



# 永冠能源科技集團有限公司

## Yeong Guan Energy Technology Group Company Limited ("Company")

### Meeting Minutes of 2019 Annual General Meeting of Shareholders

Meeting Time and Date: 9:00 a.m. on Thursday, June 20, 2019

Meeting Venue: No.777, Dagan Rd., Dayuan Dist., Taoyuan City, Taiwan (Hotel Orchard Park)

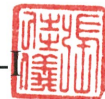
In attendance: Total issued and outstanding shares of the Company: 105,617,519 shares  
Total shares represented by shareholders present in person or by proxy:  
74,931,934 shares  
Percentage of shares held by shareholders present in person or by proxy:  
70.94%

Directors Present: Chang, Hsien-Ming, Tsai, Shu-Ken, Huang, Wen-Hung, Hsu, Ching-Hsiung, Chang, Cheng-Lung (Independent Director), Wei, Chia-Min (Independent Director)

Chairman: Chang, Hsien-Ming



Minute Taker: Chang, Chia-Min



#### **1. Chairman's Remarks: (Omitted)**

#### **2. Report Matters**

##### **Report No. 1: (Acknowledged)**

Business Report for Fiscal Year 2018

Explanation: The Business Report for fiscal year 2018 of the Company is attached hereto as Exhibit 1. Please refer to pages 12-14.

##### **Report No. 2: (Acknowledged)**

Audit Committee's Review Report for fiscal year 2018

Explanation:

1. The Audit Committee has reviewed all financial statements of the Company for fiscal year 2018.

2. The Audit Committee's Review Report for fiscal year 2018 is attached hereto as Exhibit 2. Please refer to page 15.

### **Report No. 3: (Acknowledged)**

Report on Remuneration to Directors and Employee Compensation for fiscal year 2018

Explanation:

1. According to the Articles of Association of the Company, the Company shall set aside between two per cent (2%) and fifteen per cent (15%) of the surplus profit as compensation to employees (including the employees of the Company's subsidiaries, who meet certain qualifications) and shall set aside no more than three per cent (3%) of the surplus profit as remuneration for the directors. The employee compensation and director remuneration proposal shall be approved by a majority of the directors at a meeting attended by two-thirds or more of the total number of the directors and shall be 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 term "surplus profit" referred to above means the net profit before tax of the Company. For avoidance of doubt, such amount is before any payment of employee compensation and director remuneration.
2. The Company proposes not to pay employee compensation for fiscal year 2018 due to losses occurred during the same period.
3. The Company proposes not to pay any director remuneration for fiscal year 2018.

### **Report No. 4: (Acknowledged)**

Status of the Company's 1st and 2nd Issuance of Domestic Unsecured Convertible Bonds in fiscal year 2018 (Acknowledged)

Explanation:

1. In order to repay bank loans and augment the working capital, the Company issued the First Domestic Unsecured Convertible Bonds in Taiwan on June 3, 2014 and such program has been completed.
2. For the need of future business development, construction of the factory, purchase of machines and equipment and increase in the working capital, the Company issued the Second Domestic Unsecured Convertible Bonds in Taiwan on August 18, 2015 and such program is still ongoing.
3. The Status of the Company's 1st and 2nd Issuance of Domestic Unsecured Convertible Bonds in fiscal year 2018 is attached hereto as Exhibit 3. Please refer to page 16.

### **Report No. 5: (Acknowledged)**

## Report on Treasury Shares

### Explanation:

1. This is handled pursuant to Article 28-2 of the Securities and Exchange Act and Regulations Governing Share Repurchase by TWSE-Listed and TPEX-Listed Companies.
2. Status of the relevant share repurchase is summarized as follows:

Terms of Repurchase	First Round	Second Round
Purpose of Repurchase	To protect creditworthiness of the Company and interests of shareholders	To protect creditworthiness of the Company and interests of shareholders
Period of Repurchase	January 10, 2018 to March 9, 2018	December 21, 2018 to February 20, 2019
Price Range of Repurchase	45.85~99.44	35.00~76.59
Type and Amount of Shares to be Repurchased	Common Shares / 7,200,000 Shares	Common Shares / 6,000,000 Shares
Total Amount of Shares Repurchased	549,584,268	344,840,849
Average Repurchase Price Per Share	76.33	57.47
Reason for Uncompleted Execution	N/A	N/A
Number of Shares Cancelled and Transferred	7,200,000 Shares	6,000,000 Shares
Percentage of Total Shares Held by the Company to Total Issued Shares of the Company (%)	-	-

### **3. Matters for Recognition:**

#### **Proposal No. 1:**

Proposed by the Board of Directors

Ratification of the Business Report and Consolidated Financial Statements for fiscal year 2018

#### Explanation:

1. The Company's Consolidated Financial Statements for fiscal year 2018 have been audited and certified by certified public accountants (CPAs), Chih-Yuan, Chen and Ching-Jen, Chang of Deloitte & Touche, approved by the Board of Directors on March 12, 2019, and examined and approved by the Audit Committee. The Audit Committee has issued its Auditor's Review Report.
2. The Business Report for fiscal year 2018, CPAs' Audit Report, and Consolidated Financial Statements are attached hereto as Exhibit 1 and Exhibit 4. Please refer to page 12~14 (Exhibit 1) and pages 17~25 (Exhibit 4).

#### Voting Results:

Shares present at the time of voting: 74,931,934 votes (including 26,900,524 votes cast electronically)

Voting Results*		% of the total represented shares present
Votes in favor	70,639,975 votes (24,637,771 votes)	94.27%
Votes against:	22,101 votes (22,101 votes)	0.02%
Invalid votes:	None	0.00%
Votes abstained / No votes	4,269,858 votes (2,240,652 votes)	5.69%

\*Numbers in brackets are votes cast electronically.

Resolved, that the above proposal be and hereby is approved as proposed.

**Proposal No. 2:** Proposed by the Board of Directors  
Ratification of the Proposal for Distribution of Profits for fiscal year 2018

Explanation:

1. The Company's 2018 net loss after tax was NTD278,658,163 which was offset by undistributed earnings of NTD1,371,298,398 at the beginning of fiscal year 2018. Further, undistributed earnings at the beginning of the year together with the special reserve set aside in accordance with the applicable law and the Articles of Association of the Company in the amount of NTD184,802,460, decrease in retained earnings of NTD10,134,504 due to adjustments for investments accounted for using the equity method, and decrease in retained earnings of NTD110,709,730 due to cancellation of the treasury shares, the total distributable earnings at the end of fiscal year 2018 is NTD786,993,541.
2. To meet the company's operating needs, it is proposed not to distribute dividend for fiscal year 2018.
3. Deficit offset table for fiscal year 2018 is attached hereto as Exhibit 5. Please refer to page 26.

Voting Results:

Shares present at the time of voting: 74,931,934 votes (including 26,900,524 votes cast electronically)

Voting Results*		% of the total represented shares present
Votes in	70,770,939 votes	94.44%

favor	(24,768,735 votes)	
Votes against:	23,137 votes (23,137 votes)	0.03%
Invalid votes:	None	0.00%
Votes abstained / No votes	4,137,858 votes (2,108,652 votes)	5.52%

\*Numbers in brackets are votes cast electronically.

Resolved, THAT the above proposal be and hereby is approved as proposed.

#### **4. Matters for Discussion**

**Proposal No. 1:** Proposed by the Board of Directors  
Proposal for amendment of the Articles of Association of the Company.

Explanation:

1. Due to amendments to the Shareholder Rights Protection Checklist announced by the Taiwan Stock Exchange on November 30, 2018 (Ref. No.: Tai-Zheng-Shang-Er-Zi No. 1071703794), it is proposed that the current Articles of Association be amended by replacing in its entirety with the revised Articles of Association.
2. The revised Articles of Association and the comparison table of amendments are attached hereto as Appendix 6. Please refer to pages 27~90.
3. It is proposed that the Registered Agent of the Company be authorised and instructed to arrange for the requisite filing to be done at the Registrar of Companies in the Cayman Islands.
4. This proposal shall be resolved by special resolution.

Voting Results:

Shares present at the time of voting: 74,931,934 votes (including 26,900,524 votes cast electronically)

Voting Results*		% of the total represented shares present
Votes in favor	70,771,975 votes (24,769,771 votes)	94.44%
Votes against:	22,101 votes (22,101 votes)	0.02%
Invalid votes:	None	0.00%
Votes abstained /	4,137,858 votes	5.52%

No votes	(2,108,652 votes)	
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\*Numbers in brackets are votes cast electronically.

Resolved, THAT the above proposal be and hereby is approved as proposed.

**Proposal No. 2:** Proposed by the Board of Directors  
 Proposal for amendment of the Procedures for Endorsement and Guarantee of the Company.

Explanation:

1. To meet the Company's actual operating needs, it is proposed to amend the Procedures for Endorsement and Guarantee of the Company.
2. The comparison table of amendments is attached hereto as Exhibit 7. Please refer to pages 91~92

Voting Results:

Shares present at the time of voting: 74,931,934 votes (including 26,900,524 votes cast electronically)

Voting Results*		% of the total represented shares present
Votes in favor	63,239,034 votes (17,236,830 votes)	84.39%
Votes against:	7,555,042 votes (7,555,042 votes)	10.08%
Invalid votes:	None	0.00%
Votes abstained / No votes	4,137,858 votes (2,108,652 votes)	5.52%

\*Numbers in brackets are votes cast electronically.

Resolved, THAT the above proposal be and hereby is approved as proposed.

**Proposal No. 3:** Proposed by the Board of Directors  
 Proposal: Proposal for amendment of the Procedures Governing the Acquisition and Disposal of Assets of the Company.

Explanation:

1. Due to amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies announced by the Financial Supervisory Commission on November 26, 2018 (Ref. No: Jin-Kuan-Fa-Zi No. 1076341072), it is proposed

to amend the Procedures Governing the Acquisition and Disposal of Assets of the Company.

2. The comparison table of amendments is attached hereto as Exhibit 8. Please refer to pages 93~118.

**Voting Results:**

Shares present at the time of voting: 74,931,934 votes (including 26,900,524 votes cast electronically)

Voting Results*		% of the total represented shares present
Votes in favor	70,771,975 votes (24,769,771 votes)	94.44%
Votes against:	22,101 votes (22,101 votes)	0.02%
Invalid votes:	None	0.00%
Votes abstained / No votes	4,137,858 votes (2,108,652 votes)	5.52%

\*Numbers in brackets are votes cast electronically.

Resolved, THAT the above proposal be and hereby is approved as proposed.

**Proposal No. 4:**

Proposed by the Board of Directors

Proposal: Proposal for amendment of Policies and Procedures for Financial Derivatives Transactions of the Company.

**Explanation:**

1. Due to amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies announced by the Financial Supervisory Commission on November 26, 2018 (Ref. No: Jin-Kuan-Fa-Zi No. 1076341072), it is proposed to amend the Procedures Governing the Acquisition and Disposal of Assets of the Company.
2. The comparison table of amendments is attached hereto as Exhibit 9. Please refer to pages 119~124.

**Voting Results:**

Shares present at the time of voting: 74,931,934 votes (including 26,900,524 votes cast electronically)

Voting Results*	% of the total represented shares present
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Votes in favor	70,771,975 votes (24,769,771 votes)	94.44%
Votes against:	22,101 votes (22,101 votes)	0.02%
Invalid votes:	None	0.00%
Votes abstained / No votes	4,137,858 votes (2,108,652 votes)	5.52%

\*Numbers in brackets are votes cast electronically.

Resolved, THAT the above proposal be and hereby is approved as proposed.

## **5.Election**

### **Proposal No. 1:**

Proposed by the Board of Directors

Election of Directors (including Independent Directors)

Explanation:

1. The term of office of current Directors will end on June 6, 2019. It is proposed to elect 11 directors (including 3 Independent Directors) according to the Articles of Association of the Company. The term of office of each Director shall be three (3) years and Directors may be eligible for re-election. The election of the Independent Directors shall adopt the candidate nomination system.
2. The sixth term of the Directors shall commence on June 20, 2019 and end on June 19, 2022. The current Directors will be discharged when this annual general meeting ends.
3. The list of qualified Independent Director candidates complete with the names, educational background, experience and shareholding status is as follows:

Name	Educational Background	Experience	Shareholding
Chang, Cheng-Lung	BA in Commerce, Tamkang University Mini MBA, Stanford University MS. Manage and Science	1. Lecturer of Tamkang University 2. Director of President Securities 3. Financial advisor to Taipei Rapid Transit Corporation	0
Wei, Chia-Min	PhD, Graduate Institute of Resource Engineering, National Cheng Kung University	1. Deputy executive officer of Metal Industries R&D Center 2. Director of Taiwan Wind Turbine Industry Association 3. Supervisor, Taiwan Wind Turbine Industry Association 4. Director of SAE International	0



		Taipei Section 5. Vice chairman of Taiwan Foundry Society 6. Vice chairman of Taiwan Steel & Iron Industries Association Technology & Standards Research Council 7. Director of Taiwan Wind Energy Association	
Chen, Tyan-Wen	University of Southern California MBA	1. President of Jiashi Construction Co., Ltd. 2. Founder and President of Capital Securities Group 3. Vice President at Security of Merrill Lynch 4. Manager of JPMorgan Chase Bank	0

Note: The current candidate Mr. Chang, Cheng-Lung has served as an independent director of the Company for more than three terms of office. Because he is a financial professional and is familiar with relevant laws and has corporate governance experience, he can benefit the Company significantly. Therefore, Mr. Chang, Cheng-Lung is still listed as an Independent Director candidate.

#### Election Result:

	<u>Elected position</u>	<u>Account numbers</u> <u>/ Identity card</u> <u>number</u>	<u>Name</u>	<u>Electoral</u> <u>vote count</u>
<u>1</u>	<u>Director</u>	13	Chang, Hsien-Ming	86,782,934
<u>2</u>	<u>Director</u>	22	Tsai, Shu-Ken	64,425,314
<u>3</u>	<u>Director</u>	52	Hsu, Ching-Hsiung	52,759,475
<u>4</u>	<u>Director</u>	54	Tsai, Ching-Wu	60,869,288
<u>5</u>	<u>Director</u>	11492	Huang, Wen-Hung	58,690,538
<u>6</u>	<u>Director</u>	13444	Lee, Yi-Tsang	56,959,565
<u>7</u>	<u>Director</u>	15612	Chang, Chun-Chi	54,605,912
<u>8</u>	<u>Director</u>	G120523XXX	Tsai, Chang-Hung	51,222,137

<u>9</u>	Independent Directors	F102190XXX	Chang, Cheng-Lung	58,084,757
<u>10</u>	Independent Directors	L121553XXX	Wei, Chia-Min	57,340,981
<u>11</u>	Independent Directors	A122885XXX	Chen, Tyan-Wen	57,343,527

## **6. Other Matters**

### **Proposal No. 1:**

Proposed by the Board of Directors

Proposal for release the newly elected Directors from non-competition restriction

Explanation:

1. The Articles of Association of the Company provides that "a Director who is engaged in anything on his own account or on behalf of another person, which is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek their approval by supermajority resolution".
2. Considering the business needs, it is proposed that the newly-elected directors be released from such non-competition restriction.
3. This proposed shall be resolved by supermajority resolution.

Voting Results:

Shares present at the time of voting: 74,931,934 votes (including 26,900,524 votes cast electronically)

Voting Results*		% of the total represented shares present
Votes in favor	59,974,029 votes (13,971,825 votes)	80.03%
Votes against:	5,265,045 votes (5,265,045 votes)	7.02%
Invalid votes:	None	0.00%
Votes abstained / No votes	9,692,860 votes (7,663,654 votes)	12.93%

\*Numbers in brackets are votes cast electronically.

Resolved, THAT the above proposal be and hereby is approved as proposed.

## **7. Extempore Motions:**

After the Chairman consulted with all shareholders present and no motion was raised, the Chairman announced that the meeting was adjourned.

**8. Adjournment of the Meeting:**

**Adjournment of this Meeting was at 9:39 a.m. June 20, 2019**

Note: The Shareholders' meeting minutes record only the abstract of the meeting and the outcome of each resolution. With regard to the detailed contents and procedures of the meeting and statements of shareholders, the audio and video recordings of the meeting shall prevail.

## **9. Exhibits**

### **Appendix 1: 2018 Business Report**

#### **Business Report**

##### 1. 2018 Business conditions

###### (A) Business plan implementation results:

The consolidated annual revenue of Yeong Guan Group in 2018 amounted to NT\$ 6.196 billion, 3% lower than that in 2017. The output volume reached 133,652 tons, 8% lower than that in 2017. The gross profit margin and operating loss margin in 2018 are 13% and 4%, respectively, and the gross profit margin and operating gain margin in 2017 are 22% and 4%, respectively. The consolidated net loss after tax amounted to NT\$ 274,073,000, while profits are decreased by NT\$ 531,997,000 compared to the previous year. Losses per share is NT\$ 2.84 and EPS is decreased by NT\$ 4.76 compared to the previous year.

###### (B) Implementation of the Budget:

Since the Company did not publicly announce the financial projection, this item is not applicable.

(C) Revenues, expenditures, and profitability analysis: Please refer to the consolidated income statement

###### (C) R&D status:

R&D expenses accounted for 2.6% of the net operating revenue in 2018. The Group will continue on research and improvement of production process, shortening the development time of the new product and decrease of the defect loss to gradually improve the ability and technology of new products.

##### 2. Business plan overview

Yeong Guan Group is a primary casting supplier of the world's largest manufacturers of wind turbine, injection molding machine, and industrial machinery. The Group owns advanced process technology and high-tech metallurgical and engineering technology. The Group provides high quality products and always deliver the products with the customers' request time, and therefore, is highly recognized and relied upon by customers. The core competitive of the Group is the production scale larger than the competitors in the same industries, meticulous casting technology, and vertical integration capabilities.

###### Group development strategy

###### A. Short-term goals (1~2 years)

The output target for 2019 is set at 176,000 tons in consideration of various factors including the global economic climate, the changing industry environment, market competition and supply and demand conditions, business development progress of new and existing customers worldwide, and

the group's own production capacities.

In view of new growth trends generated by offshore wind power installations worldwide, the Taichung Harbor production base will be the key development project of the Group. In addition to the production of castings for large-scale offshore wind power installations, production capacities for injection molding and industrial machinery castings will also be increased. The Taichung Harbor project will be initiated in 2019 and relevant facilities are projected to be put into operation in 2021.

(B) Mid-term goals (3~5 years)

Upon completion of plant construction and commissioning in the Taichung Harbor, the Group will gradually transit to stable mass production stage. At the same time, the Group will commence the planning and construction of a production base in Thailand in order to expand the new market and ensure stable growth of group production capacities on a long-term basis.

(C) Long-term goals (5~10 years)

To enhance the Group's competitiveness, fulfill the Group's corporate social responsibility, and achieve the goal of sustainable operations, the Group has promoted certain plans as summarized as below:

1. Continuing establishment of an EHS (environmental protection, occupational health, and industrial safety) system

Substantial progress has been achieved in the fields of employee participation, production safety, operating environment improvements, product quality enhancements, delivery time and idle working hour reductions, and employee compensation and benefit enhancements. The implementation of the EHS system helps strengthen plant staff cohesion, optimize internal management of the plant, enhance the group's corporate image, and generate better economic and social benefits. In the future, the Group will continue to improve work environments and labor conditions to safeguard the lawful rights and interests of its employees.

2. Promotion of green supply chain innovation

By cooperating with General Electric, the Group promotes the GSI (Green Supplier Initiative), i.e., green supply chain innovation. The Group continues to replace the equipment relating to noise, dust, atmospheric, water treatment systems, lighting devices, excess heat recovery and electric furnaces, digital management systems, and renewable energy in order to build green factories, advance toward the goal of energy conservation and carbon reduction, and become an eco-friendly company.

3. Digitized production management

MES (Manufacturing Execution System) is implemented to enhance the digitization level of production management and establish the foundation for digital factories. The goal is to fully utilize the advanced management experiences of the Group in the casting industry, to satisfy relevant business requirements in the fields of planning, production, quality and equipment, to realize

transparency of production data and management, and to achieve further enhancements in the field of accurate management.

#### 4. Implementation of lean production management

Within the framework of the EHS project, the launch of MES and GSI projects is inextricably intertwined with on-site data optimization. The departments involved include production, technology, logistics, warehousing, planning, and quality departments. Lean production by taking system structure, staff organization, operation methods, and supply/demand into consideration and combining the promotion of MES items makes the production system accommodate user needs in a rapid manner, enable streamline production processes by eliminating all unnecessary or superfluous elements, and strengthen production management models.

#### 5. Promotion of talent training and inheritance

The Group designs relevant training programs in cooperation with General Electric to validly develop the capabilities of executives at all levels to solve problems in a proactive manner. Training contents are designed based on individual characteristics and work attributes in order to cultivate and stock up on outstanding management and technology talent and lay a solid foundation for Group sustainability.

In the future, the Group will continue to optimize its organizational management models in accordance with business policy planning. The goal is to gain a better understanding of customer needs, ensure a focus on customer values, upgrade the management and production capabilities of the organization, and implement ESG principles in an effort to perfect corporate governance. The Group aims to fulfill its CSR (corporate social responsibility) and maximize values with sustainability as the key objective.

We would like to take this opportunity to express our gratitude for your feedback and suggestions and look forward to your continued support and encouragement.

We wish all shareholders good health and success!

Chairman:

President:

Chief accountant:

## **Exhibit 2: 2018 Audit Committee's Review Report**

**Yeong Guan Energy Technology Group Company Limited**

**永冠能源科技集團有限公司**

### **Audit Report of the Audit Committee**

To: Annual General Meeting for Year 2019

The Board of Directors has prepared and submitted to the Audit Committee the Business Report, Consolidated Financial Statements and Profits Distribution proposal. The above Business Report, Consolidated Financial Statements and Profits Distribution proposal have been examined and determined to be correct and accurate. This Report is duly submitted in accordance with applicable laws.

Yeong Guan Energy Technology Group Company Limited 永冠能源科技  
集團有限公司

The Convener of the Audit Committee:

March 12, 2019

### Exhibit 3: The Status of the Company's 1st & 2nd Issue of Domestic Unsecured Convertible Bonds in Taiwan for Fiscal Year of 2018

#### Current Status of Company Bonds

Type of Corporate Bond	1 <sup>st</sup> Issue of Domestic Unsecured Convertible Bonds	2 <sup>nd</sup> Issue of Domestic Unsecured Convertible Bonds
Issue (offer) Date	June 3, 2014	August 18, 2015
Denomination	NTD\$100,000 each	NTD\$100,000 each
Issuing and Traction Place	Taipei Exchange	Taipei Exchange
Issuing Price	fully issued at par price	fully issued at par price
Total Amount	NTD\$1,500,000,000	NTD\$2,500,000,000
Interest Rate	0%	0%
Deadline	5-year period; Due Date: June 3, 2019	5-year period; Due Date: August 18, 2020
Guarantee Agency	None	None
Trustee	Trusts Department of Land Bank of Taiwan	Trusts Department of Land Bank of Taiwan
Underwriter	KGI Securities Co. LTD.	KGI Securities Co. LTD.
Certified Lawyer	Attorney Tian-Hsiang Song from Lee an Li Attorneys-At-Law	Attorney Ya-Hsien Wang from Lee an Li Attorneys-At-Law
Certified Accountant	Deloitte Touche Accountants Dong-fong Lee and Zhe-li Gong	Deloitte Touche Accountants Dong-fong Lee and Zhe-li Gong
Payback method	Except for redemption by the company or the exercise of put option or conversion by the bondholders, the sum to be repaid at maturity will include the face amount of the bonds plus coupon payment at 105.10% of the par value (annual yield is about 1%) in a one-off cash payment.	Except for redemption by the company or the exercise of put option or conversion by the bondholders, the sum to be repaid at maturity will include the face amount of the bonds plus coupon payment at 102.53.% of the par value (annual yield is about 0.5%) in a one-off cash payment.
Outstanding Principles	NTD\$2,100,000	NTD\$91,900,000
Provisions of redemption and prepayment	Please refer to the issuance and conversion plan.	Please refer to the issuance and conversion plan.
Restrictions	None	None
Credit rating agency, credit rating date, and corporate bond rating results	None	None
Other rights	Converted (exchanged or subscribed) common shares, global depository receipts, or amount of other securities.	As of April 22, 2019, a total of NTD\$1,354,900,000 have been converted into 8,928,504 ordinary shares of a face value of NTD\$10 each.
	Issuance and conversion (exchange or subscription) procedures	Please refer to the market observation post system for bond issuance information
Issuance and conversion, exchange and subscription, possible dilution on stock equity and impact on shareholder's equity from issuance conditions	According to the current conversion price of NTD\$133.9, if all bonds are converted to common shares, 15,638 shares need to be issued. The impact on shareholders' equity is limited so far.	According to the current conversion price of NTD\$195.1, if all bonds are converted to common shares, 471,040 shares need to be issued. The impact on shareholders' equity is limited so far.
Commissioned agency for exchanged object	Not applicable	Not applicable



## **Exhibit 4: Independent Auditors' Report and Consolidated Financial Statements**

### **INDEPENDENT AUDITORS' REPORT**

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD.

#### **Opinion**

We have audited the accompanying financial report of YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2017 and 2018, and the consolidated income statement, table of consolidated statement of changes in equity, consolidated statement of cash-flows and notes to consolidated financial statement (including Explanation of Summarized Significant Accounting Policy) from January 1 to December 31 of 2017 and 2018.

In our opinion, all material aspects of aforementioned financial statements were compiled in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers of R.O.C. as well as International Financial Reporting Standards (hereinafter referred to as "IRFSs"), International Accounting Standards (hereinafter referred to as "IAS"), interpretation from International Financial Reporting Interpretations Committee and announcement made by Standing Interpretations Committee which are recognized and promulgated by the Financial Supervisory Commission. These statements can be utilized to appropriately describe consolidated financial status for YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries as of December 31, 2017 and 2018, as well as consolidated financial performance and consolidated cash-flow from January 1 to December 31 for 2017 and 2018.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries in accordance with the code of ethics for professional accountants, and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries' financial statements for 2018. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Explanation of key audit matters on 2018 consolidated financial statement for YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries is as follows:

### Closing Date for Operating Income

Operating income for both YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries mainly comes from export. Sea freight must be utilized due to product characteristics. According to related guidelines on income recognition timing prescribed in International Accounting Standards #15, condition for income recognition can only be qualified when enterprises transfer ownership major risks and compensation to buyers. Please refer to note #4 of consolidated financial statement. As such, the most critical matter for this audit is to verify if year-end export income has already been recorded correctly in accordance with business income recognition timing point.

With respect to this most critical matter, accountant hereto considered YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries' operating income recognition policy, assessed operating income related internal control design and implementation, selected samples of this implementation details from export income for verification and test, and checked audit procedure on transaction documents for the purpose of verifying if operating income has been recorded in correct timing point.

### Accounting Judgments for Bad Debt Allowance

As described in note #10 of consolidated financial statement, for bad debt allowance, consideration of account receivable's collectability is also needed in addition to assessment over bad debt allowance recognition policy drafted by the company. This part involves major accounting assessment and judgment. In the event that future actual cash flow is lower than expected one, it is possible to incur major impairment loss. Disclosure of related major accounting assessment and judgment explanation is described in note #4 and #5 of consolidated financial statement. With this, this is the key audit matter for this audit.

With respect to most critical matter, accountant hereto reviewed YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries' bad debt allowance recognition policy, assessed design and implementation of account receivable assessment related internal control, tested management's assessment on bad debt and materials utilized, tested collectability through subsequent collection documents, re-calculated bad debt allowance amount which was then compared with Yeong Guan Energy Technology Group Co., Ltd. and its subsidiaries' recognized bad debt allowance. This is to verify if recognition has already been conducted as well as its adequacy in accordance with Yeong Guan Energy Technology Group Co., Ltd. and its subsidiaries' bad debt allowance policy.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries' or to cease operations, or have no realistic alternative but to do so.

Those charged with governance (including audit committee) are responsible for overseeing YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries' financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our Objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries' ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters for YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries' 2018 consolidated financial statement. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte and Touche

CPA      Chen, Chih-Yuan

CPA      Chang, Ching-Ren

Securities and Futures Committee,  
Ministry of Finance  
Approval Document No. Tai-Cai-Zheng-6-Tze  
No. 0920123784

March 12, 2019

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
Dec. 31, 2017 and 2018

Unit: in thousands of NTD

Code	Asset	Dec. 31, 2018		Dec. 31, 2017	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalent(Notes 3, 4 and 6)	\$ 3,152,846	22	\$ 3,316,285	23
1110	Current financial assets at fair value through profit or loss(Notes 3, 4, 5, and 7)	5,948	-	17,121	-
1136	Financial asset measured based on amortized cost – current (Note 3, 4 and 8)	485,187	3	-	-
1147	Current investments in debt security with no active market(Notes 3, 4 and 9)	-	-	180,515	1
1150	Notes receivable(Notes 3, 4 and 31)	286,373	2	307,146	2
1170	Account receivables, net(Notes 4, 5, 10 and 31)	1,816,614	13	1,718,582	12
130X	Inventories, net(Notes 4, 5 and 11)	1,367,942	9	1,256,181	8
1419	Prepayments	268,139	2	272,346	2
1479	Other current assets(Notes 4, 16, 25, 27, 31 and 32)	422,104	3	244,671	2
11XX	Total Current Assets	<u>7,805,153</u>	<u>54</u>	<u>7,312,847</u>	<u>50</u>
<b>NON-CURRENT ASSETS</b>					
1600	Property, plant and equipment(Notes 4, 5, 13, 31 and 32)	5,920,262	41	6,279,225	44
1760	Investment property, net(Notes 4, 5, 14, 28 and 32)	749	-	20,799	-
1805	Goodwill(Notes 4, 5 and 15)	139,618	1	144,002	1
1840	Deferred income tax assets(Notes 4, 5 and 25)	138,630	1	100,380	1
1915	Equipment prepayments	71,664	-	160,702	1
1985	Long-term prepaid rents(Notes 4, 16 and 32)	395,167	3	413,696	3
1990	Other non-current assets(Notes 3, 4 and 31)	59,394	-	51,139	-
15XX	Total Non-Current Assets	<u>6,725,484</u>	<u>46</u>	<u>7,169,943</u>	<u>50</u>
1XXX	TOTAL ASSETS	<u>\$ 14,530,637</u>	<u>100</u>	<u>\$ 14,482,790</u>	<u>100</u>
<b>LIABILITIES and SHAREHOLDER'S EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
2100	Short-term debts(Notes 17 and 32)	\$ 1,921,161	13	\$ 523,055	4
2120	Current financial liabilities at fair value through profit or loss(Notes 3, 4, 5,7 and 18)	542	-	27,000	-
2150	Notes payable(Note 31)	216,403	2	387,713	3
2170	Accounts payable (Note 31)	833,832	6	748,615	5
2219	Other accounts payable(Notes 20 and 31)	495,226	3	447,948	3
2230	Current income tax liabilities(Notes 4, 5 and 25)	4,156	-	75,690	-
2321	Exercise of Corporate Bond Payable Put Option Within One Year (Note 4 and 18)	93,551	1	2,438,634	17
2399	Other current liabilities(Note 4 and 19)	6,488	-	8,622	-
21XX	Total Current Liabilities	<u>3,571,359</u>	<u>25</u>	<u>4,657,277</u>	<u>32</u>
<b>NON-CURRENT LIABILITIES</b>					
2530	Bonds payable(Notes 4 and 18)	-	-	2,146	-
2540	Long-term debts(Notes 17 and 32)	2,662,945	18	89,370	1
2570	Deferred income tax debts(Notes 4, 5 and 25)	15,252	-	18,093	-
2613	Rent payable-non-current(Note 4 and 19)	118	-	714	-
2670	Other non-current liabilities	-	-	3	-
25XX	Total Non-Current Liabilities	<u>2,678,315</u>	<u>18</u>	<u>110,326</u>	<u>1</u>
2XXX	TOTAL LIABILITIES	<u>6,249,674</u>	<u>43</u>	<u>4,767,603</u>	<u>33</u>
<b>Shareholder's Equity</b>					
3110	Common stock capital	1,116,175	8	1,188,175	8
3200	Additional paid-in capital	5,837,900	40	6,204,774	43
Retained earnings					
3310	Legal reserve	487,072	3	460,025	3
3320	Special reserve	839,529	6	620,848	4
3350	Unappropriated retained earnings	971,796	7	1,788,213	13
3300	Total Retained Earnings	<u>2,298,397</u>	<u>16</u>	<u>2,869,086</u>	<u>20</u>
Other Shareholder's Equity					
3410	Exchange difference on translation of foreign financial statements	( 1,021,629 )	( 7 )	( 838,663 )	( 6 )
3500	Treasury shares	( 99,209 )	( 1 )	-	-
31XX	The Company's Total Shareholder's Equity	<u>8,131,634</u>	<u>56</u>	<u>9,423,372</u>	<u>65</u>
36XX	Non-controlling interest	<u>149,329</u>	<u>1</u>	<u>291,815</u>	<u>2</u>
3XXX	TOTAL SHAREHOLDER'S EQUITY	<u>8,280,963</u>	<u>57</u>	<u>9,715,187</u>	<u>67</u>
<b>TOTAL LIABILITIS and SHAREHOLDER'S EQUITY</b>		<u>\$ 14,530,637</u>	<u>100</u>	<u>\$ 14,482,790</u>	<u>100</u>

The accompanying notes constitute an integral part of this consolidated financial statement.

Chairman: Chang, Hsien-Ming

General Manager: Chang, Hsien-Ming

Chief Accountant: Lin, Yu-Yi

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

Consolidated Income Statement

for periods from January 1 to December 31 of 2017 and 2018

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code		2018		2017	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 3, 4, 23 and 31)	\$ 6,195,855	100	\$ 6,404,342	100
5000	OPERATING COSTS (Notes 4, 11, 24 and 31)	<u>5,364,919</u>	<u>87</u>	<u>4,972,143</u>	<u>78</u>
5900	OPERATING GROSS PROFIT	<u>830,936</u>	<u>13</u>	<u>1,432,199</u>	<u>22</u>
	OPERATING EXPENSES(Note 10 and 24)				
6100	Marketing expenses	365,318	6	406,421	6
6200	General and administrative expenses	561,206	9	567,153	9
6300	Research and development expenses	159,430	2	163,176	3
6450	Gain on reversal of impairment loss of expected credit	( <u>10,006</u> )	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total Operating Expenses	<u>1,075,948</u>	<u>17</u>	<u>1,136,750</u>	<u>18</u>
6900	OPERATING NET PROFIT	( <u>245,012</u> )	( <u>4</u> )	<u>295,449</u>	<u>4</u>
	NON-OPERATING INCOME and EXPENSES				
7100	Interest income	89,257	2	64,938	1
7110	Rent income(Note 31)	607	-	656	-
7190	Other income and losses(Note 18 and 24)	18,158	-	77,749	1
7235	Financial product net profit (loss) at fair value through profit and loss (Notes 4, 5, 7 and 18)	25,677	-	25,461	1
7630	Foreign currency exchange net profit(loss) (Notes 24 and 32)	13,018	-	( 54,013)	( 1)
7510	Interest expenses(Note 18)	( <u>133,606</u> )	( <u>2</u> )	( <u>68,473</u> )	( <u>1</u> )
7000	Total Non-Operating Income and Expenses	<u>13,111</u>	<u>-</u>	<u>46,318</u>	<u>1</u>
7900	Pretax net profit	( \$ 231,901)	( 4)	\$ 341,767	5
7950	Income tax(Notes 4, 5 and 25)	<u>42,172</u>	<u>-</u>	<u>83,843</u>	<u>1</u>
8200	Current net profit	( 274,073)	( 4)	257,924	4
	Other Comprehensive Income				
8361	Exchange Differences on Translation of Foreign Financial Statements	( <u>179,993</u> )	( <u>3</u> )	( <u>217,094</u> )	( <u>3</u> )
8500	Current Total Comprehensive Income	( <u>\$ 454,066</u> )	( <u>7</u> )	<u>\$ 40,830</u>	<u>1</u>
	Net Profit Attributed to:				
8610	Shareholders	( \$ 278,658)	( 4)	\$ 270,474	4
8620	Non-Controlling Interest	<u>4,585</u>	<u>-</u>	( <u>12,550</u> )	<u>-</u>
8600		( <u>\$ 274,073</u> )	( <u>4</u> )	<u>\$ 257,924</u>	<u>4</u>
	Comprehensive Income Attributed to:				
8710	Shareholders	( \$ 461,624)	( 7)	\$ 53,131	1
8720	Non-Controlling Interest	<u>7,558</u>	<u>-</u>	( <u>12,301</u> )	<u>-</u>
8700		( <u>\$ 454,066</u> )	( <u>7</u> )	<u>\$ 40,830</u>	<u>1</u>
	Earnings Per Share(Note 26)				
9750	Basic	( <u>\$ 2.48</u> )		<u>\$ 2.28</u>	
9850	Diluted	( <u>\$ 2.48</u> )		<u>\$ 2.27</u>	

The accompanying notes constitute an integral part of this consolidated financial statement.

Chairman: Chang, Hsien-Ming

General Manager: Chang, Hsien-Ming

Chief Accountant: Lin, Yu-Yi

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries  
Consolidated Statement of Changes in Equity  
for periods from January 1 to December 31 of 2018 and 2017

Unit: in thousands of NTD

EQUITY ATTRIBUTED TO SHAREHOLDERS (Notes 4, 18 and 22)

Code		Capital Surplus				Retained Earnings				Treasury shares	Exchange Differences on Translation of Foreign Financial Statements	The Company's Total Shareholder's Equity	Non-Controlling Interests (Notes 4 and 22)	Total Shareholder's Equity	
		Common Share	Additional Paid-In Capital	Stock Option	Invalid Stock Option	total	Legal Reserve	Special Reserve	Retained Earnings						TOTAL
A1	Balance, January 1, 2017	\$ 1,188,175	\$ 6,047,761	\$ 157,013	\$ -	\$ 6,204,774	\$ 359,195	\$ 8,214	\$ 2,635,112	\$ 3,002,521	\$ -	(\$ 621,320)	\$ 9,774,150	\$ 304,158	\$ 10,078,308
	Appropriation and distribution Of 2016 earnings:														
B1	Legal reserve	-	-	-	-	-	100,830	-	( 100,830 )	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	612,634	( 612,634 )	-	-	-	-	-	-
B5	Cash dividend	-	-	-	-	-	-	-	( 386,157 )	( 386,157 )	-	-	( 386,157 )	-	( 386,157 )
	Sub-total	-	-	-	-	-	100,830	612,634	( 1,099,621 )	( 386,157 )	-	-	( 386,157 )	-	( 386,157 )
D1	2017 Net profit	-	-	-	-	-	-	-	270,474	270,474	-	-	270,474	( 12,550 )	257,924
D3	2017 Other consolidated income	-	-	-	-	-	-	-	-	-	-	( 217,343 )	( 217,343 )	249	( 217,094 )
D5	2017 Total consolidated income	-	-	-	-	-	-	-	270,474	270,474	-	( 217,343 )	53,131	( 12,301 )	40,830
I1	Convertible corporate bond converted	-	-	( 6,562 )	6,562	-	-	-	-	-	-	-	-	-	-
O1	Non-controlling Interest change	-	-	-	-	-	-	-	( 17,752 )	( 17,752 )	-	-	( 17,752 )	( 42 )	( 17,794 )
Z1	Balance, Dec. 31, 2017	1,188,175	6,047,761	150,451	6,562	6,204,774	460,025	620,848	1,788,213	2,869,086	-	( 838,663 )	9,423,372	291,815	9,715,187
	2017 Earnings appropriation and distribution:														
B1	Legal reserve	-	-	-	-	-	27,047	-	( 27,047 )	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	218,681	( 218,681 )	-	-	-	-	-	-
B5	Cash dividend	-	-	-	-	-	-	-	( 171,187 )	( 171,187 )	-	-	( 171,187 )	-	( 171,187 )
	Sub-total	-	-	-	-	-	27,047	218,681	( 416,915 )	( 171,187 )	-	-	( 171,187 )	-	( 171,187 )
D1	2018 Net profit	-	-	-	-	-	-	-	( 278,658 )	( 278,658 )	-	-	( 278,658 )	4,585	( 274,073 )
D3	2018 Other consolidated income	-	-	-	-	-	-	-	-	-	-	( 182,966 )	( 182,966 )	2,973	( 179,993 )
D5	2018 Total consolidated income	-	-	-	-	-	-	-	( 278,658 )	( 278,658 )	-	( 182,966 )	( 461,624 )	7,558	( 454,066 )
L1	Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	( 648,793 )	-	( 648,793 )	-	( 648,793 )
L3	Cancel of treasury shares	( 72,000 )	( 366,874 )	-	-	( 366,874 )	-	-	( 110,710 )	( 110,710 )	549,584	-	-	-	-
T1	Convertible corporate bond sold back	-	-	( 144,828 )	144,828	-	-	-	-	-	-	-	-	-	-
O1	Controlling Interest change	-	-	-	-	-	-	-	( 10,134 )	( 10,134 )	-	-	( 10,134 )	( 150,044 )	( 160,178 )
Z1	Balance, Dec. 31, 2018	\$ 1,116,175	\$ 5,680,887	\$ 5,623	\$ 151,390	\$ 5,837,900	\$ 487,072	\$ 839,529	\$ 971,796	\$ 2,298,397	( \$ 99,209 )	( \$ 1,021,629 )	\$ 8,131,634	\$ 149,329	\$ 8,280,963

The accompanying notes constitute an integral part of this consolidated financial statement.

Chairman: Chang, Hsien-Ming      General Manager: Chang, Hsien-Ming      Chief Accountant: Lin, Yu-Yi

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flows

For periods from January 1 to Dec. 31 of 2018 and 2017

Unit: in thousands of NTD

Codes		2018	2017
	Cash Flows from Operating Activities		
A10000	Pre-tax net profit	(\$ 231,901)	\$ 341,767
A20010	Income/Expense item not affecting cash flows		
A20100	Depreciation expense	526,340	491,223
A20200	Amortization expense	9,483	8,583
A20300	Gain on reversal of bad debts	( 10,006)	-
A20300	Bad debt expense	-	6,826
A20400	Financial instrument net profit at fair value through profit and loss	24,214	( 10,635)
A20900	Interest expense	133,606	68,473
A21200	Interest income	( 89,257)	( 64,938)
A22500	Net loss from disposal and abolishment of property, factory and equipment	4,767	10,200
A22900	Net profit from disposal of subsidiary	( 27,229)	( 584)
A23800	Inventory devaluation and obsolescence loss (price recovery gain)	27,745	40,128
A24100	Unrealized foreign currency exchange net profit	( 15,958)	( 1,685)
A24200	Loss from corporate bond payable sold back	37,807	2,944
A29900	Amortization of prepaid lease payment	10,879	10,588
A30000	Net change on operating assets and liabilities		
A31130	Notes receivable	15,342	( 33,307)
A31150	Account receivable	( 144,813)	143,014
A31200	Inventory	( 196,795)	( 58,912)
A31230	Advance payments	( 7,870)	( 30,782)
A31240	Other current assets	35,010	( 60,666)
A32110	Financial instrument at fair value through profit and loss	( 9,879)	6,196
A32130	Notes payable	( 166,905)	24,668
A32150	Account payable	124,624	34,407
A32180	Other payables	59,193	( 58,954)
A32230	Other Current Liabilities	<u>8,198</u>	<u>( 50,208)</u>
A33000	Operating net cash inflows	116,595	818,346
A33300	Interest paid	( 95,509)	(\$ 21,795)
A33500	Income tax paid	<u>( 158,201)</u>	<u>(\$ 124,359)</u>
AAAA	Operating Activity Net Cash Inflows	<u>( 137,115)</u>	<u>\$ 672,192</u>

(to be continued)



(brought forward)

Codes		2018	from January 1 30, 2017	from June
	<b>Investment Activity Cash Flows</b>			
B00040	Investments in Financial Asset Measured Based on Amortized Cost – Current	(\$ 313,360)	\$ -	
B00600	Investments in Debt Securities with No Active Market	-	( 178,210)	
B02200	Acquisition of subsidiaries	( 130,748)	3,005	
B02700	Purchase of property, plant and equipment	( 334,477)	( 766,735)	
B02800	Disposal of property, plant and equipment	2,367	27,904	
B04500	Payment for intangible assets	( 1,602)	( 17,898)	
B06700	Increase in other non-current assets	( 19,041)	( 5,018)	
B07100	Increase in equipment prepayments	( 67,120)	16,450	
B07300	Long term lease prepayments	-	( 51,846)	
B07500	Interests collected	<u>89,122</u>	<u>63,796</u>	
BBBB	Investment Activity Net Cash Outflow	<u>( 774,859)</u>	<u>( 908,552)</u>	
	<b>Financing Activity Cash Flows</b>			
C00100	Increase in short term loan	1,445,703	12,679	
C00200	Decrease in short term loan	( 2,444,462)	( 147,333)	
C01200	Issuance of Corporate Bond	2,620,892	88,229	
C01600	Long term loan	-	( 93,668)	
C01700	Long term loan repayment	( 3)	-	
C03000	Increase in deposit received	( 171,187)	( 386,157)	
C04500	Cash dividend	( 648,793)	-	
C05800	Non-controlling Interest change	<u>37,977</u>	<u>( 17,794)</u>	
CCCC	Financing Activity Net Cash Inflow (Outflow)	<u>840,127</u>	<u>( 544,044)</u>	
DDDD	Exchange rate change effects on cash and cash equivalents	<u>( 91,592)</u>	<u>( 144,129)</u>	
EEEE	Cash and cash equivalents increase (decrease)	( 163,439)	( 924,533)	
E00100	Cash and cash equivalents, beginning of the period	<u>3,316,285</u>	<u>4,240,818</u>	
E00200	Cash and cash equivalents, end of the period	<u>\$ 3,152,846</u>	<u>\$ 3,316,285</u>	

The accompanying notes constitute an integral part of  
this consolidated financial statement.

Chairman: Chang, Hsien-Ming  
General Manager: Chang, Hsien-Ming  
Chief Accountant: Lin, Yu-Yi

## Exhibit 5: Loss Appropriation Table for Year 2018

### LOSS APPROPRIATION TABLE Year 2018

Yeong Guan Energy Technology Group Co., Ltd.

Unit: NTDS

Items	Amount
Beginning retained earnings	1,371,298,398
Plus: Net loss after tax	(278,658,163)
Minus:	
Investment Adjustment to Retained Earnings under Equity Method	(10,134,504)
Treasury Shares Buyback to Retained Earnings	(110,709,730)
Special Reserve (Note)	(184,802,460)
Distributable profit for the period	786,993,541
Distributable items:	
Cash dividend—NT\$0 per share	0
End-of-year Undistributed Earnings	<u>786,993,541</u>
<p>Note:</p> <p>Details for Special Reserve: Exchange Differences Calculated from Financial Statements for Offshore Operation Institute</p>	

Chairman:

General Manager:

Chief Accountant:

## Exhibit 6 : Revised “Article of Association” and Comparison table

Proposal for the Amendment	Original Article	Reason for Amendments
ARTICLES OF ASSOCIATION OF YEONG GUAN ENERGY TECHNOLOGY GROUP COMPANY LIMITED		
<p>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:</p>	<p>1.1 In these <u>tenth</u> Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:</p>	<p>This Article is amended due to the change of the version of the Articles of Association.</p>
<p>2.6 The Public Offering Portion and the Employee Subscription Portion 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:</p> <p>(a) in connection with a Merger, spin-off, or pursuant to any reorganization of the Company;</p> <p>(b) in connection with meeting the Company's obligations under share subscription warrants and/or</p>	<p>2.6 The Public Offering Portion and the Employee Subscription Portion 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:</p> <p>(a) in connection with a Merger, spin-off, or pursuant to any reorganization of the Company;</p> <p>(b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those</p>	<p>This Article is amended to clarify that the employees do not have pre-emptive right in each situation listed in this Article.</p>

<p>options, including those rendered in Articles 2.8 and 2.10 hereof;</p> <p>(c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;</p> <p>(d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;</p> <p>(e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares;</p> <p>(f) <u>in connection with the issue of shares in accordance with Article 13.7;</u> or</p> <p>(g) in connection with Private Placement of the securities issued by the Company.</p>	<p>rendered in Articles 2.8 and 2.10 hereof;</p> <p>(c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;</p> <p>(d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;</p> <p>(e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; or</p> <p>(f) in connection with Private Placement of the securities issued by the Company.</p>	
<p>2.7 The Company shall not issue any unpaid shares or partly</p>	<p>2.7 The Company shall not issue any unpaid shares or partly</p>	<p>Wording is slightly amended.</p>

paid shares.	paid-up shares.	
3.11 No share may be redeemed unless it is fully paid.	3.11 No share may be redeemed unless it is fully paid-up.	Wording is slightly amended.
<p><u>11.7 Subject to the Applicable Law, the Company may by supermajority resolution, distribute its Capital Reserve and the general reserve accumulated in accordance with Article 13.5 (b), in whole or in part, by issuing new shares which shall be distributed as bonus shares to its existing Members in proportion to the number of shares being held by each of them or by cash distribution to its Members.</u></p>		<p>This Article was added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>
<p>13.5 In determining the Company's dividend policy, the Board recognises that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the dividend or other distribution it recommends to Members for approval in any financial year, the Board:</p> <p>(a) may take into consideration the earnings of the</p>	<p>13.5 In determining the Company's dividend policy, the Board recognises that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the dividend or other distribution it recommends to Members for approval in any financial year, the Board:</p> <p>(a) may take into consideration the earnings of the Company, overall</p>	<p>This Article is amended due to the company need.</p>

<p>Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests; and</p> <p>(b) shall set aside out of the current year profits of the Company, in addition to the provision in Article 13.4: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses; (iii) ten per cent (10%) as a general reserve <u>(unless the general reserve reserved in the past years has reached the total paid-up capital of the Company)</u>, and (iv) a special surplus reserve as required by the applicable</p>	<p>development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests; and</p> <p>(b) shall set aside out of the current year profits of the Company, in addition to the provision in Article 13.4: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses; (iii) ten per cent (10%) as a general reserve, and (iv) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules or a reserve as determined by the Board pursuant to Article 14.1.</p>	
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<p>securities authority under the Applicable Public Company Rules or a reserve as determined by the Board pursuant to Article 14.1.</p>		
<p><u>18.6 Any one or more Member(s) may summon an extraordinary general meeting, provided that such Member or Members shall hold more than 50% of the total issued shares of the Company for a continuous period of no less than 3 months. The number of the shares held by a Member and the period of which a Member holds such Shares, shall be calculated and determined based on the Register of Members as of the first day of the period that the Register of Members shall be closed for transfers.</u></p>		<p>This Article was added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>
<p><u>18.7 If the Board does not or is unable to convene a general meeting</u></p>		<p>This Article was added pursuant to the revised Shareholders' Rights Protection Checklist</p>

<p><u>(including the annual general meeting) or it is for the Company's benefit, the Independent Director may convene a general meeting when he/she in his/her absolute discretion deems necessary.</u></p>		<p>published by the Taiwan Stock Exchange on November 30, 2018.</p>
<p>19.6 The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:</p> <p>(a) election or discharge of Directors,</p> <p>(b) alteration of the Memorandum or Articles,</p> <p><u>(c) capital deduction,</u></p> <p><u>(d) application to terminate the public offering of the Shares,</u></p> <p>(e) (i) dissolution, Merger, any scheme or arrangement involving a transfer of all issued shares of the Company to a</p>	<p>19.6 The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:</p> <p>(a) election or discharge of Directors,</p> <p>(b) alteration of the Memorandum or Articles,</p> <p>(c) (i) dissolution, Merger, any scheme or arrangement involving a transfer of all issued shares of the Company to a corporate acquirer in exchange for the issuance of shares by that corporate acquirer to the Members as consideration or spin-off, (ii) entering</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>



<p>corporate acquirer in exchange for the issuance of shares by that corporate acquirer to the Members as consideration 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,</p> <p>(f) ratification of an action by Director(s) who engage(s) in business for himself or on behalf of another person that</p>	<p>into, amending, or terminating any Lease Contract, Management Contract or Joint Operation Contract, (iii) transfer of the whole or any essential part of the business or assets of the Company, and (iv) acquisition or assumption of the whole of the business or assets of another person, which has a material effect on the operations of the Company,</p> <p>(d) ratification of an action by Director(s) who engage(s) in business for himself or on behalf of another person that is within the scope of the Company's business,</p> <p>(e) distribution of the whole or part of the surplus profit of the Company in the form of new shares, capitalization of Capital Reserve and any other amount in</p>	
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<p>is within the scope of the Company's business,</p> <p>(g) distribution of the whole or part of the surplus profit of the Company in the form of new shares, capitalization of Capital Reserve and any other amount in accordance with Article 16,</p> <p><u>(h) making distributions of new shares or cash out of the general reserve accumulated in accordance with Article 13.5 (b) or Capital Reserve to its Members, and</u></p> <p>(i) Private Placement of any equity-related securities to be issued by the Company.</p> <p><u>The major content of the above matters can be announced at the website designated by Taiwan securities authority or by the Company, and the Company shall specify the link to the</u></p>	<p>accordance with Article 16, and</p> <p>(f) Private Placement of any equity-related securities to be issued by the Company.</p>	
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<p><u>website in the notice of the relevant general meeting.</u></p>		
<p>19.7 For so long as the shares are listed on the TSE and unless the Law provides otherwise, 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 office of the Company's registrar (if applicable) and the Company's stock affairs agent located in the ROC. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents. <u>If the relevant documents are kept by the Company's stock affairs agent, upon the request of any Member, the Company shall order the Company's stock affairs agent to provide such Member with the requested</u></p>	<p>19.7 For so long as the shares are listed on the TSE and unless the Law provides otherwise, 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 office of the Company's registrar (if applicable) and the Company's stock affairs agent located in the ROC. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>

<p><u>documents.</u></p>		
<p>19.9 <u>If the general meeting is convened by the Board and other person entitled to convene a general meeting in accordance with these Articles or any Applicable Law, the Board and such person may request the Company or the Company's stock affairs agent to provide the Register of Members. Upon the request, the Company shall (and shall order the Company's stock affairs agent to) provide the Register of Members.</u></p>		<p>This Article was added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>
<p>22.6 Member(s) holding one per cent (1%) or more of the Company's total number of issued shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing <u>or any electronic means designated by the Company</u> one matter for discussion at an annual general meeting. The Company shall give a public notice in such manner as permitted by Applicable Law</p>	<p>22.6 Member(s) holding one per cent (1%) or more of the Company's total issued shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing one matter for discussion at an annual general meeting. The Company shall give a public notice in such manner and at such time as permitted by the Applicable Law specifying the place and a period of not less than ten (10) days for</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>

<p>at such time deemed appropriate by the Board specifying the place and a period of not less than ten (10) days for Members to submit proposals. <u>The Board shall include the proposal in the agenda of the annual general meeting unless (a) the proposing Member(s) holds less than one per cent of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting or the proposal exceeds 300 Chinese words; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company outside the period fixed and announced by the Company for accepting Member(s)' proposal(s). If the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibilities, the Board may accept such proposal to be discussed in general meeting.</u></p>	<p>Members to submit proposals. <u>Proposals submitted for discussion at an annual general meeting shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than one cent (1%) of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).</u></p>	
<p>33.4 The Directors (including</p>	<p>33.4 The Independent Directors</p>	<p>This Article was amended</p>

<p>Independent Directors <u>and non-independent Directors</u>) shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules. 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.</p>	<p>shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules. 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.</p>	<p>pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>
<p>36.1 The office of Director shall be vacated if the Director:</p> <ul style="list-style-type: none"> <li>(a) is removed from office pursuant to these Articles;</li> <li>(b) dies or becomes bankrupt, or makes any arrangement or composition with his creditors generally;</li> </ul>	<p>36.1 The office of Director shall be vacated if the Director:</p> <ul style="list-style-type: none"> <li>(a) is removed from office pursuant to these Articles;</li> <li>(b) dies or becomes bankrupt, or makes any arrangement or composition with his creditors generally;</li> </ul>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>

<p>(c) <u>has been declared a liquidation process by a court and has not been reinstated to his rights and privileges;</u></p> <p>(d) is automatically discharged from his office in accordance with Article 33.2;</p> <p>(e) resigns his office by notice in writing to the Company;</p> <p>(f) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to Applicable Law;</p> <p>(g) <u>has been adjudicated of _____ the commencement of assistantship (as defined under the Taiwan Civil Code) or similar declaration and _____ such assistantship/declaration has not been revoked yet;</u></p> <p>(h) <u>has</u> committed an offence as specified</p>	<p>(c) is automatically discharged from his office in accordance with Article 33.2;</p> <p>(d) resigns his office by notice in writing to the Company;</p> <p>(e) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to Applicable Law;</p> <p>(f) <u>having</u> committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and <u>the time elapsed after he has served the full term of the sentence is less than five years;</u></p> <p>(g) <u>having</u> committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a</p>	
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<p>in the ROC statute of prevention of organizational crimes and subsequently <u>has been</u> adjudicated guilty by a final judgment, and (A) <u>has not started serving the sentence.</u> (B) <u>has not completed serving the sentence.</u> (C) <u>the time elapsed after completion of serving the sentence or expiration of the probation is less than five (5) years, or (D) was pardoned for less than five years;</u></p> <p>(i) <u>has</u> committed an offence involving fraud, breach of trust or misappropriation and subsequently <u>has been</u> punished with imprisonment for a term of more than one year <u>by a final judgement,</u> and (A) <u>has not started serving the sentence,</u> or (B) <u>has not</u></p>	<p>term of more than one year <u>by a final judgement,</u> and <u>the time elapsed after he has served the full term of the sentence is</u> less than two years;</p> <p>(h) <u>having</u> been adjudicated guilty by a final judgment for <u>misappropriating public funds</u> during the time of his public service, and <u>the time elapsed after he has served the full term of the sentence is</u> less than two years;</p> <p>(i) <u>having</u> been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;</p> <p>(j) <u>subject to Article 35.3,</u> upon expiry of term of office (if any) of the relevant Director;</p> <p>(k) <u>is</u> automatically removed in accordance with Article 36.2; or</p> <p>(l) <u>ceases to be a Director</u> in accordance with</p>	
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<p><u>completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;</u></p> <p>(j) <u>has been adjudicated guilty by a final judgment for committing offenses under the Taiwan Anti-Corruption Act during the time of his public service, and (A) has not started serving the sentence, or (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;</u></p> <p>(k) <u>having been dishonored for unlawful use of</u></p>	<p style="text-align: center;">Article 36.3.</p> <p>In the event that the foregoing events described in clauses (b), (e), (h), (g), (h) or (i) has occurred in relation to a candidate for election of Director, such person shall be disqualified from being elected as a Director.</p>	
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<p>credit instruments, and the term of such sanction has not expired yet;</p> <p>(l) subject to Article 35.3, upon expiry of term of office (if any) of the relevant Director;</p> <p>(m) is automatically removed in accordance with Article 36.2; or</p> <p>(n) ceases to be a Director in accordance with Article 36.3.</p> <p>In the event that the foregoing events described in clauses (b), (c), (f), (g), (h), (i), (j) or (k) has occurred in relation to a candidate for election of Director, such person shall be disqualified from being elected as a Director.</p>		
<p>36.2 In case a Director (<u>other than an Independent Director</u>) that has, during the term of office as a Director, transferred more than one half of the Company's shares being</p>	<p>36.2 In case a Director that has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him/her at the time he/she is elected, he/she shall,</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>

<p>held by him/her at the time he/she is elected, he/she shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required.</p>	<p>ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required.</p>	
<p>36.3 If any Director (<u>other than an Independent Director</u>) has, after having been elected and before his/her inauguration of the office of Director, transferred more than one half of the Company's shares being held by him/her at the time of his/her election as a Director, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him/her</p>	<p>36.3 If any Director has, after having been elected and before his/her inauguration of the office of Director, transferred more than one half of the Company's shares being held by him/her at the time of his/her election as a Director, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him/her within the share transfer prohibition period prior to the convention of a shareholders' meeting</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>

<p>within the share transfer prohibition period prior to the convention of a shareholders' meeting according to the Applicable Public Company Rules, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required.</p>	<p>according to the Applicable Public Company Rules, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required.</p>	
<p>46.3 Notwithstanding anything to the contrary contained in these Articles, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall disclose and explain material contents of such personal interest at the meeting of the Board. Notwithstanding anything to the contrary contained in this Article 46, 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</p>	<p>46.3 Notwithstanding anything to the contrary contained in these Articles, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall disclose and explain material contents of such personal interest at the meeting of the Board. Notwithstanding anything to the contrary contained in this Article 46, 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</p>	<p>This Article was amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>

<p>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. <u>Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relation with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.</u></p>	<p>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.</p>	
<p>47.5 To the extent permitted</p>	<p>47.5 To the extent permitted under</p>	<p>This Article was amended</p>

<p>under the laws of the Cayman Islands and there is a cause of action under applicable laws by the Company against such relevant Director(s), a Member or Members collectively continuously holding <u>one</u> per cent (<u>1%</u>) or more of the total issued shares of the Company for <u>six months</u> or longer may:</p> <p>(a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors;</p> <p>or</p> <p>(b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors</p>	<p>the laws of the Cayman Islands and there is a cause of action under applicable laws by the Company against such relevant Director(s), a Member or Members collectively continuously holding <u>three</u> per cent (<u>3%</u>) or more of the total issued shares of the Company for <u>a year</u> or longer may:</p> <p>(a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or</p> <p>(b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors with the approval of the Board; within thirty (30) days after the Member(s) having made</p>	<p>pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on November 30, 2018.</p>
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<p>with the approval of the Board;</p> <p>within thirty (30) days after the 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 or the Board disapproves such action, to the extent permitted under the laws of the Cayman Islands and there is a cause of action under applicable laws by the Company against such relevant Director(s), such Member(s) may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors.</p>	<p>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 or the Board disapproves such action, to the extent permitted under the laws of the Cayman Islands and there is a cause of action under applicable laws by the Company against such relevant Director(s), such Member(s) may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors.</p>	
<p><b>67. Social Responsibilities</b></p> <p>When the Company conducts the business, the Company shall comply with</p>		<p>This Article was added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock</p>

<p>the laws and regulations as well as business ethics and shall take actions which will promote public interests in order to fulfill its social responsibilities.</p>		<p>Exchange on November 30, 2018.</p>
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**Revised “Article of Association”**

**ELEVENTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION  
OF  
Yeong Guan Energy Technology Group Company Limited  
永冠能源科技集團有限公司**

**(Adopted by a special resolution passed by the members of the company on [-], 2019 and with  
effect from [-], 2019)**

## TABLE OF CONTENTS

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

## OF

### Yeong Guan Energy Technology Group Company Limited

永冠能源科技集團有限公司

(Adopted by a special resolution passed by the members of the company on [-], 2018 and with effect from [-], 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, the Securities and Exchange Law, the rules and regulations promulgated by the FSC 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 under the Board, which shall comprise solely of Independent Directors of the Company;
Board	the board of directors appointed or elected pursuant to these Articles and acting at a meeting of

	directors at which there is a quorum in accordance with these Articles;
Capital Reserve	for the purpose of these Articles only, comprises of the premium (meaning such amount above par value of the shares) paid on the issuance of any share under the Law and income from endowments received by the Company;
Chairman	the Director elected by and amongst all the Directors as the chairman of the Board;
Company	Yeong Guan Energy Technology Group Company Limited 永冠能源科技集團有限公司;
Compensation Committee	a committee established by the Board, which shall be comprised of professional individuals appointed by the Board 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 34.2;
Directors	the directors for the time being of the Company and shall include any and all Independent Director(s);
Electronic Record	has the same meaning as in the Electronic Transactions Law;
Electronic Transactions Law	the Electronic Transactions Law (2003 Revision) of the Cayman Islands;
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 to include the parents, siblings, grandparents, children and grandchildren of the person as well as spouse's parents, siblings and grandparents;
FSC	The Financial Supervisory Commission of the Republic of China;
Independent Directors	the Directors who are elected as "Independent Directors" for the purpose of Applicable Public Company Rules;
Joint Operation Contract	a contract between the Company and one or more person(s) or entit(ies) where the parties to the contract 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 of such contract;
Law	The Companies Law (Revised) 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;
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 the Company and for the benefits of the Company, and as consideration, such person(s) receive a pre-determined compensation 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 Taiwan Stock Exchange Corporation, via <a href="http://mops.twse.com.tw/">http://mops.twse.com.tw/</a> ;
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
Memorandum	the memorandum of association of the Company;
Notice	written notice as further provided in these Articles unless otherwise specifically stated;
Merger	a transaction whereby: <ul style="list-style-type: none"> <li>(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</li> </ul>

	case the consideration for the transaction being the shares of the surviving or new company or any other company, cash or other assets; or
	(b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Applicable Public Company Rules;
month	calendar month;
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;
Private Placement	has the meaning given thereto in Article 11.6;
Preferred Shares	has the meaning given thereto in Article 6;
Register of Directors and Officers	the register of directors and officers referred to in these Articles;
Register of Members	the register of members of the Company maintained in accordance with the Law and (as long as the Company is listed on the TSE) the Applicable Public Company Rules;
Registered Office	the registered office for the time being of the Company;
Related Person(s)	the persons as defined in Article 33.2;
ROC	Taiwan, the Republic of China;
Seal	the common seal or any official or duplicate seal of the Company;
Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
share(s)	share(s) of par value NT\$10 each in the Company and includes fraction of a share;
special resolution	a resolution passed by a majority of at least two-thirds (or such greater number as may be specified in these Articles, if any) of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting

of which notice specifying the intention to propose the resolution as a special resolution has been duly given;

Subsidiary

with respect to any company, (1) the entity, one half or more 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 the 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 Members (present in person, by proxy or corporate representative) who represent a majority of the outstanding issued shares of the Company as, being entitled to do so, vote in person or, in the case of such Members as are corporations, by their respective duly representative or, where proxies are allowed, by proxy at a duly convened general meeting attended by Members (present in person, by proxy or corporate representative) who represent two-thirds or more of the total outstanding shares of the Company entitled to vote thereon or, if the total number of shares represented by the Members (present in person, by proxy or corporate representative) at the general meeting is less than two-thirds of the total outstanding shares of the Company entitled to vote thereon, but more than one half of the total outstanding shares of the Company entitled to vote thereon, means instead, a resolution adopted at such general meeting by the Members (present in person, by proxy or corporate representative) who represent two-thirds or more of the total number of shares entitled to vote on such resolution at such general meeting;

TDCC

means the Taiwan Depository & Clearing Corporation;

Treasury Shares	has the meaning given thereto in Article 3.11;
Threshold	means the spousal relationship and/or Family Relationship within Second Degree of Kinship threshold for members of the Board as defined in Article 33.2;
TSE	The Taiwan Stock Exchange Corporation; and
Year	calendar year.

**1.2** In these 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 reenactment thereof;
- (g) unless otherwise provided herein, words or expressions defined in the Law shall bear the same meaning in these 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.

**1.3** In these 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 these 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 these 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.

- 2.2** Unless otherwise provided in these 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** Where the Company increases its issued share capital by issuing new shares for cash consideration in the ROC the Company shall allocate 10% of the total amount of the new shares to be issued, for offering in the ROC to the public ("Public Offering Portion") unless it is not necessary or appropriate, as determined by the FSC or TSE, for the Company to conduct the aforementioned public offering. 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 up to 15% of such new shares for subscription by its employees (the "Employee Subscription Portion").
- 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, after allocation of the Public Offering Portion 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 subject to restrictions and conditions ("**Restricted Shares**") to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution provided that Article 2.3 hereof shall not apply in respect of the issue of such shares. For so long as the shares are listed on the TSE, the terms of issue of the 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 Public Offering Portion and the Employee Subscription Portion 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 2.10 hereof;
- (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;
- (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
- (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares;
- (f) in connection with the issue of shares in accordance with Article 13.7; or
- (g) in connection with a Private Placement of the securities issued by the Company.

**2.7** The Company shall not issue any unpaid shares or partly paid shares.

**2.8** Notwithstanding Article 2.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more 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, approval by 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** The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 2.8 above, whereby employees may subscribe, within a specific period of time, a specific number of the shares. The terms and conditions of such agreements shall not be less favorable than the terms specified in the applicable incentive programme.

### **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** Subject to the provisions of the Applicable Law and these Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own shares (including any redeemable shares) on

such terms and in such manner as the Directors may determine and hold them as treasury shares of the Company in accordance with the Law (“**Treasury Shares**”). If any purchase of the Company’s own shares involves any immediate cancellation of shares of the Company, such repurchase of shares is subject to approval by the Members by way of an ordinary resolution and the number of shares of the Company to be cancelled shall be allocated among all the Members as of the date of such cancellation on a pro rata basis (as rounded up or down to the nearest whole number as determined by the Directors) based on the then prevailing percentage of shareholding of the Members, unless otherwise provided for in the Law or the Applicable Public Company Rules.

Upon approval by Members by way of an ordinary resolution to repurchase and cancel shares of the Company, the repurchase price may be paid in cash or in kind, provided that where any repurchase price is to be paid in kind, the monetary equivalent value of such payment in kind shall be (a) assessed by an ROC certified public accountant before being submitted by the Board to the Members for approval as part of the ordinary resolution authorising the repurchase and cancellation of shares of the Company; and (b) agreed to individually by each Member who will be receiving the repurchase price in kind.

- 3.6** In the event that the Company proposes to purchase any share listed on the TSE pursuant to the preceding Article and hold them as Treasury Shares of the Company, 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 listed on the TSE for any reason.
- 3.7** Subject to Article 3.5, the redemption or repurchase price may be paid in any manner permissible under the Law as determined by the Directors, including out of capital.
- 3.8** 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.
- 3.9** Subject to Article 3.5, 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).
- 3.10** Subject as aforesaid and to Article 3.5, 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.
- 3.11** No share may be redeemed unless it is fully paid.
- 3.12** Subject to Article 3.5, shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or be held as Treasury Shares .
- 3.13** 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.
- 3.14** The Company shall be entered in the Register of Members as the holder of the Treasury

Shares provided that:

- (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
  - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Law.
- 3.15** After the Company purchases its shares 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 number of issued shares, and each employee may not subscribe for more than 0.5% of the total number of 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 from the date that such employees became the registered holders of the relevant Treasury Shares.
- 3.16** Subject to Article 3.15, Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

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

- 4.1** Subject to Article 2.1, the Memorandum and these 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 these 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 may from time to time declare;
  - (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** 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. 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.

- 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 issue share certificates pursuant to Article 5.1 hereof, the Company shall deliver the share certificates to the allottees of such shares within thirty (30) days from the date such share certificates may be issued pursuant to the Law, the Memorandum, the Articles, and the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules.
- 5.5 Where the Company shall issue the shares in uncertificated/scripless form, the Company shall upon the issue of such shares cause the name of the subscriber and other particulars to be entered onto the Register of Members in accordance with the Law and the Applicable Public Company Rules.

## **6. Preferred Shares**

- 6.1 Notwithstanding any provisions of these Articles, 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 these Articles.
- 6.2 The rights and obligations of Preferred Shares may include (but not limited to) the following terms and shall be consistent with the Applicable Public Company Rules:
  - (a) the order of priority and fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
  - (b) the order of priority and fixed amount or fixed ratio of allocation of surplus assets of the Company;
  - (c) the order of priority for or restriction on the voting right(s) (including declaring no voting rights whatsoever) of the Members holding the Preferred Shares;
  - (d) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
  - (e) other matters concerning rights and obligations incidental to Preferred Shares.

## **REGISTRATION OF SHARES**

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

- (a) For so long as shares are 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 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 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) that are applicable to shares listed on the TSE.
- 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.
- 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 these 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.
- 9.6** Nothing in these Articles shall preclude the Board from recognizing a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect of it.

## **10. Transmission of 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 or liquidation or dissolution of a Member (or in any way other than by transfer) may, upon such evidence being produced as may from time to time be required by the Board, elect, by a notice in writing sent by him to the Company, either to become the holder of such share or to have some person nominated by him registered as the holder of such share. If he elects to have another person registered as the holder of such share, he shall sign an instrument of transfer of that share to that person.
- 10.3** A person becoming entitled to a share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any case other than by transfer) shall be entitled to the same dividend, other distributions and other advantages to which he would be entitled if he were the registered holder of such share. However, he shall not, before becoming a Member in respect of a share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company. Notwithstanding the aforesaid, the Board may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the share. If the notice is not complied with within ninety days of being received or deemed to be received (as determined pursuant to the Articles), the Board may thereafter withhold payment of all dividend, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.
- 10.4** Notwithstanding the above, for as long as the shares are listed on the TSE, the transmission of the shares may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules (including through the book-entry system of the TDCC) that are applicable to shares listed on the TSE.

## **ALTERATION OF SHARE CAPITAL**

### **11. Power to Alter Capital**

- 11.1** Subject to the Law, the Company may from time to time by ordinary resolution alter the conditions of its Memorandum to increase its authorized share capital by such amount as it thinks expedient.
- 11.2** Subject to the Law, the Company may from time to time by ordinary resolution alter the conditions of its Memorandum to:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares in such manner as permitted by Applicable Law; or
  - (b) cancel 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 in such manner as permitted by Applicable Law.
- 11.3** 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; or
- (d) reduce its share capital and any capital redemption reserve fund in any manner authorised by the Law and the Applicable Public Company Rules.

**11.4** Subject to the Law and Article 11.5, 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 16 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 or Private Placement of the securities issued by 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; or
- (e) acquiring or assuming the whole business or assets of another person, which has a material effect on the Company's operation.

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

- (a) if the Company resolves by supermajority 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 11.5(a) above.

**11.6** Subject to the Law and in addition to approval by the Board in accordance with Article 2.2, the Company may, with a resolution approved by at least two-thirds of the votes of the Members present at a general meeting attended by Members representing a majority of the total number of issued shares, issue securities to the following persons by way of private placement within the territory of the ROC in accordance with Applicable Public Company Rules ("**Private Placement**"):

- (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other legal entities or institutions approved by the FSC;
- (b) natural person, legal entities or funds meeting the qualifications set forth by the FSC; and
- (c) directors, supervisors (if any) or managers of the Company or its Subsidiaries.

**11.7** Subject to the Applicable Law, the Company may by supermajority resolution, distribute its Capital Reserve and the general reserve accumulated in accordance with Article 13.5 (b), in



whole or in part, by issuing new shares which shall be distributed as bonus shares to its existing Members in proportion to the number of shares being held by each of them or by cash distribution to its Members.

## **12. 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 with a quorum of such number of holders holding more than one-half of the total outstanding shares of such class being present in person, by proxy or corporate representatives. 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.

## **DIVIDENDS AND CAPITALISATION**

### **13. Dividends**

- 13.1** The Board may, subject to approval by the Members by way of ordinary resolution or, in the case of Article 11.4(a), supermajority resolution and subject to these 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 wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. No unpaid dividend shall bear interest as against the Company.
- 13.2** 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. Without limiting the foregoing generality, the Directors may fix the value of such specific assets, may determine that cash payments shall be made to some Members in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.
- 13.3** Subject to the Law, Article 11.4(a) and these Articles and except as otherwise provided by the rights attached to any shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an ordinary resolution, in annual general meetings. No 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 and the amount paid up on such shares. If any share is issued on terms providing that it shall be entitled to dividends as from a particular date only, such shares shall be entitled to

dividends accordingly.

- 13.4** Upon the final settlement of the Company's accounts, if there is "surplus profit" (as defined below), the Company shall set aside between two per cent (2%) and fifteen per cent (15%) as compensation to employees ("**Employees' Compensations**") and Employees' Compensations may be distributed to employees of the Company and its Subsidiaries, who meet certain qualifications. The Company shall, from the surplus profit, set aside no more than three per cent (3%) thereof as remuneration for the Directors ("**Directors' Remuneration**"). The distribution proposals in respect of Employees' Compensation and Directors' Remuneration shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and submitted to the shareholders' meeting for report. However, if the Company has accumulated losses, the Company shall reserve an amount thereof for making up the losses before proceeding with the abovementioned distributions and allocation. The "surplus profit" referred to above means the net profit before tax of the Company and for the avoidance of doubt, such amount is before any payment of compensation to employees and remuneration for the Directors.
- 13.5** In determining the Company's dividend policy, the Board recognises that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the dividend or other distribution it recommends to Members for approval in any financial year, the Board:
- (a) may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests; and
  - (b) shall set aside out of the current year profits of the Company, in addition to the provision in Article 13.4: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses; (iii) ten per cent (10%) as a general reserve (unless the general reserve reserved in the past years 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 or a reserve as determined by the Board pursuant to Article 14.1.
- 13.6** Subject to compliance with the Law and after setting aside the amounts for Employees' Compensations and Directors' Remuneration in accordance with Article 13.4 and such amounts as the Board deems fit in accordance with the distribution policy set out in Article 13.5, the Board shall recommend to Members for approval to distribute no less than twenty per cent (20%) of the distributable amount as dividend to the Members and the allocation will be made upon the passing of the resolution by the Members.
- 13.7** Dividends to the Members and the Employees' Compensation may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares or a combination of both for allocation and distribution to employees or the Members, provided that, in the case of a distribution to Members, no less than ten per cent (10%) of the total amount of such dividend shall be paid in cash. No unpaid dividend and compensation shall bear interest as against the Company.

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

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

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

**14.1** 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.

**14.2** 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.

#### **15. Method of Payment**

**15.1** 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.

**15.2** 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 wire transfer to the holder first named in the Register of Members to such holder's designated account or by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

#### **16. Capitalisation**

Subject to Article 11.4(a), the Board may capitalise any sum for the time being standing to the credit of any of the Company's 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**

#### **17. Annual General Meetings**

**17.1** The Company shall hold a general meeting as its annual general meeting within six months following the end of each fiscal year. The Board shall convene all annual general

meetings.

**17.2** 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 provided that 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 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).

## **18. Extraordinary General Meetings**

**18.1** General meetings other than annual general meetings shall be called extraordinary general meetings.

**18.2** The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or upon requisition in accordance with Article 18.3.

**18.3** One or more Member(s) of the Company holding at the date of deposit of the requisition not less than 3% of the total number of the outstanding shares of the Company continuously for a period of one year or more may make a requisition that contains the details set out in Article 18.4 below to request the Board to convene an extraordinary general meeting of the Company.

**18.4** The 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.

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

**18.6** Any one or more Member(s) may summon an extraordinary general meeting, provided that such Member or Members shall hold more than 50% of the total issued shares of the Company for a continuous period of no less than 3 months. The number of the shares held by a Member and the period of which a Member holds such Shares, shall be calculated and determined based on the Register of Members as of the first day of the period that the Register of Members shall be closed for transfers.

**18.7** If the Board does not or is unable to convene a general meeting (including the annual general meeting) or it is for the Company's benefit, the Independent Director may convene a general meeting when he/she in his/her absolute discretion deems necessary.

## **19. Notice**

**19.1** At least thirty days' notice of an annual 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.

- 19.2** 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.
- 19.3** The Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly in accordance with Applicable Public Company Rules.
- 19.4** Subject to Article 22.4, 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.
- 19.5** For so long as the shares are listed on the TSE, the Company shall announce to the public by via the Market Observation Post System in accordance with Applicable Public Company Rules 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 Articles 19.1 and 19.2 hereof. If the voting power of a Member at a general meeting shall be exercised by way of a written instrument, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Articles 19.1 and 19.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in a manner consistent with the Applicable Public Company Rules.
- 19.6** 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) capital deduction,
  - (d) application to terminate the public offering of the Shares,
  - (e) (i) dissolution, Merger, any scheme or arrangement involving a transfer of all issued shares of the Company to a corporate acquirer in exchange for the issuance of shares by that corporate acquirer to the Members as consideration 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 16,

- (h) making distributions of new shares or cash out of the general reserve accumulated in accordance with Article 13.5 (b) or Capital Reserve to its Members, and
- (i) Private Placement of any equity-related securities to be issued by the Company.

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

- 19.7** For so long as the shares are listed on the TSE and unless the Law provides otherwise, 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 office of the Company's registrar (if applicable) and the Company's stock affairs agent located in the ROC. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents. If the relevant documents are kept by the Company's stock affairs agent, upon the request of any Member, the Company shall order the Company's stock affairs agent to provide such Member with the requested documents.
- 19.8** 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.
- 19.9** If the general meeting is convened by the Board and other person entitled to convene a general meeting in accordance with these Articles or any Applicable Law, the Board and such person may request the Company or the Company's stock affairs agent to provide the Register of Members. Upon the request, the Company shall (and shall order the Company's stock affairs agent to) provide the Register of Members.

## **20. Giving Notice**

- 20.1** Any Notice or document, whether or not to be given or issued under these Articles from the Company to a Member, shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication, and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed 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 or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the Notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or to the extent permitted by Applicable Law, may also be served by advertisement in appropriate newspapers. In the case of joint holders of a share, all notices shall be given

to that one of the joint holders whose name stands first in the Register of Members and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

Any Notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent;
- (c) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and
- (d) 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 20.1 shall apply mutatis mutandis to the service of any document by a Member on the Company under these Articles.

## **21. Postponement of General Meeting**

The Board may postpone any general meeting called in accordance with the provisions of these 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 these Articles.

## **22. Quorum and Proceedings at General Meetings**

**22.1** 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.

**22.2** For so long as the shares are listed on the TSE and unless the Law provides otherwise, 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 confirmation and adoption by the Members in a manner consistent with the Applicable Public Company Rules. After confirmation and adoption at the general meeting, the Board shall send or announce to the public via the Market Observation Post System in accordance with Applicable Public Company Rules copies of the adopted

financial statements and the minutes of the general meeting containing the resolutions passed on the 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.

- 22.3** 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 of the meeting shall be decided by a show of hands.
- 22.4** Nothing in these 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 these 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.
- 22.5** 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.
- 22.6** Member(s) holding one per cent (1%) or more of the Company's total number of 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 any 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 as permitted by Applicable Law at such time deemed appropriate by the Board specifying the place and a period of not less than ten (10) days for Members to submit proposals. The Board shall include the proposal in the agenda of the annual general meeting unless (a) the proposing Member(s) holds less than one per cent of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting or the proposal exceeds 300 Chinese words; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company outside the period fixed and announced by the Company for accepting Member(s)' proposal(s). If the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibilities, the Board may accept such proposal to be discussed in general meeting.

### **23. Chairman to Preside**

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman, shall act as chairman at all meetings of the Members at which such person is present. In his absence a chairman shall be appointed or elected in accordance with the Applicable Public Company Rules.

### **24. Voting on Resolutions**

- 24.1** 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 representative(s) or by proxy) shall have one vote for every share of which he is the holder. A Member holding more than one share shall cast the votes in respect of his/her/its shares in the same way on a resolution proposed at a general meeting unless otherwise provided by the Applicable Public Company Rules, in



which circumstance, the qualifications, application, manners for the exercise of such respective voting rights, procedures and other related matters thereof shall comply with the Applicable Public Company Rules, these Articles and the Law.

- 24.2** 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.
- 24.3** 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.
- 24.4** To the extent permitted by Applicable Law and notwithstanding any provisions provided in these Articles, the Board may resolve to allow Members not attending and voting at a general meeting in person, by proxy or by duly authorized representatives (where a Member is a corporation or other non-natural person), to exercise their voting power and cast their votes by a written instrument approved by the Board or by way of electronic transmission (as provided under the ROC Electronic Signatures Act) prior to commencement of the general meeting, provided that (1) the Board shall allow the voting rights in respect of shares held by a Member to be exercised by way of electronic transmission if the Company meets the requirements set forth in the Applicable Public Company Rules; and (2) the relevant methods and procedures are specified in the notice of that meeting and complied with by such Member(s). However, if a general meeting is convened outside the territory of the ROC, to the extent permitted by Applicable Law, the Company must allow the Members to exercise their voting rights and cast their votes by way of a written instrument approved by the Board or by way of electronic transmission in the manner referred to in the foregoing. Any Member who intends to exercise his voting power by a written instrument or by way of electronic transmission shall serve the Company with his/her/its voting decision at least two (2) calendar days prior to the date of such general meeting. Where more than one voting instrument is received from the same Member by the Company, the first voting instrument shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting instrument in the later-received voting instrument. For the avoidance of doubt, those Members voted in the manner mentioned in the foregoing shall, for purposes of these Articles and the Law, be deemed to have appointed the chairman of the general meeting as their proxy to vote their shares at the general meeting only in the manner directed by their written instrument or electronic document. The chairman as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the general meeting, and the Members 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.
- 24.5** In the event any Member who has served the Company with his/her/its declaration of intention to exercise his/her/its voting power by means of a written instrument or by means of electronic transmission pursuant to Article 24.4 hereof later intends to attend general meetings in person, he/she/it shall, at least two (2) calendar days prior to the date of the

general meeting, serve a separate declaration of intention to revoke his/her/its previous votes casted by written instrument or electronic transmission in the same manner previously used in exercising his/her/its voting power, failing which, the Member shall be deemed to have waived his right to attend and vote at the relevant general meeting in person, the deemed appointment by the Member of the chairman as proxy shall remain valid and the Company shall not count any votes cast by such Member physically at the relevant general meeting.

- 24.6** A Member who is deemed to have appointed the chairman as proxy pursuant to Article 24.4 for purposes of casting his vote by written instrument approved by the Board or by way of electronic transmission shall have the right to appoint another person as its proxy to attend the meeting in accordance with these Articles, in which case the express appointment of another proxy shall be deemed to have revoked the deemed appointment of the chairman as proxy under Article 24.4 and the Company shall only count the vote(s) casted by such expressly appointed proxy at the meeting.

## **25. Proxies**

- 25.1** The instrument of proxy shall be in the form approved by the Board 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 for proxy solicitation (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.
- 25.2** An instrument of proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
- 25.3** In the event that a Member exercises his voting power by way of a written instrument or electronic transmission and is deemed to have appointed the chairman of the meeting as his/her/its proxy pursuant to Article 24.4, and has also validly authorised another proxy to attend a general meeting by completing and returning the requisite proxy form, then the voting power exercised by the proxy (rather than the chairman of the meeting) at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting (excluding the deemed appointment of the chairman of the meeting pursuant to Article 24.4) later intends to attend the general meeting in person or to exercise his voting power by way of a written instrument 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.
- 25.4** Subject to the Applicable Public Company Rules, except for an ROC trust enterprise or stock agencies approved by the ROC competent authority, save with respect to the chairman being deemed appointed as proxy under Article 24.4, when a person acts as the proxy for two or more Members, the total number of voting shares that the proxy may vote shall not exceed three percent (3%) of the total number of voting shares of the Company;

otherwise, such number of voting shares in excess of the aforesaid threshold shall not be counted towards the number of votes cast for or against the relevant resolution or the number of voting shares entitled to vote on such resolution but shall be included in the quorum. Upon such exclusion, the number of voting shares being excluded and attributed to each Member represented by the same proxy shall be determined on a pro-rata basis based on the total number of voting shares being excluded and the number of voting shares that such Members have appointed the proxy to vote for.

**25.5** 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 days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default, save with respect to the deemed appointment of the chairman as proxy under Article 24.4, the instrument of proxy shall not be treated as valid PROVIDED that the chairman of the meeting may in his discretion accept an instrument of proxy sent by telex or telefax upon receipt of telex or telefax confirmation that the signed original thereof has been sent. Where multiple instruments of proxy are received by the Company from the same Member, the first written duly executed and valid instrument of proxy received by the Company shall prevail, unless an explicit written statement revoking the previous instrument(s) appointing a proxy is made in the subsequent duly executed and valid instrument of proxy received by the Company. The chairman of the meeting shall have the discretion to determine which instrument of proxy shall be accepted where there is any dispute. Unless otherwise provided in these Articles, delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

## **26. Proxy Solicitation**

For so long as the shares are listed on the TSE and subject to the laws of the Cayman Islands, 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."

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

**27.1** 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.

**27.2** 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.

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

### **28.1 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.

**28.2** 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. To the extent that the Company has knowledge, any votes cast by or on behalf of such Member in contravention of the foregoing shall not be counted by the Company.

**28.3** For so long as the shares are listed on the TSE, in the event that a Director creates or has created security, charge, encumbrance, mortgage or lien over any shares held by him, then he shall notify the Company of such security, charge, encumbrance, mortgage or lien. If at any time the security, charge, encumbrance, mortgage or lien created by a Director is in respect of more than half of the shares held by him at the time of his appointment, then the voting rights attaching to the shares held by such Director at such time shall be reduced, such that the shares over which security, charge, encumbrance, mortgage or lien has been created which are in excess of half of the shares held by the Director at the date of his appointment shall not carry voting rights and shall not be counted in the number of votes casted by the Members at a general meeting but shall be counted towards the quorum of the general meeting.

## **29. 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.

## **30. Representation of Corporate Member**

- 30.1** 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 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.
- 30.2** 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.

### **31. 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 these Articles.

### **32. 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**

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

- 33.1** There shall be a board of Directors consisting of no less than eleven (11) persons, each of whom shall be appointed to a term of office of three (3) years. 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 above number limitation provided that the requirements under the Applicable Law are met. The Directors shall elect a vice chairman ("Vice Chairman") amongst all the Directors. In case the Chairman is on leave or absent or can not exercise his/her power and authority for any cause, the Vice Chairman shall act on his/her behalf.
- 33.2** A spousal relationship and/or a Family Relationship within the Second Degree of Kinship may not exist among more than half (1/2) of the members of the Board (the "Threshold"), unless with prior approval by the ROC competent authority. Where any person among the persons elected for appointment as a Director has a spousal relationship and/or a Family Relationship within the Second Degree of Kinship with any existing member of the Board or with any other person(s) also elected for appointment as a director (collectively, the "Related Persons" and each a "Related Person"), in respect of the Related Person who was elected by way of Cumulative Voting and who received the lowest number of votes from the Members for its appointment among all such elected Related Persons, with the intent that the Threshold will not be breached as a result of his/her appointment: (i) if his/her appointment is already effective, shall automatically cease to be a director of the Company

on and from the date that the Company has actual knowledge of a breach of the Threshold;  
(ii) if his/her appointment has not yet taken effect, his/her appointment shall not take effect if the Company has actual knowledge of a possible breach of the Threshold if his/her appointment takes effect.

- 33.3** 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.
- 33.4** The Directors (including Independent Directors and non-independent Directors) shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules. 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.
- 33.5** Unless provided otherwise in these Articles, the qualifications, composition, appointment, removal, exercise of power in performing duties and other matters with respect to the Directors, Independent Directors, Compensation Committee and Audit Committee, shall comply with the provisions under ROC Securities and Exchange Act and the regulations issued pursuant to the ROC Securities and Exchange Act applicable to the Company.

#### **34. Election of Directors**

- 34.1** The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 34.2 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.
- 34.2** 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:
- (i) 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 provided that such votes shall only cumulate in respect of such number of Directors nominated within the same category (namely, independent or non-independent) of Directors to be appointed;
  - (ii) the Member(s) may vote all or part of their cumulated votes in respect of one or more Director candidates within the same category of Directors to be elected;
  - (iii) such number of Director candidates receiving the highest number of votes in the same category of Directors to be elected shall be appointed; and
  - (iv) where two or more Director candidates receive the same number of votes and as a result the total number of new Directors 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.

- 34.3** 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, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.
- 34.4** If the number of Directors is less than five (5) persons due to the vacancy of Director(s) for any reason, the Company shall call an election of Director(s) at the next following general meeting to fill the vacancies. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty (60) days from the date of the occurrence of vacancies, a general meeting of Members to elect succeeding Directors to fill the vacancies.

### **35. Removal and Re-election of Directors**

- 35.1** The Company may from time to time by supermajority resolution remove any Director from office, whether or not appointing another in his stead.
- 35.2** 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 these 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.
- 35.3** Prior to the expiration of the term of office of the current Directors, the Members may at a general meeting elect or re-elect all Directors, which vote shall be calculated in accordance with Article 34.2 above. If no resolution is passed to approve that the existing Director(s) who is/are not re-elected at the general meeting that such Director(s) shall remain in office until expiry of his/her original term of office, such non-re-elected Directors shall vacate their office with effect from the date the other Directors elected or re-elected at the same general meeting commence their 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. Vacancy in the Office of Director**

- 36.1** The office of Director shall be vacated if the Director:
- (a) is removed from office pursuant to these Articles;
  - (b) dies or becomes bankrupt, or makes any arrangement or composition with his creditors generally;
  - (c) has been declared a liquidation process by a court and has not been reinstated to his rights and privileges;

- (d) is automatically discharged from his office in accordance with Article 33.2;
- (e) resigns his office by notice in writing to the Company;
- (f) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to Applicable Law;
- (g) has been adjudicated of the commencement of assistantship (as defined under the Taiwan Civil Code) or similar declaration and such assistantship/declaration has not been revoked yet;
- (h) 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 started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five (5) years, or (D) was pardoned for less than five years;
- (i) has committed an offence involving fraud, breach of trust or misappropriation and subsequently has been punished with imprisonment for a term of more than one year by a final judgement, and (A) has not started serving the sentence, or (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;
- (j) has been adjudicated guilty by a final judgment for committing offenses under the Taiwan Anti-Corruption Act during the time of his public service, and (A) has not started serving the sentence, or (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;
- (k) having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- (l) subject to Article 35.3, upon expiry of term of office (if any) of the relevant Director;
- (m) is automatically removed in accordance with Article 36.2; or
- (n) ceases to be a Director in accordance with Article 36.3.

In the event that the foregoing events described in clauses (b), (c), (f), (g), (h), (i), (j) or (k) has occurred in relation to a candidate for election of Director, such person shall be disqualified from being elected as a Director.

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

**36.3** If any Director (other than an Independent Director) has, after having been elected and before his/her inauguration of the office of Director, transferred more than one half of the Company's shares being held by him/her at the time of his/her election as a Director, then he/she shall immediately cease to be a Director and no shareholders' approval shall be



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

### **37. Compensation of Directors**

**37.1** The Board may establish a Compensation Committee comprised of at least three members appointed by the Board, one of whom shall be an Independent Director. The professional qualifications of the members of the Compensation Committee, the exercise by the members of the Compensation Committee of its 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.

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

**37.3** 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.

### **38. 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, subject to and upon ratification by the Members of such acts in a general meeting.

### **39. 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 these Articles, required to be exercised by the Company in general meeting subject, nevertheless, to these Articles, the provisions of the Law, and to such directions as may be prescribed by the Company in general meeting.

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

Without limiting the generality of Article 39, the Board may subject to Article 11.4:

- (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 these 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.

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

- 41.1** 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.

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

- (a) any change among its Directors and Officers; or
- (b) any change in the particulars contained in the Register of Directors and Officers, cause to be entered on the Register of Directors and Officers the particulars of such change and the date on which such change occurred, and shall notify the Registrar of Companies in accordance with the Law.

**42. 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 these Articles.

**43. Appointment of Officers**

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

**44. 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.

**45. Compensation of Officers**

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

**46. Conflicts of Interest**

**46.1** 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 46.1 shall not apply to Independent Directors.

**46.2** A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by the Applicable Law.

**46.3** Notwithstanding anything to the contrary contained in these Articles, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall disclose and explain material contents of such personal interest at the meeting of the Board. Notwithstanding anything to the contrary contained in this Article 46, 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. Where the spouse, the person [related to a Director by blood and within the second degree](#), or any company which has a controlling or controlled relation with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.

**46.4** Notwithstanding anything to the contrary contained in this Article 46, 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.

**47. Indemnification and Exculpation of Directors and Officers**

**47.1** Unless otherwise provided in these Articles, 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 breach of duties, fraud or dishonesty which may attach to any of the said persons.

**47.2** Without prejudice and subject to the general directors' duties that a Director owes to the Company and its shareholders under common law principals and the laws of the Cayman Islands, a Director shall perform his/her 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/her fiduciary duties. If a Director has made any profit for the benefit of himself/herself or any third party as a result of any breach of his/her 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 for 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.

**47.3** 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.

**47.4** 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.

**47.5** To the extent permitted under the laws of the Cayman Islands and there is a cause of action under applicable laws by the Company against such relevant Director(s), a Member or Members collectively 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 with the approval of the Board;

within thirty (30) days after the 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 or the Board disapproves such action, to the extent permitted under the laws of the Cayman Islands and there is a cause of action under applicable laws by the Company against such relevant Director(s), such Member(s) may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors.

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

### **48. Board Meetings**

Subject to the Applicable Public Company Rules, the Chairman may call a meeting of the Board and the Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. Regular meetings of the Board shall be held at least on a quarterly basis to review the Company's performance during the previous fiscal quarter and to decide on matters customarily requiring approval of the Board as stipulated herein. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

### **49. Notice of Board Meetings**

The Chairman may, and the Secretary on the requisition of the Chairman shall, at any time summon a meeting of the Board. 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. Notice of a meeting of the Board shall be deemed to be duly given to a Director if, to the extent permitted by Applicable Law, it is given to such Director verbally (in person or by telephone) or otherwise communicated or sent to such Director by post, cable, telex, telecopier, facsimile, electronic mail

or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.

**50. 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.

**51. 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. Any of the Directors may appoint another Director as proxy to represent him at any meeting of the Board if such Director is unable to do so in person for any reason. If a Director appoints a proxy then for all purposes the presence or vote of the proxy shall be deemed to be that of the appointing Director. The appointed Director may only act as the proxy of one Director only.

**52. Board to Continue in the Event of Vacancy**

The Board may act notwithstanding any vacancy in its number.

**53. Chairman to Preside**

Unless otherwise agreed by a majority of the Directors attending, 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.

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

No regulation or alteration to these 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**

**55. 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.

**56. Register of Mortgages and Charges**

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

**56.2** 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.

## **57. Form and Use of Seal**

- 57.1** 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.
- 57.2** 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.
- 57.3** 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**

### **58. Tender Offer**

Within seven (7) days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigious and non-litigious agent ( 訴訟及非訴訟代理人, which term shall be construed under the laws of ROC ) appointed by the Company pursuant to the Applicable Public Company Rules, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:

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

### **59. Books of Account**

- 59.1** 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.

**59.2** 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.

**59.3** 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.

#### **60. Financial Year End**

The financial year end of the Company shall be 31st December in each year but, subject to any direction of the Company in general meeting, the Board may from time to time prescribe some other period to be the financial year, provided that the Board may not without the sanction of an ordinary resolution prescribe or allow any financial year longer than eighteen months.

### **AUDIT COMMITTEE**

#### **61. Number of Committee Members**

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.

#### **62. Powers of Audit Committee**

The Audit Committee 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; 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.

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

### **63. Winding-Up**

**63.1** The Company may be voluntarily wound-up in accordance with Article 11.5.

**63.2** 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**

### **64. 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.

### **65. 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.

## **OTHERS**

### **66. 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 TSE or the Taipei Exchange, 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.

#### **67. Social Responsibilities**

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

**Exhibit 7: Comparison Table for the amendments to the Procedure for Endorsements and Guarantees.**

AFTER AMENDMENTS	BEFORE AMENDMENTS	EXPLANATIONS
<p>4. The aggregate amount of endorsements/guarantees provided by the Company shall not exceed <u>100%</u> or more of the net worth of the Company. The aggregate amount of endorsements or guarantees provided by the Company and its Subsidiaries shall not exceed 25 % or more of the net worth of the Company</p>	<p>4. The aggregate amount of endorsements/guarantees provided by the Company shall not exceed 100% or more of the net worth of the Company. The aggregate amount of endorsements or guarantees provided by the Company and its Subsidiaries shall not exceed 25 % or more of the net worth of the Company</p>	<p>To amend paragraph 1 of this Article for operation needs.</p>
<p>9. This Procedure is first approved by the board of directors on January 20, 2010 and approved by the shareholders meeting on January 29, 2010. The 2<sup>nd</sup> version of this Procedure is approved by the board of directors on May 5, 2010 and approved by the shareholders meeting on May 5, 2010. The third version of this Procedure is approved by the board of directors on September 25, 2010 and approved by the shareholders meeting on June 24, 2011. The fourth version of this Procedure is approved by the board of directors on March 26, 2013 and approved by the shareholders meeting on June 17, 2013. The fifth version of this Procedure is approved by the board of directors on November 8, 2013 and approved by the shareholders meeting on June 6, 2014. <u>The sixth version of this Procedure is approved by the</u></p>	<p>9. This Procedure is first approved by the board of directors on January 20, 2010 and approved by the shareholders meeting on January 29, 2010. The 2<sup>nd</sup> version of this Procedure is approved by the board of directors on May 5, 2010 and approved by the shareholders meeting on May 5, 2010. The third version of this Procedure is approved by the board of directors on September 25, 2010 and approved by the shareholders meeting on June 24, 2011. The fourth version of this Procedure is approved by the board of directors on March 26, 2013 and approved by the shareholders meeting on June 17, 2013. The fifth version of this Procedure is approved by the board of directors on</p>	<p>To amend the number of this Article and to add the amendment history of these Procedures.</p>

<b>AFTER AMENDMENTS</b>	<b>BEFORE AMENDMENTS</b>	<b>EXPLANATIONS</b>
<u>board of directors on XX XX,</u> <u>2019 and approved by the</u> <u>shareholders meeting on XX XX,</u> <u>2019.</u>	November 8, 2013 and approved by the shareholders meeting on June 6, 2014.	

## Exhibit 8 : Comparison Table of Modified Articles on Handling Procedures for Acquisition or Disposal of Assets

Modified Articles	Existing Articles	Explanation
<p>2.Scope and Definition of Terms</p> <p>2.1 The term "assets" as used in these Procedures includes the following:</p> <p>2.1.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2.1.2 Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>2.1.3 Memberships.</p> <p>2.1.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>2.1.5 <u>Right-of-use assets.</u></p> <p>2.1.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>2.1.7 Derivatives.</p> <p>2.1.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>2.1.9 Other major assets.</p> <p>2.2 Definition of Terms:</p> <p>2.2.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or</p>	<p>2.Scope and Definition of Terms</p> <p>2.1 The term "assets" as used in these Procedures includes the following:</p> <p>2.1.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2.1.2 Real property (including land, houses and buildings, investment property, <del>rights to use land,</del> and construction enterprise inventory) and equipment.</p> <p>2.1.3 Memberships.</p> <p>2.1.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>2.1.5 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>2.1.6 Derivatives.</p> <p>2.1.7 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>2.1.8 Other major assets.</p> <p>2.2 Definition of Terms:</p> <p>2.2.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, <u>and compound contracts combining the above products,</u> whose value is derived from <u>assets, interest rates, foreign exchange rates, indexes or other interests.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p>	<p>Modifications are conducted under compliance with modifications of laws.</p>

Modified Articles	Existing Articles	Explanation
<p>long-term purchase (sales) <u>contracts</u>.</p> <p>2.2.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under related regulations.</p> <p>2.2.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>2.2.4 Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>2.2.5 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>2.2.6 Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p><u>2.2.7 Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign</u></p>	<p>2.2.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under related regulations.</p> <p>2.2.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>2.2.4 Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>2.2.5 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>2.2.6 Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations</p>	

Modified Articles	Existing Articles	Explanation
<p><u>securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p><u>2.2.8 Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>	<p>Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	
<p>3. Limits of amounts - the acquisition of real estate or security by the Company for non-operating purpose</p> <p>3.1 The acquisition of real estate <u>and right-of-use assets</u> by the Company for non-operating purpose should not exceed 15% of the Company's net worth; the total amount of all security investments by the Company should not exceed 70% of the Company's net worth, unless otherwise approved by the meeting of shareholders.</p> <p>3.2 The so-called "net value" shall mean and refer to shareholder's equity on the Company's latest financial statement signed by accountant.</p>	<p>3. Limits of amounts - the acquisition of real estate or security by the Company for non-operating purpose</p> <p>3.1 The acquisition of real estate by the Company for non-operating purpose should not exceed 15% of the Company's net worth; the total amount of all security investments by the Company should not exceed 70% of the Company's net worth; the amount of investment by the Company in each respective security should not exceed 30% of the Company's net worth, unless otherwise approved by the meeting of shareholders.</p> <p>3.2 The so-called "net value" shall mean and refer to shareholder's equity on the Company's latest financial statement signed by accountant.</p>	<p>Modifications are conducted under compliance with modifications of laws.</p>
<p>4. Operation Procedures for Acquisition or Disposal of Assets</p> <p>4.1 Determination Process and Approval Authority for Transaction Terms</p> <p>Based on application unit's actual needs, or in accordance with original utilization unit's submission explaining reason, object, transaction counterparty, collection/payment term, price, reference basis, and so on, related units work together to go through price enquiry, comparison, negotiation and assessment before implementation unit's submission</p>	<p>4. Operation Procedures for Acquisition or Disposal of Assets</p> <p>4.1 Determination Process and Approval Authority for Transaction Terms</p> <p>Based on application unit's actual needs, or in accordance with original utilization unit's submission explaining reason, object, transaction counterparty, collection/payment term, price, reference basis, and so on, related units work together to go through price enquiry, comparison, negotiation and assessment before implementation unit's submission</p>	<p>Modifications are conducted under compliance with modifications of laws.</p>

Modified Articles	Existing Articles	Explanation
<p>for approval in accordance with approval authority. Transaction with amounts exceeding NTD50 million shall be submitted to the Board of Directors' Meeting for approval. While transactions with amounts under NTD50 million (included) shall be approved by the Chairman under authorization from the Board of Directors' Meeting.</p> <p>4.2 Appraisal Process</p> <p>In acquiring or disposing of real property, equipment, or <u>right-of-use assets</u> thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>4.2.1 Where due to special circumstances it is necessary to give a limited price, specified price, or <u>special price</u> as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any <u>subsequent</u> change to the terms and conditions of the transaction.</p> <p>4.2.2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>4.2.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a</p>	<p>for approval in accordance with approval authority. Transaction with amounts exceeding NTD50 million shall be submitted to the Board of Directors' Meeting for approval. While transactions with amounts under NTD50 million (included) shall be approved by the Chairman under authorization from the Board of Directors' Meeting.</p> <p>4.2 Appraisal Process</p> <p>In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of <u>machinery</u> and equipment thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>4.2.1 Where due to special circumstances it is necessary to give a limited price or specified price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; <u>the same procedure shall also be followed</u> whenever there is any <u>subsequent</u> change to the terms and conditions of the transaction</p> <p>4.2.2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>4.2.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal</p>	



Modified Articles	Existing Articles	Explanation
<p>certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>4.2.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>4.2.3.2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4.2.4 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>4.2.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>4.2.3.2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4.2.4 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>5. Handling Procedures for Acquisition or Disposal of Securities Investment</p> <p>5.1 Determination Process and Approval Authority for Transaction Terms</p> <p>5.1.1 Acquisition or disposal of securities or equity investment shall be first reviewed and assessed by finance and accounting departments. Transactions with amount exceeding NTD50 million shall be approved by the Board of Directors' Meeting before being implemented. Transactions with amount under (including) NTD50 million shall be implemented after Chairman's approval under authorization from the Board of Directors' Meeting, and shall be recognized by the latest Board of Director's</p>	<p>5. Handling Procedures for Acquisition or Disposal of Securities Investment</p> <p>5.1 Determination Process and Approval Authority for Transaction Terms</p> <p>5.1.1 Acquisition or disposal of securities or equity investment shall be first reviewed and assessed by finance and accounting departments. Transactions with amount exceeding NTD50 million shall be approved by the Board of Directors' Meeting before being implemented. Transactions with amount under (including) NTD50 million shall be implemented after Chairman's approval under authorization from the Board of Directors' Meeting, and shall be</p>	<p>Modifications are conducted under compliance with modifications of laws.</p>

Modified Articles	Existing Articles	Explanation
<p>Meeting.</p> <p>5.1.2 Acquisition or disposal of securities or equity investment shall comply with restrictions prescribed in Article 3.1 hereto.</p> <p>5.2 Appraisal Process</p> <p>The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority.</p>	<p>recognized by the latest Board of Director's Meeting.</p> <p>5.1.2 Acquisition or disposal of securities or equity investment shall comply with restrictions prescribed in Article 3.1 hereto.</p> <p>5.2 Appraisal Process</p> <p>The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority.</p> <p><del>5.3 The calculation of the transaction amounts referred to in Article 4 and Article 5 shall be made in accordance with the Article 12.2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</del></p>	
<p><u>6.</u> Handling Procedures for Acquisition or Disposal of Membership or Intangible Asset</p>	<p><u>7.</u> Handling Procedures for Acquisition or Disposal of Membership or Intangible</p>	<p>Modifications are conducted</p>

Modified Articles	Existing Articles	Explanation
<p>6.1 Acquisition or disposal of intangible assets or <u>right-of-use assets thereof or memberships</u> shall be first reviewed and assessed by finance and accounting departments. Transactions with amount exceeding NTD 50 million shall be submitted to the Board of Directors' Meeting for approval before being implemented. Transactions with amount under (including) NTD50 million shall be implemented after Chairman's approval under authorization from the Board of Directors' Meeting, and shall be recognized by the latest Board of Director's Meeting.</p> <p>6.2 Where the Company acquires or <u>disposes of intangible assets or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Asset</p> <p>7.1 Acquisition or disposal of memberships or intangible assets shall be first reviewed and assessed by finance and accounting departments. Transactions with amount exceeding NTD 50 million shall be submitted to the Board of Directors' Meeting for approval before being implemented. Transactions with amount under (including) NTD50 million shall be implemented after Chairman's approval under authorization from the Board of Directors' Meeting, and shall be recognized by the latest Board of Director's Meeting</p> <p>7.2 Where the Company acquires or disposes of memberships or intangible assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>under compliance with modifications of laws.</p>
<p>7. The calculation of the transaction amounts referred to Article 4 to Article 6 shall be made in accordance with the Article 13.2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p>	<p><u>5.3 The calculation of the transaction amounts referred to Article 4 to Article 5 shall be made in accordance with the Article 12.2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</u></p>	<p>Modifications are conducted under compliance with modifications of laws.</p>
<p>8. Transaction with Related Party</p> <p>8.1 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the</p>	<p>6. Transaction with Related Party</p> <p>6.1 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted</p>	<p>Modifications are conducted under compliance with modifications of</p>

Modified Articles	Existing Articles	Explanation
<p>reasonableness of the transaction terms is appraised in accordance with the Article 4 to Article 8 herein, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the Article 4 to 7.</p> <p><u>8.2</u> The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the Article 7 herein.</p> <p><u>8.3</u> When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p><u>8.4</u> When the Company intends to acquire or dispose of real property <u>or right-of-use assets</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of <u>domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by a domestic securities investment trust enterprise (SITE)</u>, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and board of directors:</p> <p><u>8.4.1</u> The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p><u>8.4.2</u> The reason for choosing the related party as a transaction counterparty.</p> <p><u>8.4.3</u> With respect to the acquisition of real property <u>or right-of-use assets</u> from a related party, information regarding appraisal of the reasonableness of the</p>	<p>and the reasonableness of the transaction terms is appraised in accordance with the Article 4 to Article 7 herein, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the Article 4 and 5.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the Article 5.3 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p><u>6.2.1</u> When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by a domestic securities investment trust enterprise (SITE), the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and board of directors.</p> <p><u>6.2.1.1</u> The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p><u>6.2.1.2</u> The reason for choosing the related party as a transaction counterparty.</p> <p><u>6.2.1.3</u> With respect to the acquisition of</p>	<p>laws.</p>

Modified Articles	Existing Articles	Explanation
<p>preliminary transaction terms in accordance with the Article <u>8.9</u> and Article <u>8.10</u>.</p> <p><u>8.4.4</u> The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p><u>8.4.5</u> Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p><u>8.4.6</u> An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p><u>8.4.7</u> Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the Article <u>8.5</u> and <u>8.4</u> shall be made in accordance with the Article <u>13.2</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and board of directors need not be counted toward the transaction amount.</p> <p><u>8.6</u> <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use, or acquisition or disposal of real property right-of-use assets held for business use, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p>	<p>real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Article <u>6.3</u> and Article <u>6.4</u>.</p> <p><u>6.2.1.4</u> The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p><u>6.2.1.5</u> Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p><u>6.2.1.6</u> An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p><u>6.2.1.7</u> Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the Article <u>6.2.2</u> and <u>6.2.1</u> shall be made in accordance with the Article <u>13.2</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and board of directors need not be counted toward the transaction amount.</p> <p><u>6.2.3</u> Acquisition or disposal of <u>machine</u> and equipment held for business use, when to be conducted between the Company and its parent or subsidiaries, the Company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and</p>	

Modified Articles	Existing Articles	Explanation
<p><u>8.7</u> Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>8.8</u> Where an audit committee has been established in accordance with the provisions of the Act, matters stated in Article <u>8.4</u> shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph 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.</p> <p><u>8.9</u> The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs in accordance with the Article <u>8.9.1</u> and <u>8.9.2</u>:</p> <p><u>8.9.1</u> Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p><u>8.9.2</u> Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the</p>	<p>ratified by the next board of directors meeting</p> <p><u>6.2.4</u> Where the position of independent director has been created, when a transaction is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>6.2.5</u> Where an audit committee has been established in accordance with the provisions of the Act, matters stated in Article <u>6.2</u> shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph 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.</p> <p><u>6.3</u> The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs in accordance with the Article <u>6.3.1</u> and <u>6.3.2</u></p> <p><u>6.3.1</u> Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p>	

Modified Articles	Existing Articles	Explanation
<p>actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p><u>8.9.3</u> Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p><u>8.9.4</u> Where the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the Article <u>8.9.1</u> and <u>8.9.2</u> shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p><u>8.9.5</u> Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the <u>Article 8.4 to Article 8.5</u>, and the Article <u>8.9.1</u> to <u>8.9.3</u> do not apply:</p> <p><u>8.9.5.1</u> The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p><u>8.9.5.2</u> More than 5 years will have elapsed from the time the related party signed the contract to obtain the <u>real property or right-of-use assets</u> thereof to the signing date for the current transaction.</p> <p><u>8.9.5.3</u> The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p><u>8.9.5.4</u> <u>The real property right-of-use assets for business use are acquired by the</u></p>	<p><u>6.3.2</u> Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p><u>6.3.3</u> Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p><u>6.3.4</u> Where the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the Article <u>6.3.1</u> and <u>6.3.2</u> shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p><u>6.3.5</u> Where the Company acquires real property thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Article <u>6.2.1</u> and <u>6.2.2</u>, and the Article <u>6.3.1</u>, <del><u>6.3.2</u></del> and <u>6.3.3</u> do not apply:</p> <p><u>6.3.5.1</u> The related party acquired the real property through inheritance or as a gift.</p> <p><u>6.3.5.2</u> More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property thereof to the signing date for the current transaction.</p> <p><u>6.3.5.3</u> The real property is acquired through signing of a joint development contract with the related party, or through</p>	

Modified Articles	Existing Articles	Explanation
<p><u>Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> <p><u>8.10</u> When the results of the Company's appraisal conducted in accordance with the Article <u>8.9.1</u> and <u>8.9.2</u> are uniformly lower than the transaction price, the matter shall be handled in compliance with the Article <u>8.11</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p><u>8.10.1</u> Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p><u>8.10.1.1</u> Where undeveloped land is appraised in accordance with the means in the Article <u>8.9</u>, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p><u>8.10.1.2</u> Completed <u>transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or <u>leasing</u> practices.</p> <p><u>8.10.2</u> Where the Company acquired real</p>	<p>engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p><u>6.4</u> When the results of the Company's appraisal conducted in accordance with the Article <u>6.3.1</u> and <u>6.3.2</u> are uniformly lower than the transaction price, the matter shall be handled in compliance with the Article <u>6.5</u> However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p><u>6.4.1</u> Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p><u>6.4.1.1</u> Where undeveloped land is appraised in accordance with the means in the Article <u>6.3</u>, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p><u>6.4.1.2</u> <u>Completed</u> transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and</p>	



Modified Articles	Existing Articles	Explanation
<p>property, <u>or obtained real property right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of completed <u>transactions</u> involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>8.10.3 Completed <u>transactions</u> involving neighboring referred in Article <u>8.10</u> in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the <u>right-of-use assets thereof</u>.</p> <p><u>8.11</u> Where the Company acquired real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with the Article <u>8.9</u> and <u>8.10</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p><u>8.11.1</u> A special reserve shall be set aside in accordance with the Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of Company's equity stake in the other company.</p>	<p>transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.</p> <p><u>6.4.1.3 Completed leasing transactions by unrelated parties within the preceding year involving other floors of the same property, where the transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with leasing practices</u></p> <p><u>6.4.2</u> Where the Company acquired real property from a related party provides evidence that the terms of the transaction are similar to the terms of <u>completed transactions</u> involving neighboring parcels of land of a similar size by unrelated parties within the preceding year.</p> <p><u>6.4.3</u> Completed transactions involving neighboring referred in Article <u>6.4</u> in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p><u>6.5</u> Where the Company acquired real property from a related party and the results of appraisals conducted in accordance with the Article <u>6.3</u> and <u>6.4</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p><u>6.5.1</u> A special reserve shall be set aside in accordance with the Article 41, paragraph 1 of the Act against the</p>	

Modified Articles	Existing Articles	Explanation
<p><u>8.11.2</u> Actions taken pursuant to Article <u>8.11.1</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p><u>8.12</u> Where the Company has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p><u>8.13</u> When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the Article <u>8.11</u> and Article <u>8.12</u> if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of Company's equity stake in the other company.</p> <p><u>6.5.2</u> Actions taken pursuant to Article <u>6.5.1</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p><u>6.6</u> Where the Company has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p><u>6.7</u> When the Company obtains real property from a related party, it shall also comply with the Article 6.5 and Article 6.6 if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	
<p><u>9.</u> Procedures for Financial Derivatives Transactions</p> <p>The Company's financial derivatives transactions shall be in compliance with the Company's "Procedures for Financial Derivatives Transactions".</p>	<p><u>8.</u> Procedures for Financial Derivatives Transactions</p> <p>The Company's financial derivatives transactions shall be in compliance with the Company's "Procedures for Financial Derivatives Transactions".</p>	<p>Modifications are conducted under compliance with modifications of laws.</p>
<p><u>10.</u> Merger, demerger, acquisition, or transfer of shares</p> <p><u>10.1</u> Where the Company conducts a merger, demerger, acquisition, or transfer of</p>	<p><u>9.</u> Merger, demerger, acquisition, or transfer of shares</p> <p><u>9.1</u> Where the Company conducts a merger, demerger, acquisition, or transfer</p>	<p>Modifications are conducted under compliance with</p>

Modified Articles	Existing Articles	Explanation
<p>shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p> <p><u>10.2</u> Where the Company participates in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in Article <u>10.1</u> when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p> <p><u>10.3</u> Where the shareholders meeting of the Company held following a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company participating in the merger, demerger or acquisition shall immediately publicly</p>	<p>of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</p> <p><u>9.2</u> Where the Company participates in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in Article 9.1 when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p> <p>9.1 Where the shareholders meeting of the Company held following a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by</p>	<p>modifications of laws.</p>

Modified Articles	Existing Articles	Explanation
<p>explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p> <p><u>10.4</u> Where the Company participates in a merger, demerger or acquisition, it shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p><u>10.5</u> Where the Company participates in a transfer of shares, it shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p><u>10.6</u> The Company shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p><u>10.6.1</u> Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p><u>10.6.2</u> Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p><u>10.6.3</u> Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p><u>10.7</u> When participating in a merger, demerger, acquisition, or transfer of another</p>	<p>the shareholders meeting, the Company participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p> <p><u>9.4</u> Where the Company participates in a merger, demerger or acquisition, it shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p><u>9.5</u> Where the Company participates in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p><u>9.6</u> The Company shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p><u>9.6.1</u> Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p><u>9.6.2</u> Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p><u>9.6.3</u> Important documents and minutes: Including merger, demerger, acquisition,</p>	

Modified Articles	Existing Articles	Explanation
<p>company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in Article 10.6.1 and Article 10.6.2 to the FSC for recordation.</p> <p><u>10.8</u> When participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by Article <u>10.6</u> to Article <u>10.7</u>.</p> <p><u>10.9</u> Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p> <p><u>10.10</u> When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p><u>10.10.1</u> Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p><u>10.10.2</u> An action, such as a disposal of major assets, that affects the Company's financial operations.</p>	<p>and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p><u>9.7</u> When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in Article <u>9.6.1</u> and Article <u>9.6.2</u> to the FSC for recordation.</p> <p><u>9.8</u> When participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by Article <u>9.4</u> to Article <u>9.7</u>.</p> <p><u>9.9</u> Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p> <p><u>9.10</u> When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p><u>9.10.1</u> Cash capital increase, issuance of</p>	

Modified Articles	Existing Articles	Explanation
<p><u>10.10.3</u> An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.</p> <p><u>10.10.4</u> An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p><u>10.10.5</u> An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p> <p><u>10.10.6</u> Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p> <p><u>10.11</u> The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</p> <p><u>10.11.1</u> Handling of breach of contract.</p> <p><u>10.11.2</u> Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p><u>10.11.3</u> The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</p> <p><u>10.11.4</u> The manner of handling changes in the number of participating entities or companies.</p> <p><u>10.11.5</u> Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p><u>10.11.6</u> Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</p> <p><u>10.12</u> After public disclosure of the</p>	<p>convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p><u>9.10.2</u> An action, such as a disposal of major assets, that affects the Company's financial operations.</p> <p><u>9.10.3</u> An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.</p> <p><u>9.10.4</u> An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p><u>9.10.5</u> An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p> <p><u>9.10.6</u> Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p> <p><u>9.11</u> The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</p> <p><u>9.11.1</u> Handling of breach of contract.</p> <p><u>9.11.2</u> Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p><u>9.11.3</u> The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</p> <p><u>9.11.4</u> The manner of handling changes in the number of participating entities or companies.</p>	

Modified Articles	Existing Articles	Explanation
<p>information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p> <p><u>10.13</u> Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article <u>10.4</u>, Article <u>10.9</u> and Article <u>10.12</u>.</p>	<p><u>9.11.5</u> Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p><u>9.11.6</u> Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</p> <p><u>9.12</u> After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p> <p><u>9.13</u> Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article <u>9.4</u>, Article <u>9.5</u>, Article <u>9.6</u>, Article <u>9.7</u>, Article <u>9.9</u> and Article <u>9.12</u>.</p>	
<p><u>11.</u> Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p><u>10.</u> Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p>Modifications are conducted under compliance with modifications of laws.</p>
<p><u>12.</u> Restrictions on Appraiser <u>12.1</u> Professional appraisers and their officers, certified public accounts, attorneys,</p>	<p><u>11.</u> Restrictions on Appraiser Any Professional Appraiser and its appraisal personnel, certified public</p>	<p>Modifications are conducted under</p>

Modified Articles	Existing Articles	Explanation
<p>and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u></p> <p><u>12.1.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>12.1.2 May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>12.1.3 If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>12.2 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>12.2.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>12.2.2 When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p>	<p>accountants, lawyers, or securities underwriters whom the Company has acquired appraisal reports and opinions from, <u>shall not be a related party of the Company or the other party of the transaction.</u></p>	<p>compliance with modifications of laws.</p>



Modified Articles	Existing Articles	Explanation
<p><u>12.2.3 They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>12.2.4 They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>		
<p><u>13. Public Disclosure of Information</u></p> <p><u>13.1 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</u></p> <p><u>13.1.1 Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</u></p> <p><u>13.1.2 Merger, demerger, acquisition, or transfer of shares.</u></p> <p><u>13.1.3 Acquisition or disposal of equipment or right-of-use assets thereof for operating use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500</u></p>	<p><u>12. Public Disclosure of Information</u></p> <p><u>12.1 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</u></p> <p><u>12.1.1 Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued.</u></p> <p><u>12.1.2 Merger, demerger, acquisition, or transfer of shares.</u></p> <p><del><u>12.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</u></del></p>	<p>Modifications are conducted under compliance with modifications of laws.</p>

Modified Articles	Existing Articles	Explanation
<p>million; among such cases, if the Company has paid-in capital of NT\$10 billion or more, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p><u>13.1.4</u> Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and <u>furthermore the transaction counterparty is not a related party</u>, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p><u>13.1.5</u> Where an asset transaction other than any of those referred to in Article <u>13.1.1</u> to Article <u>13.1.4</u>, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p><u>13.1.5.1</u> Trading of <u>domestic</u> government bonds.</p> <p><u>13.1.5.2</u> Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities <u>investment</u> trust enterprises.</p> <p><u>13.2</u> The amount of transactions referred to in Article 13.1 shall be calculated as follows:</p> <p><u>13.2.1</u> The amount of any individual transaction.</p> <p><u>13.2.2</u> The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p><u>13.2.3</u> The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of</p>	<p><u>12.1.4</u> Acquisition or disposal of <u>assets for operating use</u>, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p><u>12.1.5</u> Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches NT\$500 million</p> <p><u>12.1.6</u> Where an asset transaction other than any of those referred to in Article 12.1.1, Article 12.1.2, Article 12.1.3, Article 12.1.4 and Article 12.1.5, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p><u>12.1.6.1</u> Trading of government bonds.</p> <p><u>12.1.6.2</u> Trading of <del>government bonds</del>, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities trust enterprises.</p> <p><u>12.2</u> The amount of transactions referred to in Article 12.1 shall be calculated as follows:</p> <p><u>12.2.1</u> The amount of any individual transaction.</p> <p><u>12.2.2</u> The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within</p>	

Modified Articles	Existing Articles	Explanation
<p>real property <del>or right-of-use assets</del> thereof within the same development project within the preceding year.</p> <p><u>13.2.4</u> The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p><u>13.3</u> "Within the preceding year" as used in Article <u>13.2</u> refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p><u>13.4</u> When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p><u>13.5</u> Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with Articles <u>13.1</u> to <u>13.4</u>, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p><u>13.5.1</u> Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p><u>13.5.2</u> The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p><u>13.5.3</u> Change to the originally publicly announced and reported information.</p>	<p>the preceding year.</p> <p><u>12.2.3</u> The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p> <p><u>12.2.4</u> The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p><u>12.3</u> "Within the preceding year" as used in Article <u>12.2</u> refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p><del><u>12.4</u> The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</del></p> <p><u>12.5</u> When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p><u>12.6</u> Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with Articles <u>12.1</u> to <u>12.5</u>, a public report of relevant information shall be made on the information</p>	

Modified Articles	Existing Articles	Explanation
	<p>reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p><u>12.6.1</u> Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p><u>12.6.2</u> The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p><u>12.6.3</u> Change to the originally publicly announced and reported information.</p>	
<p><u>14.</u> Other matters</p> <p><u>14.1</u> The Company shall see to it that its subsidiaries adopt and implement “The Procedures for the Acquisition or Disposal of Assets” in compliance with related regulations.</p> <p><u>14.2</u> Information required to be publicly announced and reported in accordance with the Article 13 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.</p> <p><u>14.3</u> In the event that subsidiary’s internal audit personnel detects major violation, a notification in writing shall be delivered to the Company immediately and at once. The Company shall monitor the handling and subsequent rectification of violation hereto.</p> <p><u>14.4</u> The “reaching 20% of company’s paid-capital or 10% of total asset” prescribed in subsidiary’s report standards for public announcement shall be based on the Company’s paid-in capital amount or total asset.</p> <p><u>14.5</u> For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p><u>14.6</u> The contracts, memorandum, appraisal</p>	<p><u>13.</u> Other matters</p> <p><u>13.1</u> The Company shall see to it that its subsidiaries adopt and implement “The Procedures for the Acquisition or Disposal of Assets” in compliance with related regulations.</p> <p><u>13.2</u> Information required to be publicly announced and reported in accordance with the Article 12 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.</p> <p><u>13.3</u> In the event that subsidiary’s internal audit personnel detects major violation, a notification in writing shall be delivered to the Company immediately and at once. The Company shall monitor the handling and subsequent rectification of violation hereto.</p> <p><u>13.4</u> The “reaching 20% of company’s paid-capital or 10% of total asset” prescribed in subsidiary’s report standards for public announcement shall be based on the Company’s paid-in capital amount or total asset.</p> <p><u>13.5</u> For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the</p>	<p>Modifications are conducted under compliance with modifications of laws.</p>

Modified Articles	Existing Articles	Explanation
<p>reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant laws, be kept in the Company for at least five years.</p> <p>14.7 Any transaction involving major assets shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of one-half or more of all audit committee members as required in the preceding paragraph 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.</p> <p>The terms "all audit committee members" in above paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>14.8 The Company's persons-in-charge shall follow the Procedures in order to prevent the Company from incurring any losses. Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related Personnel Articles of the Company.</p>	<p>Preparation of Financial Reports by Securities Issuers shall be used.</p> <p><u>13.6</u> The contracts, memorandum, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant laws, be kept in the Company for at least five years.</p> <p><u>13.7</u> Any transaction involving major assets shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of one-half or more of all audit committee members as required in the preceding paragraph 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.</p> <p>The terms "all audit committee members" in above paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p><u>13.8</u> The Company's persons-in-charge shall follow the Procedures in order to prevent the Company from incurring any losses. Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related Personnel Articles of the Company.</p>	
<p><u>15.</u> Enforcement and Amendment</p> <p><u>15.1</u> Establishment and amendment to these Procedures shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members as required</p>	<p><u>14.</u> Enforcement and Amendment</p> <p><u>14.1</u> Establishment and amendment to these Procedures shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee</p>	<p>Modifications are conducted under compliance with modifications of laws.</p>

Modified Articles	Existing Articles	Explanation
<p>in the preceding paragraph 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. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each audit committee member, and the board of directors shall take into full consideration each independent director's opinions, if an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>15.2</u> The first version of these procedures was amended and approved by the board of directors on January 20, 2010 and ratified by a shareholders' meeting on January 29, 2010.</p> <p>The second version of these procedures was amended and approved by the board of directors on September 24, 2010 and ratified by a shareholders' meeting on June 24, 2011.</p> <p>The third version of these procedures was amended and approved by the board of directors on March 26, 2013 and ratified by a shareholders' meeting on June 17, 2013.</p> <p>The fourth version of these procedures was amended and approved by the board of directors on March 14, 2014 and ratified by a shareholders' meeting on June 6, 2014.</p> <p>The fifth version of these procedures was amended and approved by the board of directors on March 9, 2017 and ratified by a shareholders' meeting on June 13, 2017.</p> <p>The sixth version of these procedures was amended and approved by the board of directors on XXXX, 2019 and ratified by a shareholders' meeting on XXXX, 2019.</p>	<p>members as required in the preceding paragraph 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. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each audit committee member, and the board of directors shall take into full consideration each independent director's opinions, if an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>14.2</u> The first version of these procedures was amended and approved by the board of directors on January 20, 2010 and ratified by a shareholders' meeting on January 29, 2010.</p> <p>The second version of these procedures was amended and approved by the board of directors on September 24, 2010 and ratified by a shareholders' meeting on June 24, 2011.</p> <p>The third version of these procedures was amended and approved by the board of directors on March 26, 2013 and ratified by a shareholders' meeting on June 17, 2013.</p> <p>The fourth version of these procedures was amended and approved by the board of directors on March 14, 2014 and ratified by a shareholders' meeting on June 6, 2014.</p> <p>The fifth version of these procedures was amended and approved by the board of directors on March 9, 2017 and ratified by a shareholders' meeting on June 13, 2017.</p>	

## Exhibit 9: Comparison Table of Modified Articles on Procedures for Financial Derivatives Transactions

Modified Articles	Existing Articles	Explanation
<p>2. Transaction principles and guidelines</p> <p>2.1 Transaction types</p> <p>The term derivatives shall refer to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable</u>; or <u>hybrid contracts</u> combining the above contracts; or hybrid contracts or <u>structured products</u> containing <u>embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts</u>.</p> <p>The term "Derivative Products" means any trading contracts with worth derived from assets, interest rates, foreign exchange rates, indexes or other interests , such as forward contracts, options, futures, swaps, leverage contracts and the hybrid products consisted by them.</p> <p>The term hedging transactions shall refer to transactions conducted for the purpose of business risk dilution. The term speculative transactions shall refer to transactions generating additional risks for the purpose of earning profits.</p> <p>2.2 Business or risk avoidance strategies:</p> <p>The main purpose of derivative transactions shall be risk avoidance. Traded products shall be selected to avoid risks generated by the Company's business operations with a focus on</p>	<p>2. Transaction principles and guidelines</p> <p>2.1 Transaction types</p> <p>The term "Derivative Products" means any <u>trading</u> contracts with worth derived from <u>assets</u>, interest rates, foreign exchange rates, indexes or <u>other interests</u> , such as <u>forward contracts</u>, options, futures, <u>swaps</u>, <u>leverage contracts</u> and the <u>hybrid products consisted by them</u>.</p> <p>The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts</u>.</p> <p>The term hedging transactions shall refer to transactions conducted for the purpose of business risk dilution. The term speculative transactions shall refer to transactions generating additional risks for the purpose of earning profits.</p> <p>2.2 Business or risk avoidance strategies:</p> <p>The main purpose of derivative transactions shall be risk avoidance. Traded products shall be selected to avoid risks generated by the Company's business operations with a focus on exchange risks.</p> <p>Derivative transactions shall be conducted for the purpose of guaranteeing operating profits of the Company and avoiding risks arising out of exchange rate, interest rate, or asset price fluctuations.</p> <p>2.3 Delegation of authorities and responsibilities</p> <p>2.3.1 Finance: Responsible for execution of transactions, collection of market information, assessment of trends and risks, familiarity with</p>	<p>Modifications are conducted under compliance with modifications of laws.</p>

Modified Articles	Existing Articles	Explanation
<p>exchange risks.  Derivative transactions shall be conducted for the purpose of guaranteeing operating profits of the Company and avoiding risks arising out of exchange rate, interest rate, or asset price fluctuations.</p> <p>2.3 Delegation of authorities and responsibilities  2.3.1 Finance: Responsible for execution of transactions, collection of market information, assessment of trends and risks, familiarity with relevant laws and operating skills  2.3.2 Accounting: Responsible for confirmation, settlement, and recording of transactions, control of all company positions, regular settlement of realized and unrealized gains or losses, risk management through financial services, and public announcements pursuant to relevant laws  2.4 Transaction limits:  2.4.1 Hedge transactions required for daily operations:  Exchange rate transactions: Positions generated by company operations shall be utilized as notional amounts for risk avoidance. Total trading shall be limited to the operating revenue for the most recent three months. These restrictions shall not apply to funding-type swaps.  Interest rate transactions: Hedging transactions for special purpose expenses including but not limited to long-term interest rate positions shall be limited to floating rate long-term loans of the Company.  Other hedging transactions for the purpose of avoidance of risks associated with claims or bonds (e.g., ECB, CB) or exchange or interest rate risks associated with the issuance of other financial instruments shall be limited to total outstanding amounts. Assessment reports shall be submitted, and transactions shall be subject to approval by the Chairperson.  2.4.2 Non-hedging transactions</p>	<p>relevant laws and operating skills  2.3.2 Accounting: Responsible for confirmation, settlement, and recording of transactions, control of all company positions, regular settlement of realized and unrealized gains or losses, risk management through financial services, and public announcements pursuant to relevant laws  2.4 Transaction limits:  2.4.1 Hedge transactions required for daily operations:  Exchange rate transactions: Positions generated by company operations shall be utilized as notional amounts for risk avoidance. Total trading shall be limited to the operating revenue for the most recent three months. These restrictions shall not apply to funding-type swaps.  Interest rate transactions: Hedging transactions for special purpose expenses including but not limited to long-term interest rate positions shall be limited to floating rate long-term loans of the Company.  Other hedging transactions for the purpose of avoidance of risks associated with claims or bonds (e.g., ECB, CB) or exchange or interest rate risks associated with the issuance of other financial instruments shall be limited to total outstanding amounts. Assessment reports shall be submitted, and transactions shall be subject to approval by the Chairperson  2.4.2 Non-hedging transactions (speculative transactions) shall require submission of assessment reports subject to approval by the Chairperson. Total contract amounts shall be limited to 10% of the operating revenue for the most recent three months.  2.5 Maximum loss limit on total trading and for individual contracts:  2.5.1 Hedging transactions:  Maximum loss limit on total trading:</p>	



Modified Articles	Existing Articles	Explanation
<p>(speculative transactions) shall require submission of assessment reports subject to approval by the Chairperson. Total contract amounts shall be limited to 10% of the operating revenue for the most recent three months</p> <p>2.5 Maximum loss limit on total trading and for individual contracts:</p> <p>2.5.1 Hedging transactions: Maximum loss limit on total trading: 15% Maximum loss limit for individual contracts: 20%</p> <p>2.5.2 Speculative transactions: Maximum loss limit on total trading: 10% Maximum loss limit for individual contracts: 5%</p> <p>Where the maximum loss limit on total trading and for individual contracts has already been reached, transaction personnel shall submit a written report to first level financial supervisors and competent supervisors authorized by the board. Reports shall be submitted to the board if deemed necessary.</p> <p>2.6 Performance appraisal</p> <p>2.6.1 Hedging transactions</p> <p>A. Performance appraisals shall be based on gains or losses generated by exchange rate losses on record and derivative transactions</p> <p>B. Assessment of gains and losses shall be based on monthly evaluations to maintain a firm grasp and express transaction evaluation risks</p> <p>C. The Finance Department shall provide exchange position evaluations, foreign exchange market trends, and market analysis to the President as a reference and indicator.</p> <p>2.6.2 Special purpose transactions</p> <p>Actual gains and losses shall serve as the basis for performance appraisals. Accounting personnel shall compile reports on relevant positions on a regular basis as a reference for management level.</p>	<p>15% Maximum loss limit for individual contracts: 20%</p> <p>2.5.2 Speculative transactions: Maximum loss limit on total trading: 10% Maximum loss limit for individual contracts: 5%</p> <p>Where the maximum loss limit on total trading and for individual contracts has already been reached, transaction personnel shall submit a written report to first level financial supervisors and competent supervisors authorized by the board. Reports shall be submitted to the board if deemed necessary.</p> <p>2.6 Performance appraisal</p> <p>2.6.1 Hedging transactions</p> <p>A. Performance appraisals shall be based on gains or losses generated by exchange rate losses on record and derivative transactions</p> <p>B. Assessment of gains and losses shall be based on monthly evaluations to maintain a firm grasp and express transaction evaluation risks</p> <p>C. The Finance Department shall provide exchange position evaluations, foreign exchange market trends, and market analysis to the President as a reference and indicator.</p> <p>2.6.2 Special purpose transactions</p> <p>Actual gains and losses shall serve as the basis for performance appraisals. Accounting personnel shall compile reports on relevant positions on a regular basis as a reference for management level.</p>	
<p>6. Internal control system</p> <p>6.1 Risk management measures:</p> <p>6.1.1 Credit risk considerations: Trading partners shall be limited to domestic and foreign financial institutions</p> <p>6.1.2 Market <u>price</u> risk considerations:</p>	<p>6. Internal control system</p> <p>6.1 Risk management measures:</p> <p>6.1.1 Credit risk considerations: Trading partners shall be limited to domestic and foreign financial institutions</p>	<p>Modifications are conducted under compliance with modifications of</p>

Modified Articles	Existing Articles	Explanation
<p><u>Collection and comparison of market prices</u> for target financial instruments and prevention of generation of additional positions through engagement in hedging transactions</p> <p>6.1.3 Liquidity and <u>cash flow</u> considerations: Transaction personnel shall monitor cash flows and confirm that transaction amounts will not result in insufficient liquidity or <u>cash flows</u></p> <p>6.1.4 Operation related considerations: Strict abidance by authorized limits and operating procedures</p> <p>6.1.5 Legal considerations: Any agreements with banks shall only be officially signed after review by Legal Affairs to prevent legal risks</p> <p>6.2 Internal control:</p> <p>6.2.1 Personnel in charge of derivative transactions shall not serve concurrently as confirmation or settlement personnel. <u>Evaluation, monitoring, and control personnel shall not belong to the same department(s) as the aforementioned personnel.</u></p> <p>6.2.2 Transaction personnel shall hand over transaction certificates or contracts to registration personnel who shall reconcile accounts with trading partners or create records on a regular basis.</p> <p>6.2.3 Derivative positions held for transactions shall be assessed at least on a weekly basis by <u>evaluation, monitoring, and control personnel.</u> Hedging transactions required for company operations shall be assessed at least twice a month. Assessment reports shall be submitted to the board of directors or its authorized top executive who shall <u>not be in charge of transaction or position related decision-making.</u></p> <p>6.3 Board of directors</p> <p>6.3.1 Derivative transactions shall be monitored and managed by the board in accordance with the following principles: Designation of top executives of different departments in charge of transactions for the constant monitoring and control of derivative transaction risks Regular assessment to verify that derivative transaction performance is within the allowed scope as defined by existing business strategies of the Company and accepted risks</p> <p>6.3.2 Top executives authorized by the</p>	<p>6.1.2 Market risk considerations: prevention of generation of additional positions through engagement in hedging transactions</p> <p>6.1.3 Liquidity considerations: Transaction personnel shall monitor cash flows and confirm that transaction amounts will not result in insufficient liquidity</p> <p>6.1.4 Operation related considerations: Strict abidance by authorized limits and operating procedures</p> <p>6.1.5 Legal considerations: Any agreements with banks shall only be officially signed after review by Legal Affairs to prevent legal risks</p> <p>6.2 Internal control:</p> <p>6.2.1 Personnel in charge of derivative transactions shall not serve concurrently as confirmation or settlement personnel.</p> <p>6.2.2 Transaction personnel shall hand over transaction certificates or contracts to registration personnel who shall reconcile accounts with trading partners or create records on a regular basis.</p> <p>6.2.3 Derivative positions held for transactions shall be assessed at least on a weekly basis. Hedging transactions required for company operations shall be assessed at least twice a month. Assessment reports shall be submitted to the board of directors or its authorized top executive.</p> <p>6.3 Board of directors</p> <p>6.3.1 Derivative transactions shall be monitored and managed by the board in accordance with the following principles: Designation of top executives of different departments in charge of transactions for the constant monitoring and control of derivative transaction risks Regular assessment to verify that derivative transaction performance is within the allowed scope as defined by existing business strategies of the Company and accepted risks</p> <p>6.3.2 Top executives authorized by the board shall manage derivative transactions in accordance with the following principles: Regular assessment to ensure that currently adopted risk management</p>	<p>laws.</p>

Modified Articles	Existing Articles	Explanation
<p>board shall manage derivative transactions in accordance with the following principles: Regular assessment to ensure that currently adopted risk management measures are appropriate and implementation conforms to these operating procedures. Where irregularities are detected during the monitoring of transactions and gains/losses, countermeasures shall be adopted as required. Relevant reports shall be submitted to the board. Independent directors shall express their opinions thereon in board meetings. 6.3.3 Where the Company engages in derivative transactions, personnel in charge thereof shall be authorized in accordance with the regulations set forth in these operating procedures. A report shall be submitted to the next board meeting. 6.3.4 Derivative transactions reported to the board for discussion and resolution in accordance with relevant regulations shall be approved by a majority of all audit committee members. Where such transactions are not approved by a majority of all audit committee members, approval by two-thirds of all board members shall be required. The resolution of the audit committee shall be recorded in the board meeting minutes. 6.3.5 The terms “all audit committee members” and “all board members” as used in these operating procedures and the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	<p>measures are appropriate and implementation conforms to these operating procedures. Where irregularities are detected during the monitoring of transactions and gains/losses, countermeasures shall be adopted as required. Relevant reports shall be submitted to the board. Independent directors shall express their opinions thereon in board meetings. 6.3.3 Where the Company engages in derivative transactions, personnel in charge thereof shall be authorized in accordance with the regulations set forth in these operating procedures. A report shall be submitted to the next board meeting. 6.3.4 Derivative transactions reported to the board for discussion and resolution in accordance with relevant regulations shall be approved by a majority of all audit committee members. Where such transactions are not approved by a majority of all audit committee members, approval by two-thirds of all board members shall be required. The resolution of the audit committee shall be recorded in the board meeting minutes. 6.3.5 The terms “all audit committee members” and “all board members” as used in these operating procedures and the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	
<p>11. Implementation and revision 11.1 These operating procedures and all amendments hereto shall require prior approval by a majority of all audit committee members and reporting to the board for resolution. Where these procedures/amendments are not approved by a majority of all audit committee members, approval by two-thirds of all board members shall be required. The resolution of the audit committee shall be recorded in the board meeting minutes. If any director expresses dissent, as stated in minutes or in a written statement, the Company shall submit the dissenting opinions to</p>	<p>11. Implementation and revision 11.1 These operating procedures and all amendments hereto shall require prior approval by a majority of all audit committee members and reporting to the board for resolution. Where these procedures/amendments are not approved by a majority of all audit committee members, approval by two-thirds of all board members shall be required. The resolution of the audit committee shall be recorded in the board meeting minutes. If any director expresses dissent, as stated in minutes or in a written statement, the Company shall submit the dissenting opinions to</p>	<p>Modification of date of implementation</p>

Modified Articles	Existing Articles	Explanation
<p>all audit committee members. Opinions of independent directors shall be taken into full consideration. Their dissenting or qualified opinions and reasons therefore shall be recorded in the meeting minutes.</p> <p>11.2 These operating procedures and all amendments hereto shall be enforced upon ratification by a shareholders' meeting.</p> <p>11.3 The first version of these procedures was amended and approved by the board of directors on February 1, 2010.</p> <p>The second version of these procedures was amended and approved by the board of directors on May 5, 2010 and ratified by a shareholders' meeting on the same day.</p> <p>The third version of these procedures was amended and approved by the board of directors on March 14, 2014 and ratified by a shareholders' meeting on June 6, 2014.</p> <p><u>The third version of these procedures was amended and approved by the board of directors on XXXX, 2019 and ratified by a shareholders' meeting on XXXX, 2019.</u></p>	<p>all audit committee members. Opinions of independent directors shall be taken into full consideration. Their dissenting or qualified opinions and reasons therefore shall be recorded in the meeting minutes.</p> <p>11.2 These operating procedures and all amendments hereto shall be enforced upon ratification by a shareholders' meeting.</p> <p>11.3 The first version of these procedures was amended and approved by the board of directors on February 1, 2010.</p> <p>The second version of these procedures was amended and approved by the board of directors on May 5, 2010 and ratified by a shareholders' meeting on the same day.</p> <p>The third version of these procedures was amended and approved by the board of directors on March 14, 2014 and ratified by a shareholders' meeting on June 6, 2014.</p>	