ thousand

	Equity attributable to owners of parent company										
	Capital stock		Retained earnings				Other equity items Exchange differences on translation of foreign financial statements	Treasury shares	Total owner equity attributable to the parent company	Non-controlling interests	Total equity
	Common stocks	Capital surplus	Legal reserve	Special reserve	Undistributed surplus	Total					
Balance as of January 1, 2018	\$ 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 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)	(3733)	(99,476)
Appropriation and distribution of retained earnings (Note 6 (19)):											
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	-	-	-	-	-	-	-	(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	10662	2,473,033
Net income	-	-	-	-	251,919	251,919	-	-	251,919	5,240	257,159
Other comprehensive income (loss)	-	-	-	-	12,233	12,233	(149,691)	-	(137,458)	(614)	(138,072)
Total comprehensive income (loss)	-	-	-	-	264,152	264,152	(149,691)	-	114,461	4,626	119,087
Appropriation and distribution of retained earnings (Note 6 (19)):											
Special reserve	-	-	-	75,264	(75,264)	-	-	-	-	-	-
Capital increase by cash	120,000	198,805	-	-	-	-	-	-	318,805	-	318,805
Issuance of convertible corporate bonds	-	2,899	-	-	-	-	-	-	2,899	-	2,899
Convertible corporate bond conversion	20,070	35,984	-	-	-	-	-	-	56,054	-	56,054
Share-based payments	-	6,164	-	-	-	-	-	33,051	39,215	-	39,215
Balance as of December 31, 2019	\$ 1,368,506	1,223,135	139,426	362,409	264,152	765,987	(363,823)	-	2,993,805	15,288	3,009,093

(See the attached note for the consolidated financial report)

Chairman of the Board: SHIH, JUI PIN

Manager: LIN, YUNG-CHANG

Chief Accountant: HO, MEI HSIU

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2019 and 2018

Unit: thousand NT\$

	<u>2019</u>	<u>2018</u>
Cash flow of operating activities:		
Profit before tax	\$ 322,824	72,267
Adjustment items:		
Profit expense item		
Expected credit impairment loss (gain)	16,488	(6,014)
Depreciation expense	424,109	457,090
Amortization expense	9,155	13,062
Interest expense	87,882	110,051
Interest revenue	(42,797)	(66,896)
Recognized share of the profit of the affiliated enterprises and joint ventures using equity method	(5)	(1,293)
Net profit or loss from financial assets and liabilities measured at fair value through profits or losses	(9,976)	4,008
Loss on disposal of property, plant and equipment	4,131	6,514
Reclassification of property, plant and equipment to expense	51,215	11,811
Unrealized sales profit	13,868	10,393
Realized sales profit	(10,036)	(10,503)
Unrealized foreign exchange gain	(2,316)	(1,268)
Other incomes	(2,117)	(2,309)
Total income expense items	<u>539,601</u>	<u>524,646</u>
Changes in assets and liabilities related operating activities:		
Net changes in assets related to operating activities:		
Decrease in financial assets mandatorily measured at FVTPL	128,911	1,933
Increase in notes receivable	(26,942)	(318,887)
(Increase) decrease in accounts receivable	(28,242)	34,896
Decrease (increase) in accounts receivable - related parties	12,450	(56,417)
Decrease in inventory	56,121	347,038
Increase in other current assets	(67,173)	(2,412)
Total net changes in assets related to operating activities:	<u>75,125</u>	<u>6,151</u>
Net changes in liabilities related to operating activities:		
Increase in notes payable	430,589	344,801
Increase (decrease) in accounts payable	214,982	(309,100)
Increase (decrease) in other payables	159,192	(67,328)
Increase (decrease) in other payables - related parties	3,366	(2,202)
Increase (decrease) in liabilities reserve	13,685	(3,985)
Increase (decrease) in contract liabilities	(145,056)	200,485
Increase (decrease) in other current liabilities	19,223	(26,993)
Increase in net defined benefit liabilities	2,100	4,590
Total net changes in liabilities related to operating activities	<u>698,081</u>	<u>140,268</u>
Total net changes in assets and liabilities related to operating activities	<u>773,206</u>	<u>146,419</u>
Total adjustment items:	<u>1,312,807</u>	<u>671,065</u>

Chairman of the Board: SHIH, JUI PIN

Manager: LIN, YUNG-CHANG

Chief Accountant: HO, MEI HSIU

Airmate (Cayman) International Co Limited and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2019 and 2018

Unit: thousand NT\$

	2019	2018
Cash inflow from operations	1,635,631	743,332
Interest received	42,797	66,896
Interest paid	(83,773)	(98,617)
Income tax paid	(138,063)	(39,531)
Net cash inflow from operating activities	1,456,592	672,080
Cash flows from investing activities:		
Financial assets mandatorily measured at FVTPL	-	(129,040)
Acquisition of property, plant and equipment	(247,465)	(401,667)
Disposal of property, plant, and equipment	15,729	1,671
Acquisition of intangible assets	-	(1,549)
Acquisition of right-of-use assets	(773,395)	-
Increase in other financial assets	(249,957)	(177,365)
Decrease (increase) in other non-current assets	1,913	(273,928)
Net cash outflow from investing activities	(1,253,175)	(981,878)
Cash flows from financing activities:		
Increase in short-term loans	1,172,824	3,488,197
Decrease in short-term loans	(1,882,259)	(3,285,728)
Corporate bond issuance	295,780	-
Increase in long-term loan	-	92,285
Repayment of long-term loan	(45,295)	-
Increase in deposits received	13,500	10,554
Increase (decrease) in other non-current liabilities	(13,201)	208,046
Cash dividend paid	-	(12,159)
Capital Increase by Cash	318,805	-
Employees exercising share option	6,164	-
Cost of redemption of treasury stocks	-	(12,474)
Employees' subscription to treasury stock	33,051	-
Changes in non-controlling interests	(614)	(249)
Net cash (outflow) inflow from fundraising activities	(101,245)	488,472
Effect of exchange rate changes	(107,001)	(61,756)
Increases (decreases) in cash and cash equivalents as of current period	(4,829)	116,918
Cash and cash equivalents at beginning of the period	417,768	300,850
Cash and cash equivalents at end of the period	\$ 412,939	417,768

(See the attached note for the consolidated financial report)

Chairman of the Board: SHIH, JUI PIN

Manager: LIN, YUNG-CHANG

Chief Accountant: HO, MEI HSIU

Attachment IV. Earnings Distribution Table

Airmate (Cayman) International Co Limited
2019 Earnings Distribution Table

Unit: NT\$ thousand

Item	Amount	
Undistributed earnings at the end of the period		-
Plus (less):		
Changes of re-measurement number of defined benefit plan for the period	12,232,675	
Current tax after-tax profit	251,919,325	
Distributable earnings		264,152,000
less:		
Recognition of legal reserve	(25,191,932)	
Special reserve-net decrease of exchange from translation of financial statements of institutions running overseas	(1,413,316)	
Distribution items:		
Shareholder dividend - cash dividend (NT\$ 0.8 per share)	(109,480,510)	
Shareholder dividends - stock dividend (NT\$0.2 per share)	(27,370,130)	
Undistributed earnings at the end of the period		100,696,112

Attachment V. Comparison Table for Amendments to the "Operational Procedures for Loaning of Funds"

Article No.	Amended articles	Prevalent articles
1	1. In order to provide the basis for loaning funds to others for the Company to comply, the operational procedures are specially formulated to protect the Company's rights and interests. The operational procedures are drafted in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" to comply . However, the procedures will follow other financial regulations if there were any others which regulate it.	1. In order to provide the basis for loaning funds to others for the Company to comply, operational procedures are specially formulated to protect the Company's rights and interests. The operational procedures are set in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" to comply .
3.1.4	The restriction in 3.1.2 shall not apply to inter-company loans of funds between overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the public company by any overseas company in which the public company holds, directly or indirectly, 100% of the voting shares. However, the limits on the aggregate amount of such loans shall not exceed 100 percent of the lender's net worth and the duration is limited to 10 years.	3.1.4 The restriction in 3.1.2 shall not apply to inter-company loans of funds between overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares. However, the limits on the aggregate amount of such loans shall not exceed 100 percent of the lender's net worth and the duration is limited to 10 years.
3.1.5	When a responsible person of a company violates 3.1.1 and 3.1.2, the responsible person shall bear joint and several liability with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages.	Newly Added
3.9.2.4	3.9.2.4 "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterpart and monetary amount of the loan of funds, whichever date is earlier.	3.9.2.4 "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterpart and monetary amount, whichever date is earlier.
3.4.3.1	3.4.3.1. The Company's handling of fund lending matters shall have credit investigated by the Company's finance department, be submitted to the responsible authority for approval, and submitted to the Board of Directors for approval after passing the resolution. It shall not authorize others to make decisions, and shall fully consider the opinions of Independent Directors. If an Independent Director	3.4.3.1. The Company's handling of fund lending matters shall have credit investigated by the Company's finance department, be submitted to the responsible authority for approval, and submitted to the Board of Directors for approval after passing the resolution. It shall not authorize others to make decisions and shall fully consider the opinions

Article No.	Amended articles	Prevalent articles
	expresses any dissent or reservation, it shall be noted in the minutes of the Board of Directors' meeting.	of Independent Directors; the Independent Directors' specific opinions of assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.
3.10	3.10. Implementation and Amendment: The Regulations, and any amendments thereto, shall be approved by the Audit Committee, submitted to the Board of Directors for a resolution and then submitted to the shareholders' meeting for an adoption before they are implemented. If the approval of one-half or more of all Audit Committee members as required is not obtained, the procedures may be implemented if approved by two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all members of the Audit Committee" and "all Directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.	3.10. Implementation and Amendment: The Regulations, and any amendments thereto, shall be approved by the Audit Committee, submitted to the Board of Directors for a resolution and then submitted to the shareholders' meeting for an adoption before they are implemented. If the approval of one-half or more of all Audit Committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds or more of of all Directors. The term "all members" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Attachment VI. Comparison Table for Amendments to the "Operational Procedures for Endorsements/Guarantees"

Article No.	Amended articles	Prevalent articles
1	1. Purpose In order to provide the basis for endorsements/guarantees for the Company to comply, the operational procedures are specially formulated. The operational procedures are drafted in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" to comply . However, the procedures will follow other financial regulations if there were any others which regulate it.	1. Purpose In order to provide the basis for endorsements/guarantees for the Company to comply, the operational procedures are specially formulated for management.
3.3.4	3.3.4. Material endorsements/guarantees shall be approved by the Audit Committee and submitted to the Board of Directors for a resolution in accordance with relevant regulations. When the Company makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director. If an Independent Director expresses any dissent or reservation, it shall be noted in the minutes of the Board of Directors' meeting.	3.3.4. Material endorsements/guarantees shall be approved by the Audit Committee and submitted to the Board of Directors for a resolution in accordance with relevant regulations. When the Company makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; the Independent Directors' specific opinions of assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Attachment VII. Comparison Table for Amendments to the "Articles of Association"
Airmate (Cayman) International Co Limited
Comparison Table for Amendments to the "Articles of Association"

Amended articles	Prevalent articles	Reasons for amendments
<u>The Companies Law (2020 Revision) Company Limited by Shares</u> Amended and restated Articles of Association of Airmate (Cayman) International Co Limited Airmate (Cayman) International Co Limited	Amended and restated Articles of Association of Airmate (Cayman) International Co Limited Airmate (Cayman) International Co Limited	Amendments were made in line with changes in the Cayman Islands Company Law.
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>Dissenting Member</u> has the meaning given notified in Article 28.2; Omitted <u>Share Swap</u> a 100% share swap as defined in the ROC Business Mergers and Acquisitions Act whereby a company (the "Acquiring Company") acquiring all the issued and outstanding shares of another company with the consideration being the shares of the Acquiring Company, cash or other	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 Omitted Omitted	Relevant definitions of the Articles of Association were amended or added in accordance with the amendments to the "Checklist for the Protection of Shareholders' Interest in the Country of Registration of Foreign Issuers" issued by the Taiwan Stock Exchange on December 25, 2019. In addition, the definition of "law" is amended in line with changes in the Cayman Islands Company Law.

Amended articles	Prevalent articles	Reasons for amendments
Omitted <u>Spin-off</u> <u>assets;</u> <u>a spin-off as</u> <u>defined in the</u> <u>ROC Business</u> <u>Mergers and</u> <u>Acquisitions</u> <u>Act whereby a</u> <u>company</u> <u>transfers a part</u> <u>or all of its</u> <u>business that</u> <u>may be</u> <u>operated</u> <u>independently</u> <u>to an existing</u> <u>company or</u> <u>newly</u> <u>incorporated</u> <u>company (the</u> <u>"Acquirer")</u> <u>with the</u> <u>consideration</u> <u>being the</u> <u>shares of the</u> <u>Acquirer, cash</u> <u>or other</u> <u>assets;</u> Omitted	Omitted	
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	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	2.5. Relevant contents were amended in line with the amendments to the "Checklist for the Protection of Shareholders' Interest in the Country of Registration of Foreign Issuers" issued by the Taiwan Stock Exchange on December 25, 2019.

Amended articles	Prevalent articles	Reasons for amendments
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. 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.	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 <u>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.</u> 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	

Amended articles	Prevalent articles	Reasons for amendments
<u>If any person who has subscribed the new shares (by exercising the aforesaid pre-emptive right of Members or subscribing the Public Offering Portion or the Employee Subscription Portion) fails to pay when due any amount of the subscription price in relation to such newly-issued shares within the payment period as determined by the Company, the Company shall fix a period of no less than one month and call for payment of the subscription price or the Company may declare a forfeiture of such subscription. No forfeiture of such subscription shall be declared as against any such person unless the amount due thereon shall remain unpaid for such period after such demand has been made. Notwithstanding the provisions of the preceding sentence, forfeiture of the subscription may be declared without the demand process if the payment period for subscription price set by the Company is one month or longer. Upon forfeiture of the subscription, the shares remaining unsubscribed to shall be offered for subscription in such manner as is consistent with the Applicable Public Company Rules.</u>	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.	
2.6. The pre-emptive right of employees under Article 2.3 and the pre-emptive right of Members under Article 2.4 shall not apply in the event	2.6. The pre-emptive right of employees under Article 2.3 and the pre-emptive right of Members under Article	The text of this article is slightly amended in line with the amendments to the definition.

Amended articles	Prevalent articles	Reasons for amendments
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 Restricted Shares in accordance with Article 2.5 hereof; (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares; (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; (f) in connection with the issue of shares in accordance with Article 14.5; or (g) in connection with Private Placement of the securities issued by the Company.	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 Restricted Shares in accordance with Article 2.5 hereof; (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares; (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; (f) in connection with the issue of shares in accordance with Article 14.5; or (g) in connection	

Amended articles	Prevalent articles	Reasons for amendments
	with Private Placement of the securities issued by the Company.	
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), <u>Share Swap, or Spin-off</u> 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	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	Relevant contents were amended in line with the amendments to the "Checklist for the Protection of Shareholders' Interest in the Country of Registration of Foreign Issuers" issued by the Taiwan Stock Exchange on December 25, 2019. In addition, the text of this article is slightly amended in line with the amendments to the definition.

Amended articles	Prevalent articles	Reasons for amendments
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.	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.	
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) reduction of share capital, (d) application for de-registration as a public company in the ROC, (e) (i) dissolution, Merger, <u>Share Swap</u> or <u>Spin-off</u>, (ii) entering into, amending, or terminating any Lease Contract, Management Contract	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) reduction of share capital, (d) application for de-registration as a public company in the ROC, (e) (i) dissolution, Merger or <u>spin-off</u>, (ii) entering	Relevant contents were amended in line with the amendments to the "Checklist for the Protection of Shareholders' Interest in the Country of Registration of Foreign Issuers" issued by the Taiwan Stock Exchange on December 25, 2019. In addition, the text of this article is slightly amended in line with the amendments to the definition.

Amended articles	Prevalent articles	Reasons for amendments
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, (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 of new shares or cash out of the Statutory Reserve, the premium received on the issuance of any shares and income from endowments received by the Company to its Members, (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	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, (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 of new shares or cash out of the	

Amended articles	Prevalent articles	Reasons for amendments
the closing price of the shares on the issue date. 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.	Statutory Reserve, 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. 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.	
28.1. 1 Subject to compliance with the Law, in the event any of the following resolutions is passed at general meetings, any Member who has <u>abstained from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the meeting</u>, may request the Company to purchase all of his shares at the then prevailing fair price: (a) the Company proposes to enter into,	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 <u>notified the Company in writing of his objection to such matter prior to the meeting and has raised again his objection at the meeting</u>, may request the Company to purchase all of his shares at the then prevailing fair price:	Relevant contents were amended in line with the amendments to the "Checklist for the Protection of Shareholders' Interest in the Country of Registration of Foreign Issuers" issued by the Taiwan Stock Exchange on December 25, 2019.

Amended articles	Prevalent articles	Reasons for amendments
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; (c) acquires or assumes the whole business or assets of another person, which has a material effect on the operation of the Company; (d) <u>the Company proposes to undertake a Spin-off, Merger or Share Swap; or</u> (e) <u>the Company generally assumes all the assets and liabilities of another person or generally assigns all its assets and liabilities to another person.</u>	(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. <u>Without prejudice to the Law, any Member exercising his rights in accordance with Article 28.1 (the "Dissenting Member") shall, within twenty (20) days from the date of the resolution passed at the general meeting, give his written notice of objection with the repurchase price proposed by him. If the Company and the Dissenting Member agree</u>	28.2. <u>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</u>	Relevant contents were amended in line with the amendments to the "Checklist for the Protection of Shareholders' Interest in the Country of Registration of Foreign Issuers" issued by the Taiwan Stock Exchange on December 25, 2019.

Amended articles	Prevalent articles	Reasons for amendments
<u>on a price at which the Company will purchase the Dissenting Member's shares, the Company shall make the payment within ninety (90) days from the date of the resolution passed at the general meeting. If, within ninety (90) days from the date of the resolution passed at the general meeting, the Company and the Dissenting Member fail to agree on a price at which the Company will purchase the Dissenting Member's shares, the Company shall pay the fair price it deems fit to the Dissenting Member within ninety (90) days from the date of the resolution passed at the general meeting. If the Company fails to pay the fair price it deems fit to the Dissenting Member within the ninety-day period, the Company shall be deemed to agree on the repurchase price proposed by such Dissenting Member.</u>	<u>request the Company to purchase all of his shares at the then prevailing fair price.</u>	
28.3. <u>Without prejudice to the Law, if, within sixty (60) days from the date of the resolution passed at the general meeting, the Company and the Dissenting Member fail to agree on a price at which the Company will purchase such Dissenting Member's shares, then, within thirty (30) days immediately following the date of the expiry of such sixty-day period, the Company shall file a petition with the court against all the Dissenting Members for a</u>		.Relevant contents were amended in line with the amendments to the "Checklist for the Protection of Shareholders' Interest in the Country of Registration of Foreign Issuers" issued by the Taiwan Stock Exchange on December 25, 2019.

Amended articles	Prevalent articles	Reasons for amendments
<u>determination of the fair price of the Shares held by all the Dissenting Members. The Taiwan Taipei District Court, ROC, may be the court of the first instance for this matter.</u> <u>Notwithstanding the above provisions under this Article 28, nothing under this Article shall restrict or prohibit a Member from exercising his right under section 238 of the Law to payment of the fair value of his shares upon dissenting from a merger or consolidation.</u>		
34.5. The <u>Directors (including Independent Directors and Directors other than Independent Directors)</u> 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.	34.5. The Independent Directors <u>may be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules provided that the</u> 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.	Relevant contents were amended in line with the requirements of the the Jinguanzhengjiaozi No. 1080311451 dated April 25, 2019, issued by the Financial Supervision Commission.
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	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	Relevant contents were amended in line with the amendments to the "Checklist for the Protection of Shareholders' Interest in the Country of Registration of Foreign Issuers" issued by the Taiwan Stock Exchange on

Amended articles	Prevalent articles	Reasons for amendments
<u>Applicable Law. If the Company proposes to enter into any transaction specified in Article 28.1 or effect other forms of mergers and acquisitions in accordance with Applicable Law, a Director who has a personal interest in such transaction shall declare the essential contents of such personal interest and the reason why he believes that the transaction is advisable or not advisable at the relevant meeting of the Directors and the general meeting as required by the Applicable Law. 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 accordance with the Applicable Public Company Rules.</u>	such interest at the relevant meeting of the Directors as required by the Applicable Law. 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 accordance with the Applicable Public Company Rules.	December 25, 2019.
63.4. <u>Subject to compliance with the Law, before the meeting of Directors resolves any matter specified in Article 28.1 or other mergers and acquisitions in accordance with the Applicable Law, the Audit Committee shall review the fairness and</u>		Relevant contents were amended in line with the amendments to the "Checklist for the Protection of Shareholders' Interest in the Country of Registration of Foreign Issuers"

Amended articles	Prevalent articles	Reasons for amendments
<u>reasonableness of the relevant merger and acquisition plan and transaction, and report its review results to the meeting of Directors and the general meeting; provided, however, that such review results need not be submitted to the general meeting if the approval of the Members is not required under the Applicable Law. When the Audit Committee conducts the review, it shall engage an independent expert to issue an opinion on the fairness of the share exchange ratio, cash consideration or other assets to be offered to the Members. The review results of the Audit Committee and the fairness opinion issued by the independent expert shall be distributed to the Members, along with the notice of the general meeting; provided, however, that the Company can only report matters relating to such merger and acquisition at the next following general meeting if the approval of the Members is not required under the Applicable Law. Such review results and fairness opinion shall be deemed to have been distributed to the Members if the same have been uploaded onto the website designated by the FSC and made available to the Members for their inspection and review at the venue of the general meeting.</u>		issued by the Taiwan Stock Exchange on December 25, 2019.
69. Shareholder Protection	69. Shareholder	The text of this article

Amended articles	Prevalent articles	Reasons for amendments
Mechanism If the Company proposes to undertake: (a) a merger or consolidation which will result in the Company being dissolved; (b) a sale, transfer or assignment of all of the Company's assets and businesses to another entity; (c) a Share Swap; or (d) a Spin off, which would result in the termination of the Company's listing on the 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.	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 shareexchange; 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.	is slightly amended in line with the amendments to the definition.

Attachment VIII. Comparison Table for Amendments to "Procedures for Election of Directors"

Article No.	Amended articles	Prevalent articles	Reasons for amendments
5	Article 5. Elections of Directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee Directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified Directors will be elected.	Article 5. Elections of Independent Directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee Directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified Directors will be elected.	Relevant contents were amended in line with the requirements of the Jinguanzhengjiaozi No. 1080311451 dated April 25, 2019, issued by the Financial Supervision Commission.

Attachment IX. Comparison Table for Amendments to “Rules of Procedure for the Shareholders' Meeting”

Article No.	Amended articles	Prevalent articles	Reasons for amendments
3	Article 3. Paragraphs 1, 2 and 3 omitted. Matters pertaining to election or discharge of Directors, alteration of the Articles of Association, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporaneous motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice. The cause for convening the shareholders' meeting has been stated for the full re-election of Directors and the date on which they assumed office has been set forth. After the re-election is completed in the Shareholders' Meeting, the same meeting may not be held as extraordinary	Article 3. Paragraphs 1, 2 and 3 omitted. 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.	Paragraph 4 is amended in line with the amendment to paragraph 5, Article 172 of the Company Act. Paragraph 5 of this article was amended in line with Jingshangzi No. 10702417500 dated August 6, 2018. The paragraph number is amended to paragraph 6. The relevant text was amended in line with the new amendments to paragraph 1 and the addition of paragraph 5 to Article 172-1 of the Company Act.

Article No.	Amended articles	Prevalent articles	Reasons for amendments
	motion or in other form to change its appointment date. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular Shareholders' Meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, a shareholders' proposal for urging the Company to promote the public interest or fulfill its social responsibility may still be included in the list of proposals to be discussed at a regular Shareholders' Meeting by the Board of Directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. Prior to the date on which share transfer registration is suspended before the convention of a regular Shareholders' Meeting, the Company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less	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 paragraph number is amended to paragraph 7. Amendments were made in line with paragraph 2, Article 172-1 of the Company Act.

Article No.	Amended articles	Prevalent articles	Reasons for amendments
	than ten (10) days. Paragraphs below omitted.		
10	Article 10. If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Relevant motions (including extraordinary motions and amendments to the original proposals) shall be voted on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting. Paragraphs 2 and 3 omitted The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote and arrange adequate voting time.	Article 10. If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting. Paragraphs 2 and 3 omitted The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.	Paragraph 1 was amended in line with the full adoption of electronic voting by TWSE/TPEX listed companies from 2018 and to realize the spirit of voting for each resolution. Paragraph 4 was amended to avoid the person with the right to convene a shareholders meeting excessively reducing the shareholders' voting time, resulting in insufficient time for shareholders to vote and affecting the exercise of their voting rights.
13	Article 13. Paragraph 1 omitted. When the Company holds a Shareholders' Meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the	Article 13. Paragraph 1 omitted. When the Company convenes a Shareholders' Meeting, voting may be conducted in writing or with electronic measures. When voting via written or electronic method, the choice shall be indicated in the shareholder meeting	Paragraph 2 was amended in line with the full adoption of electronic voting by TWSE/TPEX listed companies from 2018.

Article No.	Amended articles	Prevalent articles	Reasons for amendments
	method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. Therefore, the Company should avoid the submission of extraordinary motions and amendments to original proposals. Paragraphs below omitted	notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. Therefore, the Company should avoid the submission of extraordinary motions and amendments to original proposals. Paragraphs below omitted	
15	Article 15. Paragraph 1 and 2 omitted. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, a summary of the deliberations and their voting results (including vote counts) and where there is an election of Directors, the approval votes of each candidate shall be disclosed and shall be retained for the duration of the existence of the Company.	Article 15. Paragraphs 1 and 2 omitted. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.	Paragraph 3 was amended to realize the spirit of voting for each resolution and with reference to the recommendation from the Asia Corporate Governance Association.

Appendix I. Operational Procedures for Loaning of Funds (before Amendment)

1. Objective:

In order to provide the basis for loaning funds to others for the Company to comply, the operational procedures are specially formulated to protect the Company's rights and interests. The operational procedures are drafted in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" to comply .
2. Scope:

The Company and its subsidiaries that loan funds to others due to business needs apply to this procedure.
3. Content:
 - 3.1. Borrower:

The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

 - 3.1.1. Where an inter-company or inter-firm business transaction calls for a loan arrangement.
 - 3.1.2. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the Company's net worth.
 - 3.1.3. The term "short-term" as used in the preceding paragraph means one year, or where the Company's operating cycle exceeds one year, one operating cycle. The term "financing amount" means the cumulative balance of the Company's short-term financing.
 - 3.1.4. The restriction in 3.1.2 shall not apply to inter-company loans of funds between overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares. However, the limits on the aggregate amount of such loans shall not exceed 100 percent of the lender's net worth and the duration is limited to 10 years.
 - 3.2. Reason and necessity for loans to others:

Circumstances except for business transaction between a company or a firm that calls for a loan arrangement shall be complied with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies". Where short-term financing is needed for loaning of funds, shall be limited to that conforming to any of the following requirements:

 - 3.2.1. The Company holds 50 percent or more of the shares of a company that needs short-term financing due to business requirements.
 - 3.2.2. Other company or firm having a need of short-term financing due to the purchase of materials or operating turnover.
 - 3.2.3. Other companies having a need of short-term financing as resolved by the Board of Directors.
 - 3.3. Limits on aggregate amount of loans and the maximum amount permitted to a single borrower:
 - 3.3.1. The aggregate financing amount shall not exceed 40% of the Company's net worth.
 - 3.3.2. For a company or a firm that do business with the Company, each loaning of funds shall not exceed the amount of business transactions between the two parties. The term "business transactions" refers to purchases or sales between the two parties, whichever is higher, and the aggregate financing amount shall not exceed 40% of the Company's net worth.
 - 3.3.3. For a company or firm which has a need of short-term financing, each loaning of funds shall not exceed 40% of the Company's net worth, and the aggregate financing amount shall not exceed 40% of the Company's net worth.

- 3.3.4. For subsidiaries that the Company holds, directly and indirectly, 100% of the voting rights, each loaning of funds shall not exceed 40% of the Company's net worth, and the aggregate financing amount shall not exceed 40% of the Company's net worth.
The restriction in 3.3.1 shall not apply to the loaning of funds between its subsidiaries in which the Company holds, directly or indirectly, 100% of the voting rights. However, the limits on the aggregate amount of such loans shall not exceed 100 percent of the lender's net worth, to a single borrower, loaning amount shall not exceed 50% of the net worth on the most current financial statements of the lending company, and the duration is limited to 10 years.
- 3.3.5. The aforementioned net worth is calculated on the basis of the net worth in the most current balance sheet of the lending company audited by CPA.
- 3.4. The operational procedures for loaning of funds:
 - 3.4.1. Credit investigation:
When the Company loans funds, the borrower shall first submit the necessary company and financial information and apply for a financing quota in writing to the Company. After the Company accepts the application, the financial department shall investigate and evaluate the main business, financial status, solvency and credit, profitability and purpose of borrowings of the borrower and prepare a report.
 - 3.4.2. Assurance:
When loaning of funds, the Company shall acquire cashier's check with equivalent amount and, if necessary, a mortgage on the borrower's chattel or real property as security. With respect to aforementioned secured claim, in an event when the borrower is able to provide sufficient financial position and credit as personal or company's guarantees in replacement of collateral, the Board of Directors may consult a credit assessment report provided by the finance department. Thorough evaluation of the Company's Articles of Association for parties using the company as collateral should be noted to ensure such endorsements is governed by these Procedures.
 - 3.4.3. Authorization scope:
 - 3.4.3.1. The Company's handling of fund lending matters shall have credit investigated by the Company's finance department, be submitted to the responsible authority for approval, and submitted to the Board of Directors for approval after passing the resolution. It shall not authorize others to make decisions and shall fully consider the opinions of Independent Directors; the Independent Directors' specific opinions of assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.
 - 3.4.3.2. The loaning funds between the Company and its subsidiaries, or between subsidiaries, shall be submitted for a resolution to the Board of Directors pursuant to previous Subparagraph in the preceding paragraph, and the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.
 - 3.4.3.3. A certain amount mentioned in the preceding paragraph 3.4.3.2. shall comply with the requirements of 3.3.
 - 3.4.3.4. If it is required to submit the loaning of funds to others for

discussion by the Board of Directors, the approval of one-half or more of all Audit Committee members shall be obtained first. If the approval of one-half or more of all Audit Committee members as required is not obtained, the procedures may be implemented if approved by two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

- 3.5. Duration of loans and calculation of interest:
 - 3.5.1. Every term of loan shall be limited to no longer than a year.
 - 3.5.2. The interest rate for a financial loan may not be lower than the highest interest rate for short-term loans that the Company acquires from a financial institution.
- 3.6. Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights:
 - 3.6.1. Upon the release of the funds, the Company shall pay attention to the borrower's and guarantor's financial, business and credit status, etc. In cases involving collateral, the Company shall pay attention to its guarantee value and any change thereto.
 - 3.6.2. Those who do business with the Company are limited to one year.
 - 3.6.3. The need for short-term financing with the Company is limited to one year.
 - 3.6.4. The Company shall evaluate the conditions of the loans and set aside adequate reserve for bad debts. It shall also disclose related information in the Financial Report and provide related information to the CPA for implementation of necessary auditing procedures.
- 3.7. Internal controls.
 - 3.7.1. The Company shall establish and maintain a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated according to the regulations.
 - 3.7.2. The Company's internal auditors shall audit the Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the members of the Audit Committee in writing of any material violation found, if any.
 - 3.7.3. If, as a result of a change in circumstances, an entity for loaning of funds does not meet the requirements of these Regulations and the loan balance exceeds the limit, the audit unit should urge the finance department to set a deadline to recover excess amount of the funds, and adopt rectification plans. The rectification plans shall be submitted to Audit Committee, and completed according to the timeframe set out in the plan.
- 3.8. Procedures for controlling loans lent by subsidiaries
 - 3.8.1. Subsidiaries intending to loan funds to others should also handle it in accordance with these regulations, and send it to the Board of Directors for resolution in accordance with the regulations before implementation.
 - 3.8.2. . Internal auditors shall perform the audit on the subsidiary's implementation of loaning funds at least once per quarter, and produce written audit reports. In the case that a material violation is found, internal auditors shall immediately notify the Audit Committee in writing.
 - 3.8.3. . Subsidiaries shall, before the 10th of each month, summarize the loan balance of last month and their details, and report to the Company.
 - 3.8.4. . The Company's internal auditors should follow the annual audit plan to the subsidiary to conduct an audit. They should also audit the situation of funds lending to others and make written records. If there are major deficiencies,

they shall track the improvement and report to the chair and CEO of the Company.

3.9. Announcing and reporting procedures:

3.9.1. The Company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month.3.9.1

3.9.2. The Company whose lending of funds reaches one of the following levels shall announce and report such an event within two days commencing immediately from the date of occurrence:

Announce and report within two days from the date of the fact:

3.9.2.1. The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statements.

3.9.2.2. The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statements.

3.9.2.3. The amount of new loans by the Company or its subsidiaries reaches RMB 2 million (or foreign currency equivalent to NT\$ 10 million) or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

3.9.2.4. "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterpart and monetary amount, whichever date is earlier.

3.9.3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

3.10. Penalties:

In accordance with the Company's personnel management regulations, managers and persons-in-charge who violate these procedures shall be punished based on the severity of violation.

3.11. Implementation and Amendment:

The Regulations, and any amendments thereto, shall be approved by the Audit Committee, submitted to the Board of Directors for a resolution and then submitted to the shareholders' meeting for an adoption before they are implemented. If the approval of one-half or more of all Audit Committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds or more of all Directors. The term "all members" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

4. Supplemental provisions:

The Rules, and any amendments thereto, shall be implemented after being approval at the shareholder's meeting.

Appendix II. Operational Procedures for Endorsements/Guarantees (before Amendment)

1. Objective:
In order to provide the basis for endorsements/guarantees for the Company to comply, the operational procedures are specially formulated for management.
2. Scope:
 - 2.1. Financing endorsements/guarantees:
 - 2.1.1. Bill discount financing.
 - 2.1.2. Endorsement or guarantee made to meet the financing needs of another company.
 - 2.1.3. Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
 - 2.2. Endorsements/guarantees of customs duties due from the Company or other companies.
 - 2.3. Other endorsement/guarantee, means endorsements or guarantees beyond the scope of the above two subparagraphs.
 - 2.4. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Procedures.
3. Content:
 - 3.1. Entities as used by the Company to make endorsements/guarantees for shall meet the following conditions:
 - 3.1.1. A company which has a business relationship with the Company.
 - 3.1.2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
 - 3.1.3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
 - 3.1.4. . Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.
 - 3.1.5. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.
 - 3.1.6. Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.
 - 3.2. Limitation on the amount of the Company's endorsements/guarantees to make for:
 - 3.2.1. The amount of endorsements/guarantees shall not exceed 40% of the Company's net worth.
 - 3.2.2. Limits on aggregate amount of endorsements/guarantees and the maximum amount permitted to a single counterparty:
 - 3.2.2.1. Companies with business relationship:
The aggregate amount of endorsements/guarantees shall not exceed 40% of the Company's net worth, and the amount to a

- single counterparty shall not exceed the amount of business transactions.
- 3.2.2.2. For companies that the Company holds, directly and indirectly, more than 50% of the voting shares, aggregate amount of endorsements/guarantees shall not exceed 40% of the Company's net worth, and the amount to a single counterparty shall not exceed the Company's investment on which.
 - 3.2.2.3. The aggregate amount of endorsements/guarantees by the Company and its subsidiaries shall not exceed 40% of the net worth as stated in its latest financial statement; and the limit for a single enterprise shall be 40% of its net worth.
The limit amount of endorsements/guarantees by the Company to its subsidiaries, which the Company invests 100% and between its subsidiaries shall not exceed 5% of the net worth as stated in its latest financial statement, and the amount of endorsements/guarantees to a single counterparty shall not exceed 2% of the net worth as stated in its latest financial statement. Such proposal shall be submitted to the Company's Board of Directors for approval before implementation
 - 3.2.2.4. The aforementioned net worth is calculated on the basis of the net worth in the most current balance sheet of the company that made endorsements/guarantees and audited by CPA.
- 3.3. Hierarchy of decision-making authority and delegation thereof.
- 3.3.1. The endorsements/guarantees matters shall be approved by the Audit Committee and sent to the Board of Directors for resolution before implementation. During the recess of the Board of Directors, if the business requires, the Board of Directors can authorize the chair to decide within 40% of the endorsements/guarantees limit. It will be reported to the Audit Committee and the Board of Directors for further review, and the relevant situation handled will be reported to the shareholders' meeting for reference.
 - 3.3.2. Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall first obtain approval from the Audit Committee, then submit to the Board of Directors for approval and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the Shareholders' Meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.
 - 3.3.3. Where a subsidiary in which the Company holds, directly or indirectly, more than 90% of the voting shares provides endorsements/guarantees in accordance with Article 3.1.2, it shall submit the proposal to the Company's Board of Directors for approval before implementation, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
 - 3.3.4. Significant endorsements/guarantees shall be approved by the Audit Committee, and submitted to the Board of Directors for resolution in accordance with the relevant regulations. When the Company's Board of

- Directors discuss based on the preceding paragraphs, opinions from each Independent Director shall be taken into full consideration, and their specific ideas and reasons for consent or opposition shall also be included in the minutes of the Board of Directors' meeting.
- 3.3.5. The endorsements/guarantees shall be recorded or stated in writing if the Directors disagree. The record or statement shall be submitted to the Audit Committee and the Board of Directors for discussion with the minutes of the board meeting and the endorsement guarantee procedures.
- 3.4. Custody of corporate chops and procedures:
The Company shall use the corporate chop registered with the competent authority as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person and may be used to seal or issue negotiable instruments only in prescribed procedures. The designated person that keeps the chop is appointed by the chair authorized by the Board of Directors. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by a person authorized by the Board of Directors.
- 3.5. The operating procedures for endorsements/guarantees are as follow:
- 3.5.1. Companies asking for endorsement shall provide its basic company information and financial information, fill in the "Endorsements/Guarantees Application Form" in a single slip, and submit to the Company's financial unit for applying.
- 3.5.2. The key reviewing criteria for the financial department regarding aforementioned documents are as follows:
- 3.5.2.1. Whether the reasons for endorsement are sufficient, and whether the accumulated amount of endorsements/guarantees is still within the limit.
- 3.5.2.2. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose the relevant information in its financial reports and provide the certified public accountants with relevant information for implementation of necessary audit procedures.
- 3.5.2.3. The finance department shall conduct a credit investigation and risk assessment on the recipient of endorsement or guarantee and the evaluations items shall include the following:
- 3.5.2.3.1. The necessity and reasonableness of endorsements/guarantees;
- 3.5.2.3.2. Assessment of whether the endorsement or guarantee and the amount are necessary based on the financial status of the recipient of endorsement or guarantee.
- 3.5.2.3.3. Verification of whether the accrued endorsement or guarantee amount is within the limit.
- 3.5.2.3.4. Where the Company provides endorsements and guarantees due to business transactions, it shall assess whether the amount of the endorsements and guarantees is within the limit.
- 3.5.2.3.5. Impact on the Company's business operations, financial status and shareholders' interest.
- 3.5.2.3.6. Whether collateral must be obtained and appraisal of the value thereof.
- 3.5.2.3.7. The credit investigation and risk assessment of the recipient of the endorsement or guarantee.

- 3.5.2.4. The chief financial officer shall submit the evaluation opinion together with the “Declaration Form of Endorsement Guarantee Amount” to the supervisory authority for approval, and then send it to the Board of Directors for review and approval.
- 3.5.2.5. The approved negotiable instruments of endorsements/guarantees may be handed over to the applicant after completing the following formalities
 - 3.5.2.5.1. Affixing company seal to the negotiable instrument.
 - 3.5.2.5.2. Photocopy relevant documents such as the front and back of the negotiable instrument, deed, agreement, etc. for retention and extract the content.
 - 3.5.2.5.3. Before the endorsements/guarantees date ends, except for bill discount financing, the finance department shall take the initiative to notify the guaranteed party to recover the guaranteed negotiable instrument retained by the bank or credit institution and cancel the related deeds of endorsements/guarantees.
- 3.5.2.6. The finance department shall gather and analyze the operational information of each subject of endorsements/guarantees, and provide it to the Board of Directors for reference.
- 3.5.2.7. The finance department shall prepare the "memorandum book for endorsement/guarantee(cancelled)" regarding endorsement/guarantee amount, date that the Board of Directors or the chair approve, endorsement/guarantee date, matters undergoing careful evaluation according to the procedures, collaterals content and valuation as well as conditions and date for relieving endorsement/guarantee s liability, for record.
- 3.5.2.8. Where a change in the Company causes the recipient of endorsement or guarantee to be ineligible with the Regulations or a change of basis for calculation causes the endorsement or guarantee amount to exceed the limit, the endorsement or guarantee amount or the parts that exceed the limit for the recipient shall be completely terminated upon the expiry of the contract or within a specific deadline based on the rectification plan formulated by the Company. The related rectification plans shall be delivered to Audit Committee and reported to the Board of Directors.
- 3.5.2.9. If the recipient of endorsement or guarantee is a subsidiary whose net worth is less than one-half of the paid-in capital, in addition to a detailed review of its necessity and reasonableness before the endorsement or guarantee and assessing its risks, the Company shall perform risk assessments monthly after the endorsement or guarantee and submit it to the Board of Directors on a regular basis.
- 3.5.2.10. If the subsidiary's stock has no face value or the face value of each share is not NT\$ 10, the calculation of the amount of paid-in capital specified in 3.5.2.9 shall be based on the total of capital stock plus capital surplus generated by issuance of new shares.

- 3.6. Cancellation of endorsements/guarantees:
 - 3.6.1. Where related certificates or negotiable instruments must be canceled due to the repayment or extension of a debt, the recipient of endorsement or guarantee shall issue a formal letter and deliver the original certificates or negotiable instruments to the finance department of the Company to affix the "Cancelled" stamp to it before returning it to the applicant. The application letter shall be retained for record.
 - 3.6.2. The finance department shall record the cancelled negotiable instruments in the memorandum book for endorsement and cancellation of negotiable instruments at any time to reduce the accumulated endorsement amount.
 - 3.6.3. When extending negotiable instruments, if a financial institution requests endorsement of new negotiable instruments and then return original negotiable instruments, finance department shall prepare detailed follow-up records and recover the original negotiable instruments for cancellation as soon as possible.
- 3.7. Internal controls:
The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees and its implementation at least once every quarter and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.
- 3.8. Time limit and content of announcing and reporting :
 - 3.8.1. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.
 - 3.8.2. . Where the balance of the Company's endorsements/guarantees reaches one of the following levels, it shall announce and report such event within two days commencing immediately from the date of occurrence:
 - 3.8.3. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
 - 3.8.4. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - 3.8.5. The balance of the Company and its subsidiary companies' endorsements/guarantees to a single company reaches NT\$10 million or more or long-term investment, loans, and balances reach 30% or more of the Company's net worth as stated in its latest financial statements.
 - 3.8.6. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.
 - 3.8.7. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.
 - 3.8.8. "Date of Occurrence" refers to the date of transaction contract signing, date of payment, dates of Board of Directors' resolutions, or other dates on which the transaction counterparty and transaction amount can be confirmed, whichever date is earlier.
- 3.9. Procedures for controlling and managing endorsements/guarantees by subsidiaries:
 - 3.9.1. Subsidiaries may make endorsements/guarantees for a company that the Company holds, directly or indirectly, 100% of the voting shares.
 - 3.9.2. Internal auditors shall perform the audit on the subsidiary's implementation

of endorsements/guarantees at least once per quarter, and produce written audit reports. In the case that a material violation is found, internal auditors shall immediately notify the parent company in writing.

3.9.3. Subsidiaries shall, before the 10th of each month, summarize the endorsements/guarantees balance of last month and their details, and report to the Company.

3.9.4. The Company's internal auditors should follow the annual audit plan to the subsidiary to conduct an audit. They should also audit the situation of endorsements/guarantees to others and make written records. If there are major deficiencies, they shall track the improvement and report to the chair and CEO of the Company.

3.9.5. If the Company's subsidiary intends to endorse or provide guarantee for others, the subsidiary shall still handle the matter in accordance with these Procedures.

3.10. Any matters that are not addressed herein shall be governed by relevant laws and the Company's related regulations.

3.11. Penalties:

In accordance with the Company's personnel management regulations, managers and persons-in-charge who violate these procedures shall be punished based on the severity of violation.

3.12. Implementation and Amendment:

The Regulations, and any amendments thereto, shall be approved by the Audit Committee, submitted to the Board of Directors for a resolution and then submitted to the shareholders' meeting for an adoption before they are implemented. If the approval of one-half or more of all Audit Committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds or more of all Directors.

4. Supplemental provisions:

The Rules, and any amendments thereto, shall be implemented after being approval at the shareholder's meeting.

**AMENDED AND RESTATED MEMORANDUM
AND
ARTICLES OF ASSOCIATION
OF
AIRMATE (CAYMAN) INTERNATIONAL CO
LIMITED**

(adopted by a Special Resolution passed on June 06, 2019)

Appendix III. Articles of Association (before Amendment)

THE COMPANIES LAW (as amended)
Company Limited by Shares
AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION
OF
AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED
(adopted by a Special Resolution passed on June 06, 2019)

1. The name of the Company is Airmate (Cayman) International Co Limited.
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.

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**AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF
AIRMATE (CAYMAN) INTERNATIONAL CO LIMITED
(adopted by a Special Resolution passed on June 06, 2019)**

Table A

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

INTERPRETATION

1. Definitions

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

Applicable Law	the Applicable Public Company Rules, the Law or such other rules or legislation applicable to the Company;
Applicable Public Company Rules	the ROC laws, rules and regulations (including, without limitation, the Company Law of the ROC, the Securities and Exchange Law of the ROC, the rules and regulations promulgated by the FSC, the rules and regulations promulgated by the TPEx and the rules and regulations promulgated by the TSE, as amended from time to time) affecting public reporting companies or companies listed on any ROC stock exchange or securities market that from time to time are required by the relevant regulator as applicable to the Company;
Articles	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;
Book Closure Period	has the meaning given thereto in Article 20.3;
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;
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;
Family Relationship within Second Degree of Kinship	in respect of a person, means another person who is related to the first person either by blood or by marriage of a member of the family and within the second degree shall include the parents, siblings, grandparents, children and grandchildren of the first person as well as the parents, siblings and grandparents of the first person's spouse;
FSC	the Financial Supervisory Commission of the ROC;
Independent Directors	the Directors who are elected as "Independent Directors" in accordance with the Applicable Public Company Rules or the Articles;
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

Memorandum Merger	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; 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 Notice	calendar month; 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 Private Placement	has the meaning given thereto in Article 6; 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 ROC	has the meaning given thereto in Article 2.5; 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;
Statutory Reserve	has the meaning given thereto in Article 14.5;
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 Applicable Law, 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 employees under Article 2.3 and the pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes:
- (a) in connection with a Merger, 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 Restricted Shares in accordance with Article 2.5 hereof;

- (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
 - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares;
 - (f) in connection with the issue of shares in accordance with Article 14.5; or
 - (g) 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 proposes 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:
 - (i) such purchase transactions shall be in accordance with the applicable ROC securities laws and regulations and the Applicable Public Company Rules; and
 - (ii) 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:
- (d) 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;
 - (e) 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/scripless form or issue share certificates. Where share certificates are issued, every Member shall be entitled to a certificate issued under the Seal (or a facsimile thereof), which shall be affixed or imprinted with the authority of the Board, specifying the number and, where appropriate, the class of shares held by such Member. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means. For so long as the shares are traded on the ESM or listed on the 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 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' 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"**) (unless the Statutory Reserve has reached the total paid-up capital of the Company); 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 plans or for any other purpose to which those funds may be properly applied. Pending application, such sums may be in the absolute discretion of the Directors either be employed in the business of the Company or invested in such investment as Directors may from time to time think fit, and need not be kept separate from other assets of the Company. The Directors may also, without placing the same to reserve, carry forward any profit which they decide not to distribute.
- 15.2.** Subject to any direction from the Company in general meeting, the Directors may on behalf of the Company exercise all the powers and options conferred on the Company by the Law in regard to the Capital Reserve. Subject to compliance with the Law, the Directors may on behalf of the Company set off accumulated losses against credits standing in the Capital Reserve and make distributions out of the Capital Reserve.

16. Method of Payment

- 16.1.** Any dividend, interest, or other monies payable in cash in respect of the shares may be paid by wire transfer to the Member's designated account or by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the holder may in writing direct.
- 16.2.** In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the holder may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

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.

- 19.7.** 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.
- 19.8.** In addition to the event that the Board is unwilling or unable to convene a general meeting, an Independent Director of the Audit Committee may convene a general meeting in the interest of the Company when he/she in his/her absolute discretion deems necessary.

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. 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").
- 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) reduction of share capital,
- (d) application for de-registration as a public company in the ROC,
- (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, 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 of new shares or cash out of the Statutory Reserve, the premium received on the issuance of any shares and income from endowments received by the Company to its Members,
- (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.

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.

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, transcribe or make copies of the foregoing documents, and the Company shall cause the stock affairs agent to provide such

Members with access to above 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.
- 20.9.** 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.

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.** 21.2 Any Notice or other document shall be deemed to be effective when it is sent in accordance with Articles 20 and 21 of 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 or by electronic means designated by the Company 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. The Board shall include a proposal unless (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 or the proposal exceeds 300 Chinese characters; (c) the proposing Member(s) has/have 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). 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.
- 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 extemporaneous 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 Family Relationship within 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 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 or the court has declared a liquidation process in connection with the Director, and such Director has not been reinstated to his rights and privileges;
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 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;
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;

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 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;

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

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 37.1(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 (other than an Independent Director) has, during the term of office as a Director (other than an Independent 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 (other than an Independent Director) has, after having been elected as a Director (other than an Independent 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 (other than an Independent 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. 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 accordance with the Applicable Public Company Rules.

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 one per cent (1%) or more of the total issued shares of the Company for six months or longer may:

- (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or
- (b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; 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 Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO CONSTITUTION

65. Changes to Articles

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

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 Regulation

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

71. Corporate Social Responsibilities

In the course of conducting its business, the Company shall comply with the Applicable Public Company Rules and business ethics and may take corporate actions to promote public interests in order to fulfill its social responsibilities.

Appendix IV. Procedures for Election of Directors (before Amendment)

Article 1.

To ensure a just, fair, and open election of directors and supervisors, these Procedures are adopted pursuant to Articles 21 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2.

Unless otherwise provided by the laws and regulations or Articles of Association, election of the Company's directors shall be in accordance with these Rules.

Article 3.

The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's Directors. The composition of the Board of Directors shall be considered in a diversified manner, and appropriate diversification policies shall be formulated regarding its own operation, operational type, and development needs, including but not limited to the following two main aspects:

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

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

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

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

Article 4.

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

The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 5.

Elections of Independent Directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The

Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee Directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified Directors will be elected.

When the number of Directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of Directors falls short by one third of the total number prescribed in the Company's Articles of Association, the Company shall call a extraordinary Shareholders Meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent Directors falls below that required by paragraph 1, Article 14-2 of the Securities and Exchange Act and relevant regulations of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, a by-election shall be held at the next shareholders' meeting. When the independent Directors are dismissed en masse, an extraordinary general meeting shall be called within 60 days from the date of occurrence to hold a by-election.

When the number of independent Directors falls below that prescribed in the company's Articles of Incorporation due to the dismissal of an independent Director for any reason, a supplemental election to fill the vacancy should ideally be held at the next shareholders' meeting. When the independent Directors are dismissed en masse, a special shareholders' meeting shall be called within 60 days from the date of occurrence to hold a supplemental election to fill the vacancies.

Article 6.

The Company shall adopt a cumulative voting method where one share shall have the same voting rights as the number of directors to be elected, and the total number of votes per share may be consolidated for the election of one candidate or may be split for the election of two or more candidates.

Article 7.

The Board of Directors shall prepare ballots in numbers corresponding to the Directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' Meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8.

The number of directors and independent directors will be as specified in the company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairperson drawing lots on behalf of any person not in attendance.

Article 9.

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting. The ballot boxes shall be prepared by

the Board of Directors and publicly checked by the vote monitoring personnel before the voting commences.

Article 10.

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a government organization or corporate shareholder, the name of the government organization or corporate shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the government organization or corporate shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative shall be entered.

Article 11.

A ballot is invalid under any of the following circumstances:

- I. The ballot was not prepared by the Board of Directors.
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear and indecipherable or has been altered.
- IV. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the Shareholders' Rosters; or the candidate whose name is entered in the ballot is a non-shareholder, but upon checking it shows that the candidate's name and identity card number do not match.
- V. The ballot is marked with words other than the candidate's account name (name) or shareholder account number (identity card number) and the number of voting rights allotted.
- VI. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 12.

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

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 13.

The Board of Directors of the Company shall issue notifications to the persons elected as Directors.

Article 14.

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

Appendix V. Rules of Procedure for Shareholders' Meeting (before Amendment)

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. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

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 a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

If the 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 chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

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.

When the Company convenes a Shareholders' Meeting, voting may be conducted in writing or with electronic measures. When voting via written or electronic method, the choice shall be indicated in the shareholder meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. Therefore, the Company should avoid the submission of extraordinary motions and amendments to original proposals.

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 ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

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 meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence 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 VI. Shareholding Status 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 13, 2020) is as follows:

Title	Name	Current holding of shares	
		Number of shares	Shareholding ratio
Chairman	SHIH, JUI-PIN	1,489,687	1.09%
Vice Chairman	TSAI, CHENG-FU	3,931,165	2.87%
Director	CHENG, LI-PING	3,095,192	2.26%
Director	SHIH LI, CHUEH-CHU	2,048,748	1.50%
Director	SHIH, JUI-LIN	575,691	0.42%
Director	CHENG, YEN-FU	16,081	0.01%
Director	CHEN, SHUN-LOONG	2,252,000	1.65%
Independent Director	FAN, CHIN-HWA	5,000	0.00%
Independent Director	CHIU, SHEAN-BII	0	0.00%
Independent Director	CHENG, 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 13, 2020) are 136,850,637.

Note 2. The number of shares to be legally held by all directors of the Company is 8,211,038. There are 13,408,564 shares held as of the transfer suspension date of this regular shareholders' meeting (April 13, 2020).

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.