

Patec Precision Industry Co., Ltd.

2021 Annual General Meeting

Meeting Agenda

(Translation)

June 28, 2021

**(The English version is a translation based on the original Chinese version.
Where any discrepancy arises between the two versions, the Chinese version shall prevail.)**

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Patec Precision Industry Co., Ltd.
2021 Annual General Meeting Procedure

I. Call Meeting to Order

II. Meeting Agenda

Patec Precision Industry Co., Ltd.

2021 Annual General Meeting Agenda

Time : 09:00 a.m. on 28th June 2021 (Monday)

Place : Primasia Conference & Business Center (Address: 6F., No.99, Fuxing N. Rd., Songshan Dist., Taipei City 105403, Taiwan (R.O.C.))

Attendants : All shareholders or their proxy holders

Agenda : 1.Call the meeting to order (Report of the total number of shares represented at this AGM)

2.Chairman Remarks

3.Matters to Report

- (1) 2020 Business Report.
- (2) 2020 Audit Committee's Review Report.
- (3) 2020 Compensation of directors and employees.

4.Proposed Resolutions

- (1) Adoption of the Fiscal 2020 Business Report and Consolidated Financial Statement.
- (2) Adoption of the Proposal for Distribution of 2020 Earnings.

5.Discussion Matters

- (1) Discussion of the proposal to amend the Memorandum and Articles of Association.
- (2) Amendment to the Rules of Procedure for Shareholders Meetings.
- (3) Amendment to the Endorsements Management.

Voting by poll

6.Election Matters

- (1) Proposal for the Company's re-election of Directors 4 seats and Independent Directors 3 seats.

Voting by poll

7.Other Matters

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

Voting by poll

8.Questions and Motions

9.Adjournment

Matters to Report

1. To report the business of 2020.
Description :
2020 Business Report, please refer to Attachment I.
2. Audit Committee's review report °
Description :
2020 Audit Committee's Review Report, please refer to Attachment II.
3. To report 2020 compensation of directors and employees.
Description :
 - (1) According to Article 99 of the company's Memorandum and Articles of Association, the company has profits at the end of a financial year, not more than three percent (3%) of Profits before tax for bonuses of the Directors, and during zero-point one percent (0.1%) to three percent (3%) of Profits before tax for bonuses of the Employees.
 - (2) 2020 employees' bonus is NTD 250,000 and directors' bonus is NTD 700,000.

Proposed Resolutions

1. To accept 2020 Business Report and Consolidated Financial Statements.

(Proposed by the Board)

Description :

- (1) PATEC's Financial Statements were audited by independent auditors, Mr. Chin-Chang Chen and Mr. Yi-Fan Lin of PricewaterhouseCoopers. Also, Business Report and Financial Statements have been approved by the Board and examined by the Audit Committee.
- (2) The 2020 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements please refer to Attachment I and Attachment III.

Resolution :

2. Adoption of the Proposal for Distribution of 2020 Profits.

(Proposed by the Board)

Description :

- (1) The Board has adopted a Proposal for Distribution of 2020 Profits in accordance with the Company Act and Articles of Incorporation.
- (2) 2020 net profit after tax is NT\$ 31,527,725. After setting aside the special reserve NT\$ 29,003,893, adding beginning retained earnings of NT\$ 340,298,336, and then reducing retained earning adjustment NT\$ 5,862,448, the unappropriated retained earnings are NT\$ 336,959,720 and the proposed cash dividend to shareholders is NT\$ 16,847,986 (NT\$ 0.3681839 per share).
- (3) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and other relevant issues.
- (4) In the event that, before the distribution record date, the proposed profit distribution is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a buyback of shares or issuance of new shares for transferring treasury shares to employees or for equity conversion in connection with domestic or overseas convertible corporate bonds or other convertible securities or employee stock options, it is proposed that the Board of Directors be authorized to adjust the cash to be distributed to each share based

on the number of actual shares outstanding on the record date for distribution.
(5) Profit Distribution Table please refer to Attachment IV.

Resolution :

Discussion Matters

1. Amendment to the Memorandum and Articles of Association. Please proceed to discuss. (Proposed by the Board)

Description :

- (1) Reflect changes to the company's registered office address.
- (2) Comparison Table for Memorandum and Articles of Association Before and After Revision please refer to Attachment V.

Resolution :

2. Amendment to the “Rules of Procedure for Shareholders Meetings”. Please proceed to discuss.

(Proposed by the Board)

Description :

In order to conform to the needs of commercial practice and amendments to related commercial laws, the company hereby proposes to amend the “Rules of Procedure for Shareholders Meetings”, the Comparison Table for the “Rules of Procedure for Shareholders Meetings” Before and After Revision please refer to Attachment VI.

Resolution :

3. Amendment to the “Endorsements Management”. Please proceed to discuss.

(Proposed by the Board)

Description :

In order to conform to the needs of commercial practice and amendments to related commercial laws, the company hereby proposes to amend the “Endorsements Management”, the Comparison Table for the “Endorsements Management” Before and After Revision please refer to Attachment VII.

Resolution :

Election Matters

1. Proposal for the Company’s re-election of Directors 4 seats and Independent Directors 3 seats

(Proposed by the Board)

Description :

- (1) The term of the current (fifth) directors of the company will expire on June 27, 2022. Based on the consideration of medium and long-term business strategy, it is planned to fully re-elect the sixth directors (including independent directors) in advance at the 2021 annual general meeting
- (2) The Company has formed a Remuneration Committee and an Audit Committee in accordance with the Securities and Exchange Act and the relevant provisions of the Company Act, so this year's Annual General Meeting will be elected 7 seats directors (including 3 independent

directors) in accordance with the Memorandum and Articles of Association, for the term from 28th June 2021 to 27th June 2024, term of 3 years, and the Audit Committee consist of all independent directors.

- (3) In accordance with Article 192-1 of the Company Act, the Company adopted the candidate's nomination system for electing the 6th term of directors (including independent directors). The 7 candidates were reviewed and approved by the third Board of Directors in 2021. The relevant information is described as follows:

Title	Name	Educational Background/Experience	Incumbent	Number of Share Held
Director	Wee Liang Kiang	PhD in Industrial and Business Management, West Coast University Production Engineer of Fujitec Sales Manager of Maxton Intl Pte. Ltd. Sales Manager of Komatsu	General Manager of Patec Precision Industry Co., Ltd Director of Patec Pte Ltd Director of Press Automation Technology Pte Ltd Director of Wuxi JingXin Precision Machining Co., Ltd Director of Wuxi Patec Precision Machining Co., Ltd Director of Patec Precision Kft President Commissioner of PT. Patec Presisi Engineering President Commissioner of PT. PDF Presisi Engineering President Commissioner of PT. API Precision	223,385
Director	Wee Hong Jie	Bachelor's degree in Mechanical Engineering and Business Management, Royal Melbourne Institute of Technology Sales Manager of Patec Precision Kft Special Assistant to GM of Patec Precision Industry Co., Ltd.	Chairman of Patec Precision Industry Co., Ltd. Director of Wuxi JingXin Precision Machining Co., Ltd Director of Patec Precision Kft President Director of PT. Patec Presisi Engineering President Director of PT. PDF Presisi Engineering President Director of PT. API Precision	9,101,591
Director	Jack Liu	Business Administration, China University of Science and Technology Sales Executive of Family Computer Chairman of Chentone Ltd Sales Manager of Euro Ltd	Litigious and non-litigious agent within the R.O.C. of Patec Precision Industry Co., Ltd. Sales Vice General Manager of Patec Pte. Ltd.	-
Director	Sean Hsu	Bachelor's degree in Accounting, Soochow University Asistant audit manager of PwC Taiwan Asistant manager of Chailease Finance Co., Ltd.	CFO of Patec Precision Industry Co., Ltd. Commissioner of PT. Patec Presisi Engineering	504,882
Independent	Yen Chun Te	Bachelor's degree in	CFO. Of Winking Entertainment	-

Director	(Note)	Accounting, Tunghai University CFO. of Softstar Entertainment Inc.	Group Independent Director of Patec Precision Industry Co., Ltd Independent Director of Otsuka Information Technology Crop.	
Independent Director	Chin Chih Yung	Master degree of Accounting, Case Western Reserve University Bachelor's degree in Department International Trade, Tamkang University Qualified CPA in R.O.C. Senior Manager of Pan Asia International & Co., CPAs	Director and CPA of Leading Change International CPA Firm Independent Director of Space Shuttle Hi-Tech co., Ltd Member of the Audit Committee of Space Shuttle Hi-Tech co., Ltd Independent Director of Lumosa Therapeutics Co., Ltd. Member of Professional Education Committee of National Federation of CPA Associations of the R.O.C.(NFCPAA)	-
Independent Director	Kate Chen	To pursue the degree of Ph.D. in National Chengchi University Master degree of Law in criminal law, National Taiwan University Bachelor of Law, National Taiwan University Former judge of Taiwan High Court Former director and judge of Civil Court Room 1 (and non-litigious center), Taiwan Taoyuan District Court Former judge, Taiwan Taoyuan District Court Former judge of Civil Court Executive Tribunal, Taiwan Taoyuan District Court The Lecturer of Soochow University Taipei, Taiwan (Civil Procedure Act)	CEO of JAYLAW ATTORNEYS-AT-LAW	-

Note : Because of its rich experience and ability to provide important advice to the company, the company still needs to rely on its expertise to enable it to exercise its expertise in addition to the duties of independent directors, and to supervise the board of directors and provide professional advice.

Resolution :

Other Matters

1. Proposal : Discussion of release the prohibition on Directors from participation in competitive business.

(Proposed by the Board)

Description :

(1) IT WAS NOTED THAT according to the Company Act article 209, a director who acts for himself or on behalf of another person that is within the scope of the company's business, shall secure approval for such at the meeting of shareholders. For the newly elected directors of the 6th board, it is proposed at this 2021 shareholders' meeting to request to remove the limitation on directors for non-compete reasons.

(2) The new directors' education, experience, or part-time duties of other enterprises list are described as follows :

Title	Name	The Duties of Other Companies
Director	Wee Liang Kiang	Director of Patec Pte. Ltd. Director of Press Automation Technology Pte Ltd Director of Wuxi JingXin Precision Maching Co., Ltd Director of Wuxi Patec Precision Machining Co., Ltd Director of Patec Precision Kft President Commissioner of PT. Patec Presisi Engineering President Commissioner of PT. PDF Presisi Engineering President Commissioner of PT. API Precision
Director	Wee Hong Jie	Director of Wuxi JingXin Precision Machining Co., Ltd Director of Patec Precision Kft President Director of PT. Patec Presisi Engineering President Director of PT. PDF Presisi Engineering President Director of PT. API Precision
Director	Sean Hsu	Commissioner of PT. Patec Presisi Engineering

Resolution :

Questions and Motions

Adjournment

Attachment I

2020 business report

Dear Shareholders:

Thank you for the encouragement and the support to the Company in the past year. Thank you for your time to participate in the Company's 2021 general shareholders meeting during your busy schedule. Here, we would like to present the operating result in 2020; and a summary of the business plan for 2021.

2020 operating results

Global light vehicle sales volume was 77.66 million in 2020, which decreased 14% from 2019. Since global car sales volume peaked at 95.6 million in 2018, it has shown negative growth for two consecutive years. In addition to the continued shrinking in the global car market in 2020, the global COVID-19 pandemic also restricted people's lives. It reduced the car utilization rate, which has severely impacted the entire car market and has become a huge challenge to company operations.

The Company's main markets are in China and Europe. After going through the trough in the first quarter in 2020, COVID-19 slowed down in the second quarter. Since the Chinese government's policy of promoting car consumption, the annual decline of the sales volume in the car market improved, with a cumulative sales volume of 25.272 million cars in 2020, declined 1.9%. For the major European countries that produce cars, they faced the difficulties of declining in global car demand and the trend of converting to electric cars. Covid-19 caused shutdowns of factories and the production, rise of product inventories, closure of car sales centers, and sluggish sales of new models, which have led to a serious decline in the number of new car registrations in European countries. The cumulative sales volume was 11.96 million in 2020, declined 24.32%.

The Company's operating conditions in 2020, in terms of the components for cars and motorcycles, affected by the COVID-19 pandemic, the sales amount were 1.079 billion dollars and 42 million dollars, respectively; while in terms of machinery equipment, the sales amount was affected by the reduction in customer's demand of production. The sales amount was 36 million dollars. In summary, the Company's overall performance was 1.182 billion dollars, a decrease of 34.19% from 2019. After considering the entire economic environment, the Company continued to optimize the costs and implemented the cost-saving policy and declined orders with low-profit margins, so there was still profit throughout the year.

Unit: NT\$'000; %

Analysis \ Year			2019	2020	Increase (Decrease) %
P&L	Sales		1,795,565	1,181,611	(34.19%)
	Gross Profit		437,621	293,338	(32.97%)
	Income after tax		52,296	27,288	(47.82%)
Profitability	Return on assets (%)		2.74	1.47	(46.35%)
	Return on equity (%)		3.90	2.08	(46.67%)
	Ratio of register capital (%)	Operating profit	25.21	11.91	(52.76%)
		Income before tax	24.96	11.61	(53.49%)
	Net profit rate (%)		2.91	2.31	(20.62%)

	Basic EPS (dollar)	0.85	0.69	(18.82)
	Diluted EPS (dollar)	0.85	0.69	(18.82)

2021 business plan

Although COVID-19 has a huge impact on the global economy, and the industry predicted that the demand in the global car consumption market would slow down, the company still planned to develop more applications of stamping workpieces with exclusive stamping equipment in 2021. It optimized the cost by improving the production process and production automation. We also negotiated the prices with customers to maintain the profits that we should have and actively developed new markets. Also, in response to changes in the industrial environment, the company has adjusted its direction and industry policies since 2019. The Company stepped into the medical devices and multi-party automation tool markets and cooperated with local equipment distributors. We hope to open customer markets in a short time and develop a solid basis with the advantages of sales channels.

Thanks again to all shareholders for the support and encouragement. Honesty and integrity, quality first, and sustainable management are the Company's tenet. Looking forward to 2021, the COVID-19 vaccine has gradually become available in the market, and the global economy is expected to recover gradually. The management teams and all colleagues will Continue to work hard, actively implement the above-mentioned operation plan, and continue to invest resources in technological development and improvement, increase products diversity in order to create new business territory and increase the Company's value, and continue to create good profits for shareholders.

We wish you all prosperity and every success in the future.

CHAIRMAN Goh Mui Teck
William

CEO Wee Liang
Kiang

CFO Sean Hsu

Attachment II

Patec Precision Industry Co., Ltd. 2020 Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of PricewaterhouseCoopers was retained to audit PATEC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by Audit Committee members of the Company. According to relevant requirements of the Securities and Exchange Act and Company Law, we hereby submit this report.

Patec Precision Industry Co., Ltd.

Chairman of the Audit Committee

Yen Chun-Te

30th March, 2021

Attachment III

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To The Board of Directors and Shareholders of PATEC PRECISION INDUSTRY CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of Patec Precision Industry Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit of the consolidated financial statements as at and for the year ended December 31, 2020 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; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, “Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020” and generally accepted auditing standards in the Republic of China for our audit of the consolidated financial statements as at and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Recognition of overseas warehouse operating revenue

Description

Refer to Notes 4(3) and 6(13) for accounting policy on revenue recognition and details of operating revenue.

The Group's Mainland China subsidiary, Wuxi Jingxin Precision Machining Co. Ltd. (referred herein as "Wuxi Jingxin"), stored inventories in warehouses which were under the custody of foreign third parties and checked and accepted by custodians in order to meet the requirements of overseas sales customers. The custodians regularly send inventory reports to Wuxi Jingxin to verify the quantities, and Wuxi Jingxin recognises operating revenue based on actual used inventories by customers which are shown in the inventory reports provided by custodians.

As a result of the multi-location of the Company's warehouses in Europe, which involved manual verification, we considered the recognition of overseas warehouse operating revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. We obtained an understanding and evaluated Wuxi Jingxin's procedures on overseas warehouse operating revenue, and selected samples to check the accuracy of operating revenue recognition.
2. We obtained the inventory reports as at the balance sheet date, and checked whether the timing of revenue recognition was reasonable.
3. We performed confirmation procedures for significant warehouse locations.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Ching Chang

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan
March 30, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

			December 31, 2020		December 31, 2019			
			Assets	Notes	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$	740,600	33	\$	472,198	20
1136	Financial assets at amortised cost-current	6(1)(8)		146,012	6		218,665	9
1170	Accounts receivable, net	6(2)		414,609	18		520,221	23
1200	Other receivables			13,070	1		2,145	-
130X	Inventories	6(3)		332,254	15		436,619	19
1410	Prepayments			47,398	2		66,163	3
11XX	Total current assets			1,693,943	75		1,716,011	74
Non-current assets								
1600	Property, plant and equipment, net	6(4) and 8		266,663	12		249,421	11
1755	Right-of-use assets	6(5) and 8		260,831	11		305,338	13
1780	Intangible assets			4,701	-		4,961	-
1840	Deferred tax assets	6(17)		23,689	1		24,304	1
1990	Other non-current assets			14,035	1		17,251	1
15XX	Total non-current assets			569,919	25		601,275	26
1XXX	Total assets		\$	2,263,862	100	\$	2,317,286	100

(Continued)

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(6)	\$ 336,069	15	\$ 405,857	18
2130	Contract liabilities-current	6(13)	3,725	-	8,688	-
2170	Accounts payable		154,426	7	167,432	7
2200	Other payables	6(7)	51,775	2	78,415	4
2230	Current income tax liabilities		7,231	-	5,938	-
2280	Lease liabilities-current		22,973	1	23,754	1
2320	Long-term liabilities, current portion	6(8)	6,846	-	-	-
2399	Other current liabilities		8,193	1	31,599	1
21XX	Total current liabilities		591,238	26	721,683	31
Non-current liabilities						
2540	Long-term borrowings	6(8)	112,175	5	-	-
2570	Deferred tax liabilities	6(17)	22,138	1	24,612	1
2580	Lease liabilities-non-current		187,471	8	229,436	10
2670	Other non-current liabilities	6(9)	52,077	3	12,748	1
25XX	Total non-current liabilities		373,861	17	266,796	12
2XXX	Total liabilities		965,099	43	988,479	43
Equity						
Equity attributable to owners of the parent						
Share capital						
3110	Ordinary share	6(10)	457,597	20	448,268	19
	Capital surplus	6(11)				
3200	Capital surplus		342,507	15	372,244	16
	Retained earnings	6(12)				
3320	Special reserve		134,066	6	81,706	4
3350	Unappropriated retained earnings		365,964	16	411,037	18
	Other equity interest	6(10)				
3400	Other equity interest		(163,070)	(7)	(134,066)	(6)
3500	Treasury stocks		-	-	(36,097)	(2)
31XX	Total equity attributable to owners of the parent		1,137,064	50	1,143,092	49
36XX	Non-controlling interest		161,699	7	185,715	8
3XXX	Total equity		1,298,763	57	1,328,807	57
3X2X	Total liabilities and equity		\$ 2,263,862	100	\$ 2,317,286	100

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

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except for earnings per share accounts)

			Year ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(15)	\$ 1,181,611	100	\$ 1,795,565	100
5000	Operating costs	6(3)(19)	(888,273)	(75)	(1,357,944)	(76)
5900	Gross profit		293,338	25	437,621	24
	Operating expenses	6(19)				
6100	Selling expenses		(45,474)	(4)	(74,501)	(4)
6200	Administrative expenses		(157,838)	(14)	(195,155)	(11)
6300	Research and development expenses		(35,333)	(3)	(52,964)	(3)
6450	Impairment loss determined in accordance with IFRS 9		(212)	-	(1,981)	-
6000	Total operating expenses		(238,857)	(21)	(324,601)	(18)
6900	Operating profit		54,481	4	113,020	6
	Non-operating income and expenses					
7100	Interest income		15,208	1	10,050	1
7010	Other income	6(16)	10,881	1	8,668	-
7020	Other gains and losses	6(17)	(18,711)	(1)	(7,261)	-
7050	Finance costs	6(18)	(8,748)	(1)	(12,605)	(1)
7000	Total non-operating income and expenses		(1,370)	-	(1,148)	-
7900	Profit before income tax		53,111	4	111,872	6
7950	Income tax expense	6(20)	(25,823)	(2)	(59,576)	(3)
8200	Profit for the year		\$ 27,288	2	\$ 52,296	3
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Loss on remeasurements of defined benefit plans		(\$ 9,730)	(1)	(\$ 1,519)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	1,356	-	380	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(38,559)	(3)	(56,265)	(3)
8300	Other comprehensive loss for the year		(\$ 46,933)	(4)	(\$ 57,404)	(3)
8500	Total comprehensive loss		(\$ 19,645)	(2)	(\$ 5,108)	-
	Profit (loss) attributable to:					
8610	Owners of parent		\$ 31,528	2	\$ 38,797	2
8620	Non-controlling interest		(\$ 4,240)	-	(\$ 13,499)	1
	Comprehensive (loss) income attributable to:					
8710	Owners of parent		(\$ 3,338)	(1)	(\$ 14,360)	(1)
8720	Non-controlling interest		(\$ 16,307)	(1)	(\$ 9,252)	1
	Earnings per share (in dollars)					
9750	Basic earnings per share		\$ 0.69		\$ 0.85	
9850	Diluted earnings per share		\$ 0.69		\$ 0.85	

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

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												

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

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 53,111	\$ 111,872
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss / Provision for bad debts	12(2)	212	1,981
Loss (gain) on disposal of property, plant and equipment	6(14)	294 (	592)
Interest income		(15,208)	(10,050)
Depreciation	6(4)	50,654	57,432
Gain on disposal of subsidiaries	6(14)	(467)	-
Depreciation on right-of-use assets	6(5)	27,612	30,515
Interest expense	6(15)	8,748	12,605
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		93,039	216,490
Other receivables		(11,550)	25,310
Inventories		24,700	105,436
Prepayments		18,765 (	2,237)
Changes in operating liabilities			
Contract liabilities		(4,963)	(50,500)
Accounts payable		(13,006)	(63,827)
Other payables		(25,037)	3,790
Other current liabilities		(23,406)	(1,107)
Other non-current liabilities		39,329	5,489
Cash inflow generated from operations		222,827	442,607
Interest received		15,208	10,050
Interest paid		(8,748)	(8,811)
Income tax paid		(24,294)	(42,534)
Net cash flows from operating activities		204,993	401,312
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in financial assets at amortised cost-current		72,653 (	166,671)
Acquisition of property, plant and equipment		(7,907)	(27,558)
Proceeds from disposal of property, plant and equipment		3,223	5,710
Decrease in other non-current assets		3,216	3,908
Proceeds from disposal of subsidiaries		12,948	-
Net cash flows from (used in) investing activities		84,133 (	184,611)

(Continued)

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(20)	\$ 685,464	\$ 418,384
Decrease in short-term borrowings	6(20)	(759,287)	(219,738)
Repayment of convertible bonds		-	(171,900)
Payment of lease liability	6(20)	(28,958)	(48,982)
Proceeds from long-term borrowings		118,933	-
Cash dividends paid		(1,597)	(4,121)
Cash dividends paid to non-controlling interest		-	(12,193)
Payments for acquisition of equity of non-controlling interest		(17,201)	-
Net cash flows used in financing activities		(2,646)	(38,550)
Effect of exchange rate changes on cash and cash equivalents		(18,078)	(26,542)
Net increase in cash and cash equivalents		268,402	151,609
Cash and cash equivalents at beginning of year	6(1)	472,198	320,589
Cash and cash equivalents at end of year	6(1)	\$ 740,600	\$ 472,198

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

Attachment IV

Patec Precision Industry Co., Ltd

2020 Earnings Distribution Table

Unit: NT\$

Items	Amount
Unappropriated Retained Earnings of Previous Years	\$340,298,336
Plus : 2020 Net Income	31,527,725
Less : 2020 Adjustments of Retained Earnings (Note1)	(5,862,448)
Less : Special Reserve (Note2)	(29,003,893)
Retained Earnings Available for Distribution for the current year	\$336,959,720
Distribution Item:	
Cash Dividends (NT\$ 0.06 per common share)	(16,847,986)
The Ending Balance of Accumulated Retained Earnings	\$320,111,734
Note : 1. Adjustments due to adoption : (1) Actuarial loss on defined benefit plan NT\$ 5,862,448 2. Distribute a special reserve amount the same as the negative balance recognized within other equity interest for the current year : (1)2020 adjustment NT\$ 29,003,893 3. Proposed allotment of directors and employees in accordance with the company's memorandum and articles of association : Directors' bonus is NT\$ 700,000 Employees' bonus is NT\$ 250,000	

Chairman : Goh Mui Teck
William

GM : Wee Liang Kiang

CFO : Sean Hsu

Attachment V**PATEC PRECISION INDUSTRY CO., LTD.****COMPARISON TABLE FOR MEMORANDUM AND ARTICLES OF ASSOCIATION
BEFORE AND AFTER REVISION**

Article Number	Current Provisions	Proposed Amendment	Explanations
Articles of Association	NINTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION	NINTH -TENTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION	Amend the name of the article. Article amended to revise the number of amendments times.
Article 2	The Registered Office of the Company shall be situated at the offices of Intertrust Corporate Services (Cayman) Limited, <u>190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands</u> or such other place within the Cayman Islands as the Board may from time to time decide, being the registered office of the Company.	The Registered Office of the Company shall be situated at the offices of Intertrust Corporate Services (Cayman) Limited, <u>One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands</u> or such other place within the Cayman Islands as the Board may from time to time decide, being the registered office of the Company.	Amend this Article. To reflect a change in the address of the company's registration office.

Attachment VI

PATEC PRECISION INDUSTRY CO., LTD.

COMPARISON TABLE FOR RULES OF PROCEDURE FOR SHAREHOLDERS MEETINGS BEFORE AND AFTER REVISION

Before the Version	After the Version	Explanation
Article 3 Paragraphs 1, 2 and 3 are omitted. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; <u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.</u> The following is omitted.	Article 3 Paragraphs 1, 2 and 3 are omitted. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The following is omitted.	Adjust the way of making the announcement in response to regulations.
Article 9 Paragraphs 1 is omitted. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.	Article 9 Paragraphs 1 is omitted. The chair shall call the meeting to order at the appointed meeting time <u>and announce the relevant information such as the number of non-voting rights and the number of shares in attendance.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting	In order to improve corporate governance and protect the rights and interests of shareholders, the second item is amended.

The following is omitted.	adjourned. The following is omitted.	
Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.	Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company. The voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, <u>as well as the names of those who were not elected as directors and supervisors and the numbers of votes they got.</u>	In order to improve corporate governance and protect the rights and interests of shareholders, the first item is amended.
The following is omitted.	The following is omitted.	

Attachment VII

PATEC PRECISION INDUSTRY CO., LTD. COMPARISON TABLE FOR THE ENDORSEMENTS MANAGEMENT BEFORE AND AFTER REVISION

Before the Version	After the Version	Explanation
Article 4 1.The total amount of the Company's endorsements/guarantees shall not exceed 40% of the Company's net worth of the current period, and the amount of the endorsements/guarantees provided by the Company for any single entity shall not exceed 20% of the Company's net worth of the current period. 2.The endorsement and guarantee guarantors due to business relationship shall not exceed last year total transactions with the Company's (purchases or sales between the parties, the higher amount). 3.The Company has directly and indirectly voting power and held more than 90% of the Company shares, the endorsement and guarantee of whom shall not exceed 10% of the Company's net worth. 4. The total amount of the endorsement and guarantee of the Company and its subsidiaries shall not exceed <u>40%</u> of the Company's current net worth, of which the endorsement and guarantee amount of a single enterprise shall not exceed <u>20%</u> of the Company's current net worth. 5.Net worth should be based on the most recent audited or reviewed financial statements.	Article 4 1. The total amount of the Company's endorsements/guarantees shall not exceed 40% of the Company's net worth of the current period, and the amount of the endorsements/guarantees provided by the Company for any single entity shall not exceed 20% of the Company's net worth of the current period. <u>However, if the single entity is a company in which the Company directly or indirectly holds 100% of the voting shares, the amount of endorsement shall not exceed 30% of the company's net worth in the latest financial statement.</u> 2.The endorsement and guarantee guarantors due to business relationship shall not exceed last year total transactions with the Company's (purchases or sales between the parties, the higher amount). 3.The Company has directly and indirectly voting power and held more than 90% of the Company shares, the endorsement and guarantee of whom shall not exceed 10% of the Company's net worth. 4. The total amount of the endorsement and guarantee of the Company and its subsidiaries shall not exceed <u>50%</u> of the Company's current net worth, of which the endorsement and guarantee amount of a single enterprise shall not exceed <u>30%</u> of the Company's current net worth. 5.Net worth should be based on the most recent audited or reviewed financial statements.	Adjust the limit of endorsement/guarantee in response to the Company's business needs.

Appendix I

THE CAYMAN ISLANDS
THE COMPANIES LAW (AS REVISED)
COMPANY LIMITED BY SHARES

**SEVENTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION
OF**

Patec Precision Industry Co., Ltd.

(as adopted by a Special Resolution passed on 22nd June 2020)

1. The name of the Company is Patec Precision Industry Co., Ltd.
2. The Registered Office of the Company shall be situated at the offices of Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands or such other place within the Cayman Islands as the Board may from time to time decide, being the registered office of the Company.
3. Subject to the following provisions of this Memorandum of Association, the objects for which the Company is established are unrestricted, and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (As Revised).
4. Subject to the following provisions of this Memorandum of Association, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law (As Revised).
5. Nothing in this Memorandum of Association shall permit the Company to carry on a business of a bank or trust company without being licensed in that behalf under the Banks and Trust Companies Law (As Revised) or to carry on insurance business from within the Cayman Islands or the business of an insurance manager, agent, sub-agent or broker without being licensed in that behalf under the Insurance Law (As Revised) or to carry on the business of company management without being licensed in that behalf under the Companies Management Law (As Revised).
6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.

8. The share capital of the Company is NT\$1,000,000,000 divided into 100,000,000 ordinary shares of a nominal or par value of NT\$10 each with power for the Company, subject to the provisions of the Companies Law (As Revised) and the Articles of Association, to redeem or purchase any of its shares and to sub-divide, increase or reduce the said capital and to issue any part of its capital, original, redeemed, increased or reduced, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that, unless the condition of issue shall otherwise expressly declare, every issue of shares, whether declared to be ordinary, preference or otherwise, shall be subject to the power hereinbefore contained.
9. The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
10. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company and the interpretations section of the Articles of Association of the Company shall apply to this Memorandum of Association.

THE CAYMAN ISLANDS
THE COMPANIES LAW (AS REVISED)
COMPANY LIMITED BY SHARES

SIXTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF

Patec Precision Industry Co., Ltd.

(as adopted by a Special Resolution passed on 22nd June 2020)

INTERPRETATION

The Regulations contained or incorporated in Table A of the First Schedule of the Companies Law (As Revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time) shall not apply to this Company.

- (1) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:

Applicable Listing Rules	the relevant laws, regulations, rules and codes as amended, from time to time, applicable as a result of the original and continued trading or listing of any shares on any Taiwan stock exchange or securities market, including, without limitation the relevant provisions of the Securities and Exchange Act of the R.O.C., the Company Act of the R.O.C., the Act Governing Relations Between Peoples of the Taiwan Area and the Mainland Area, and any similar laws, statutes and the rules and regulations of the R.O.C. authorities thereunder, and the rules and regulations promulgated by the Financial Supervisory Commission, the GTSM and the TWSE (where applicable);
Articles	these Articles of Association of the Company in their present form, as amended, substituted or supplemented from time to time by a Special Resolution;
Auditors	the certified public accountant (if any) retained by the Company to audit the accounts of the Company, to audit and/or certify the financial statements of the Company or to perform other similar duties as assigned or requested by the Company for the time being;

Audit Committee	has the meaning set out in Article 81-1;
Board	the board of Directors of the Company comprising all the Directors;
Capital Reserve	means (1) the Share Premium Account, (2) income from endowments received by the Company and (3) other items required to be treated as Capital Reserve pursuant to the Applicable Listing Rules;
Chairman	has the meaning given thereto in Article 68;
Class or Classes	any class or classes of Shares as may from time to time be issued by the Company in accordance with these Articles;
Commission	the Financial Supervisory Commission of the R.O.C. or any other authority for the time being administering the Securities and Exchange Act of the R.O.C.;
Company	Patec Precision Industry Co., Ltd.;
Consolidation	the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company within the meaning of the Law and the Applicable Listing Rules;
Director	a director of the Company or an Independent Director (if any) for the time being who collectively form the Board, and “Directors” means 2 or more of them (including any and all Independent Director(s));
Discount Transfer	has the meaning set out in Article 23(3);
Electronic	shall have the meaning given to it in the Electronic Transactions Law (as revised) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force including every other law incorporated therewith or substituted therefore;
Emerging Market	the emerging market board of the GTSM in Taiwan;
Employees	employees of the Company and/or any of the Subordinate Companies of the Company, as determined by the Board from time to time in its sole discretion, and “Employee” shall mean any one of them;

Financial Statements	has the meaning set out in Article 103;
GTSM	the GreTai Securities Market in Taiwan;
Independent Directors	those Directors designated as "Independent Directors" who are elected by the Members at a general meeting and appointed as "Independent Directors" for the purpose of these Articles and the requirements of the Applicable Listing Rules, and "Independent Director" means any one of them;
Juristic Person	a firm, corporation or other organization which is recognised by the Law and the Applicable Listing Rules as a legal entity;
Law	the Companies Law (As Revised) of the Cayman Islands and any amendment or other statutory modification thereof and every other act, order, regulation or other instrument having statutory effect (as amended from time to time) for the time being in force in the Cayman Islands applying to or affecting the Company, the Memorandum and/or these Articles, and where in these Articles any provision of the Law is referred to, the reference is to that provision as modified by any law for the time being in force;
Member or Shareholder	a Person who is duly registered as the holder of any Share or Shares in the Register for the time being, including persons who are jointly so registered and "Members" or "Shareholders" means 2 or more of them;
Memorandum	the memorandum of association of the Company, as amended or substituted from time to time;
Merger	the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company within the meaning of the Law and the Applicable Listing Rules;
Month	a calendar month;
NTD	New Taiwan Dollars;
Ordinary Resolution	a resolution:- (a) passed by a simple majority of votes cast by such Members as, being entitled to do so, vote

in person or, in the case of any Members being Juristic Persons, by their respective duly authorised representatives or, where proxies are allowed, by proxy, present at a general meeting of the Company held in accordance with these Articles; and

- (b) at any time other than during the Relevant Period, approved in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being Juristic Persons by their duly authorized representatives); and
- (c) where the Company has only one Member, approved in writing by such Member signed by such Member and the effective date of the resolution so adopted shall be the date on which the instrument is executed;

Person	any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
Preferred Shares	has the meaning given thereto in Article 4;
Private Placement	an offer by the Company of its Shares, bonds and other securities approved by the Commission to specific persons pursuant to the Applicable Listing Rules;
Register	the register of Members of the Company maintained in accordance with the Law at such place within or outside the Cayman Islands;
Registered Office	the registered office of the Company for the time being as required under the Law;
Relevant Period	the period commencing from the date on which any of the securities of the Company first become public offering or registered or listed on the Emerging Market, the GTSM, the TWSE or any Taiwan stock exchange or securities market to and including the date immediately before the day on which none of such securities are so registered or listed (and so that if at any time registration or listing of any such securities is suspended for any reason whatsoever and for any length of time, they shall nevertheless be

	treated, for the purpose of this definition, as registered or listed);
R.O.C. or Taiwan	the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;
R.O.C. Courts	the Taiwan Taipei District Court or any other competent courts in the R.O.C.;
Seal	the common seal of the Company;
Secretary	any Person for the time being appointed by the Directors to perform any of the duties of the secretary of the Company and including any assistant, deputy, acting or temporary secretary;
Share	a share in the capital of the Company. All references to "Shares" herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression "Share" shall include a fraction of a Share;
Share Premium Account	the share premium account of the Company established in accordance with these Articles and the Law;
Shareholder Service Agent	the agent licensed by the R.O.C. authorities and having its offices in the R.O.C. to provide shareholder services, in accordance with the Applicable Listing Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C., to the Company;
signed	bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a Person with the intent to sign the electronic communication;
Special Reserve	has the meaning set out in Article 94;
Special Resolution	a special resolution of the Company passed in accordance with the Law, being a resolution: (a) passed by a majority of at least two-thirds of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Members being Juristic Persons, by their

respective duly authorised representatives or, where proxies are allowed, by proxy, present at a general meeting of the Company held in accordance with these Articles, of which notice, specifying (without prejudice to the power contained in these Articles to amend the same) the intention to propose the resolution as a Special Resolution, has been duly given; and

- (b) at any time other than during the Relevant Period, approved in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being Juristic Persons by their duly authorized representatives); and
- (c) where the Company has only one Member, approved in writing by such Member signed by such Member and the effective date of the special resolution so adopted shall be the date on which the instrument is executed.

A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Articles;

Spin-off

an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to issue new shares to the transferor company or to shareholders of the transferor company;

Subordinate Company

any company (i) of which a majority of the total outstanding voting shares or the total amount of the capital stock is held by the Company; (ii) in which the Company has a direct or indirect control over the management of the personnel, financial or business operation of that company; (iii) of which a majority of directors in such company are contemporarily acting as directors in the Company; or (iv) of which a majority of the total outstanding voting shares or the total amount of the capital stock of such companies and that of the Company are held by the same Members;

TDCC	the Taiwan Depository & Clearing Corporation;
Treasury Shares	Shares that have been purchased by the Company and have not been cancelled but have been held continuously by the Company since they were purchased, in accordance with the Law; and
TWSE	the Taiwan Stock Exchange Corporation.

- (2) Unless the context otherwise requires, expressions defined in the Law and used herein shall have the meanings so defined.
- (3) In these Articles unless the context otherwise requires:
- words importing the singular number shall include the plural number and vice-versa;
- words importing the masculine gender shall include the feminine gender and neuter genders;
- a notice provided for herein shall be in writing unless otherwise specified and all reference herein to "in writing" and "written" shall include printing, lithography, photography and other modes of representing or reproducing words in permanent visible form; and
- "may" shall be construed as permissive and "shall" shall be construed as imperative.
- (4) Headings used herein are intended for convenience only and shall not affect the construction of these Articles.

SHARES

Subject to the Law and these Articles and any resolution of the Members to the contrary, the Board may, in respect of all Shares for the time being unissued:

- (a) offer, issue and allot of such Shares to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine, but so that no Share shall be issued at a discount, except in accordance with the provisions of the Law and the Applicable Listing Rules; and
- (b) grant options with respect to such Shares and issue warrants or similar instruments with respect thereto, in accordance with the provisions of the Law and Applicable Listing Rules; and, for such purposes, the Board may reserve an appropriate number of Shares for the time being unissued.

Subject to Article 5 and the sufficiency of the authorised share capital of the Company, the Company may issue Shares of different Classes with rights which are preferential or inferior to those of ordinary Shares issued by the Company (“**Preferred Shares**”) with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors.

- (1) Where the Company is to issue Preferred Shares, the following shall be expressly set out in these Articles:
 - (a) the total number of Preferred Shares that have been authorised to be issued and the numbers of the Preferred Shares already issued;
 - (b) the order, fixed amount or fixed ratio of allocation of dividends, bonus and other distribution on such Preferred Shares;
 - (c) the order, fixed amount or fixed ratio of allocation of surplus assets of the Company, upon its liquidation, to the holders of the Preferred Shares;
 - (d) the order of or restrictions on the voting right(s) (including, where applicable, a statement that such Preferred Shares have no voting rights whatsoever) of the holders of such Preferred Shares;
 - (e) other matters concerning rights and obligations incidental to the Preferred Shares; and
 - (f) the method by which the Company is authorised or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply.
 - (2) Subject to the Law, the Memorandum and these Articles shall be amended with the sanction of a Special Resolution to stipulate the rights, benefits and restrictions of such Preferred Shares and the number of the Preferred Shares the Company is authorised to issue.
- (1) Subject to the sufficiency of the authorised share capital of the Company and these Articles, the issue of new ordinary Shares in the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors.
 - (2) The Company shall not convert the Shares into par value shares if the Company chooses to issue no par value shares.
- (1) The Company shall issue Shares without printing share certificates, provided that the Register shall be conclusive evidence of the entitlement of a Person to Shares recorded against his/her/its name. During the Relevant Period, whenever the Company issues Shares, the Company shall deliver or cause the Shareholder Service Agent to deliver Shares by advising TDCC to record the number of Shares against the name of each subscriber within thirty (30) days from the date such Shares may be delivered, pursuant to the Law. The Company shall make a public announcement in accordance with the Applicable Listing Rules prior to the delivery of such Shares.
 - (2) The Company shall not issue bearer Shares.
 - (3) The Company shall not issue any unpaid Shares or partial paid-up Shares to any Person.
- 7-1. (1) When the Company issuing new Shares, where subscriber delays payment for Shares, the Company shall fix a period of not less than one month and call upon each subscriber to pay up, declaring that in case of default of payment within the stipulated

period their right shall be forfeited.

- (2) After the Company has made the aforesaid call under the preceding paragraph, the subscribers who fail to pay accordingly shall forfeit their rights and the Shares subscribed to by them shall be otherwise sold. Under the aforesaid circumstances, compensation for loss or damage, if any, may still be claimed against such defaulting subscribers.

During the Relevant Period:

- (a) upon each issuance of new Shares (other than resulting from or in connection with any Merger or Consolidation of the Company, Spin-off of the Company's business, any reorganisation of the Company, asset acquisition, share swap, exercise of share options or warrants granted to the Employees, conversion of convertible securities or debt instruments, exercise of subscription warrants or rights to acquire Shares vested with preferential or special rights, where the Company issues new Shares to the existing Members by capitalisation of its reserves in accordance with these Articles, Private Placement or other issuance of Shares for consideration other than cash), the Board may reserve not more than fifteen percent (15%) of the new Shares for subscription by the Employees pursuant to the Law and the Applicable Listing Rules; and
- (b) where the Company issues new Shares for cash consideration, after the Board reserving certain percentage of the new Shares for subscription by the Employees pursuant to subsection (a) of this Article, the Company shall allocate ten percent (10%) (or such greater percentage as the Company by an Ordinary Resolution determines) of the total number of the new Shares to be issued for offering in the R.O.C. to the public unless the Commission, the Emerging Market, the GTSM and/or the TWSE (where applicable) considers such public offering unnecessary or inappropriate.

During the Relevant Period, subject to an Ordinary Resolution, upon each issuance of new Shares for cash consideration, the Company shall, after reserving the portion of new Shares for subscription by the Employees and public offering in the R.O.C. pursuant to Article 8, first offer such remaining new Shares, by a public announcement and a written notice to each existing Member respectively, stating that in case any such existing Member fails to confirm his/her/its subscription within the prescribed period his/her/its subscription right shall be forfeited, for the subscription of each such existing Member in proportion to the number of Share(s) held by him/her/it, provided that:

- (a) where any fractional Share held by a Member is insufficient to subscribe for one new Share, the fractional Shares being held by several Members may be combined for joint subscription of one or more integral new Shares or for subscription of new Shares in the name of a single Member;
- (b) the existing Member(s) may assign and transfer his subscription right to other Persons independently of his original Shares; and
- (c) new Shares left unsubscribed may be offered to the public or to specific Persons through negotiation.

The preceding Article shall not apply whenever the new Shares are issued for the following purpose:

- (a) in connection with any reorganisation of the Company;
 - (b) in connection with meeting the Company's obligation under Share subscription warrants and/or options granted to the Employees;
 - (c) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;
 - (d) in connection with meeting the Company's obligation under share subscription warrant or Preferred Shares vested with rights to acquire Shares;
 - (e) in connection with any Private Placement conducted pursuant to Article 13; or
 - (f) in connection with any other event otherwise prohibited, limited, restricted or exempted to so apply pursuant to the Law and/or the Applicable Listing Rules.
- 10-1. (1) The pre-emptive right of the Employees under Article 8 and the pre-emptive right of Members under Article 9 shall not apply in the event that new Shares are issued:
- (a) in connection with the Merger, or for the Merger between the Subordinate Company and other companies;
 - (b) in connection with the Shares issued for being acquired;
 - (c) in connection with acquisition of issued Shares, business, or assets of another company;
 - (d) in connection with share swap; or
 - (e) in connection with the Spin-off of the Company.
- (2) Any new Shares issued under this Article may be paid up in cash or assets required in the business of the Company.

During the Relevant Period, subject to the Applicable Listing Rules, the Company may, upon adoption of a resolution passed by a majority of the Directors present at a meeting of the Board attended by two-thirds or more of the total number of Directors, enter into a share subscription right agreement with the Employees whereby such Employees may subscribe, within a specific period of time, for a specific number of Shares of the Company at an agreed subscription price. Upon execution of the said agreement, the Company shall issue to each of such Employees a share subscription warrant. Such issued share subscription warrant shall be non-assignable, except for transfer by inheritance or intestacy.

During the Relevant Period, the Company may, subject to approval of Shareholders by way of Special Resolution, issue new Shares with restricted rights as approved by such Special Resolution to Employees of the Company and/or its Subordinate Companies, provided that Articles 8 and 9 shall not apply. In respect of the issuance of Shares to Employees in the preceding sentence, the number of Shares to be issued, issue price, issue conditions, restrictions

and other matters shall be subject to the Applicable Listing Rules and the Law.

- (1) During the Relevant Period and subject to the Applicable Listing Rules, the Company may, with the sanction of a Special Resolution, conduct a Private Placement with any of the following Persons in the R.O.C.:
 - (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other Juristic Persons or institutions approved by the Commission;
 - (b) natural persons, Juristic Persons, or funds meeting the conditions prescribed by the Commission; or
 - (c) directors, supervisors, officers and managers of the Company or its affiliated enterprises.
- (2) Subject to the preceding paragraph, the Board may resolve, by a majority of the Directors presents at a meeting attended by two-thirds or more of the total numbers of the Directors, that a Private Placement of ordinary corporate bonds be carried out by installments within one year of the date of such resolution.

The Company may by a Special Resolution reduce its share capital in the manner authorised, and subject to any conditions prescribed, by the Law and the Applicable Listing Rules.

During the Relevant Period, any issuance, conversion or cancellation of the Shares or any other equity securities (including but not limited to warrants, options or bonds), capitalisation and shareholder services, shall comply with the Law, the Applicable Listing Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C..

MODIFICATION OF RIGHTS

Whenever the share capital of the Company is divided into different Classes of Shares, including where Preferred Shares are issued, subject to Article 45 and in addition to a Special Resolution, the special rights attached to any Class shall be varied or abrogated with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of such Class. To every such separate general meeting and all adjournments thereof, all the provisions of these Articles relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply.

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 materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of Shares of any Class by the Company.

REGISTER

Subject to the Law, the Board shall cause to be kept the Register at such place within or outside the Cayman Islands as it deems fit. During the Relevant Period, the Register shall be entered therein the particulars required under the Law and the Applicable Listing Rules, and shall be

made available at its Shareholder Service Agent's office in the R.O.C.

Notwithstanding anything contained in these Articles and subject to the Law, during the Relevant Period, the relevant information of the Members shall be recorded by TDCC, and the Company shall recognize each person identified in the records provided by TDCC to the Company as a Member and such records shall form part of the Register as at the date of receipt of such records by the Company.

REDEMPTION AND REPURCHASE OF SHARES

All Preferred Shares may be redeemed in accordance with the provisions of the Law, provided that the privileges accorded to holders of the Preferred Shares by these Articles shall not be impaired under the Law and the Applicable Listing Rules.

- (1) Subject to the Law, the Applicable Listing Rules and Paragraph (3) of this Article, upon the approval of a majority of the Directors present at a Board meeting attended by two-thirds or more of Directors, the Company may purchase its own Shares, for cancellation, upon such terms and manner and subject to such conditions as the Board thinks fit, and such Shares shall be treated as cancelled immediately on purchase.
- (2) Subject to the Law, the Applicable Listing Rules and Paragraph (3) of this Article, upon the approval of a majority of the Board present at a Board meeting attended by two-thirds or more of Directors, the Company may purchase its own Shares, to be held as Treasury Shares, upon such terms and manner and subject to such conditions as the Board thinks fit, PROVIDED ALWAYS that such purchase is effected in accordance with the provisions of the Law.
- (3) During the Relevant Period, the resolutions of Board approving a purchase of Shares, how such resolutions are implemented, and the failure of any purchase of Shares as approved by such resolutions (if any) shall be reported to the Shareholders at the next general meeting.
- (4) Subject to the Law, for so long as the Company holds Treasury Shares:
 - (a) the Company shall be entered in the Register as holding the Treasury Shares;
 - (b) 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;
 - (c) 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; and
 - (d) no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up) may be made to the Company, in respect of a Treasury Share.

- (5) During the Relevant Period, subject to the Law, except purchases of Shares carried out pursuant to Article 22(1), the number of Shares to be purchased by the Company from time to time shall not exceed ten percent (10%) of the total number of issued and outstanding Shares and the total amount of the shares to be purchased by the Company shall not exceed the aggregate amount of retained earnings, premium on capital stock, and realized capital reserve.
- (1) Subject to the Law and the Applicable Listing Rules, the Company may carry out a purchase and cancellation of its Shares on a pro rata basis (rounded up or down to the nearest whole number) among the Shareholders in proportion to the number of Shares held by each such Shareholder subject to approval by a Special Resolution. The purchase price payable to the Shareholders in connection with a purchase of Shares described in the preceding sentence may be paid in cash or in kind. Where any purchase price is paid in kind, the type of such payment in kind and the corresponding amount of such substitutive distribution shall be subject to approval by a Special Resolution as well as individual consent by the Shareholder(s) receiving such payment in kind. Prior to convening the general meeting for approving such purchase of Shares, the Board shall determine the monetary equivalent value of any purchase price to be paid in kind and have such value audited and certified by a certified public accountant in the R.O.C.
- (2) For the avoidance of doubt, where the proposed purchase and cancellation of Shares is not on a pro rata basis, subject to the Law and the Applicable Listing Rules, the Board is empowered to authorize and carry out such repurchase without approval by Special Resolution in accordance with the preceding paragraph.
- (1) Where the Company holds Treasury Shares, the Company may, in accordance with the Law:
 - (a) cancel any or all of the Treasury Shares; or
 - (b) transfer any or all of the Treasury Shares to the Employees, the terms of such transfer and qualifications of such employees shall be determined by the Board, subject to Paragraph (3) of this Article. The Board may impose a lock-up period restricting the transfer of any Treasury Shares transferred to the Employees pursuant to this Paragraph (1) for a term of up to two (2) years.
- (2) A sum equal to the consideration (if any) received by the Company pursuant to the transfer of Treasury Share(s) shall be credited in accordance with the Law.
- (3) Subject to Paragraph (4) of this Article and the Law, the Company may, by way of a Special Resolution passed at the immediate preceding general meeting of the Company, transfer the Treasury Shares to the Employees for a price that is below the average price that the Company has paid to purchase such Treasury Shares (the “**Discount Transfer**”), provided that the following matters shall be specified in the notice of such general meeting with the description of their major contents, and shall not be proposed as ad hoc motions:
 - (a) the transfer price of the Treasury Shares as determined by the Board, the discount rate used for the Discount Transfer, and the calculation basis of the

Discount Transfer, and the basis of such determination;

- (b) the amount of the Treasury Shares to be transferred pursuant to, and the purpose of, the Discount Transfer, and the basis of such determination;
 - (c) the qualification and terms of the Employees to whom the Treasury Shares are transferred and the amount of Treasury Shares for which such Employees may subscribe pursuant to the Discount Transfer;
 - (d) matters that the Board is of the opinion that may affect Shareholders' rights, including:
 - (i) any expenses that may be incurred and dilution of per share profit, if any, due to the Discount Transfer in accordance with the Applicable Listing Rules; and
 - (ii) any burden on the Company caused by the Discount Transfer in accordance with the Applicable Listing Rules.
- (4) The total aggregate amount of the Treasury Shares that are transferred to the Employees pursuant to the Discount Transfer in accordance with Paragraph (3) of this Article shall not exceed five percent (5%) of the total number of issued and outstanding Shares of the Company, and the aggregate amount of the Treasury Shares transferred to each Employee shall not exceed point five percent (0.5%) of the total number of issued and outstanding Shares of the Company.

TRANSFER AND TRANSMISSION OF SHARES

Subject to the Law and Applicable Listing Rules and unless otherwise provided by these Articles, the Shares shall be freely transferable.

The Company shall not be obligated to recognize any transfer or assignment of Shares unless the name/title and residence/domicile of the transferor and transferee have been recorded in the Register. The registration of transfers may be suspended when the Register is closed in accordance with Article 27.

NON-RECOGNITION OF TRUSTS

Except as required by Law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not, unless required by Law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or actual interest in any Share (except only as otherwise provided by these Articles, the Law or law otherwise requires or under an order of a court of competent jurisdiction) or any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

CLOSING REGISTER OR FIXING RECORD DATE

- (1) The Board may fix in advance the record date(s) for (a) determining the Members entitled to

receive any dividend, distribution or issue; (b) determining the Members entitled to receive notices of, attend or vote at any general meeting or any adjournment thereof in person, by proxy or by way of electronic transmission; and (c) any other purposes as determined by the Board.

In the event the Board designates the record date(s) for (b) in accordance with this Article, such record date(s) shall be date(s) prior to the general meeting.

- (2) During the Relevant Period, subject to the Law, for the purposes of (a) determining the Members entitled to receive any dividend, distribution or issue; and (b) determining the Members entitled to receive notices of, attend or vote at any general meeting or any adjournment thereof, the Board shall fix the period that the Register shall be closed for transfers at least for a period of sixty (60) days before the date of each annual general meeting, thirty (30) days before the date of each extraordinary general meeting and five (5) days before the target date for a dividend, bonus or other distribution. For the purpose of calculating the abovementioned period, the respective convening date of the general meeting or the relevant target date shall be included.

GENERAL MEETINGS

The Company shall in each year hold a general meeting as its annual general meeting within six months after close of each financial year or such other period as may be permitted by the Emerging Market, the GTSM or the TWSE (where applicable). The annual general meeting shall be convened by the Board.

All general meetings other than annual general meetings shall be called extraordinary general meetings. The Board may, whenever they think fit, convene an extraordinary general meeting of the Company.

During the Relevant Period, all general meetings shall be held in the R.O.C. At any time other than during the Relevant Period, the Board may convene any general meeting at such place as it deems fit.

- (1) Any one or more Member(s) holding at least three percent (3%) of the issued and outstanding Shares of the Company for a period of one year or a longer time may, by depositing the requisition notice specifying the proposals to be resolved and the reasons, request the Board to convene an extraordinary general meeting. If the Board does not give notice to Members to convene such meeting within fifteen (15) days after the date of the requisition notice, the proposing Member(s) may convene a general meeting.
- (2) Any one or more Member(s) holding at least one-half of the issued and outstanding Shares of the Company for a period of three months or a longer time may, convene an extraordinary general meeting. The calculation of the holding period and the number of Shares held by the abovementioned Member(s) shall be based on the holding at the time when the Register is closed for transfers.
- (3) Subject to the condition that the Board fails to or cannot convene a general meeting, the Independent Director of the Audit Committee may, for the benefit of the Company, convene a general meeting when it is deemed necessary.

- (1) The Board or other Persons calling a general meeting may require the Company or its Shareholder Service Agent to provide the Register.
- (2) During the Relevant Period, the Company shall engage a Shareholder Service Agent within the R.O.C. to handle the administration of general meetings, including but not limited to, the voting matters.

NOTICE OF GENERAL MEETING

- (1) During the Relevant Period, at least thirty (30) days notice of an annual general meeting and fifteen (15) days notice of an extraordinary general meeting shall be given to each Member, and the Company may make a public announcement of a notice of general meeting to Members holding less than 1,000 Shares instead of delivering the same to each Member. The period of notice shall be exclusive of the day on which it is served and of the day on which the general meeting is to be held. Such notice shall be in writing, shall specify the place, the day and the time of meeting and the agenda and the proposals to be resolved at the general meeting and shall be given in the manner hereinafter described or be given via electronic communications if previously consented by the Members and permitted by the Law and the Applicable Listing Rules.
 - (2) At any time other than the Relevant Period, at least five (5) days notice in writing shall be given of an annual general meeting or any other general meeting PROVIDED HOWEVER that notice may be waived by all the Member either at or before the meeting is held PROVIDED FURTHER that notice or waiver thereof may be given by telex or telefax. At any time other than the Relevant Period, a general meeting may be convened by such shorter notice or without notice with the consent of a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five percent (95%) in nominal value of the Shares giving that right.
- (1) During the Relevant Period, the Company shall make public announcements with regard to notice of general meeting, proxy form, summary information and details about items to be proposed at the meeting for approval, discussion, election or dismissal of Directors at least thirty (30) days prior to any annual general meeting or at least fifteen (15) days prior to any extraordinary general meeting.
 - (2) During the Relevant Period, if the Company allows the Shareholders to exercise the votes and cast the votes in writing or by way of electronic transmission in accordance with Article 56, the Company shall also send to the Shareholders the information and documents as described in the preceding paragraph, together with the voting right exercise forms.

The following matters shall not be considered, discussed or proposed for approval at a general meeting unless they are specified in the notice of general meeting with the description of their major contents; the major content may be published on the website designated by the Commission, the Emerging Market, the GTSM or the TWSE (where applicable) or the Company, and such website shall be indicated in the above notice:

any election or removal of Director(s);

any alteration of the Memorandum and/or these Articles;

capital reduction;

application for the approval of ceasing the Shares to be publicly offered;

any dissolution, voluntary winding-up, Merger, share swap, Consolidation or Spin-off of the Company;

entering into, amending, or terminating any contract for lease, management or regular joint operation of the Company's whole business;

the transfer of the whole or any material part of the Company's business or assets;

the acquisition of the whole business or assets of a Person, which has a material effect on the operation of the Company;

carrying out a Private Placement of any equity-type securities issued by the Company;

granting a waiver to a Director's non-competition obligation or approving a Director to engage in activities in competition with the Company;

distributing dividends, bonus or other distributions in whole or in part by way of issuance of new Shares; and

capitalisation of the Company's Special Reserve, the Share Premium Account and/or the income from endowments received by the Company in the Capital Reserve, by issuing new Shares and/or cash to its existing Members.

During the Relevant Period, the Company shall prepare a manual for each general meeting, and such manual and relevant materials shall be published on the website designated by the Commission and the Emerging Market, the GTSM or the TWSE (where applicable) twenty-one (21) days prior to the scheduled date of the relevant annual general meeting and fifteen (15) days prior to the scheduled date of the relevant extraordinary general meeting pursuant to the Applicable Listing Rules.

The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any Member entitled to receive notice shall not invalidate the proceedings of that general meeting.

PROCEEDINGS AT GENERAL MEETINGS

No business, other than the appointment of a chairman of the meeting, shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, at least two Members present in person or by proxy or (in the case of a Member being a corporation) by its duly authorised representative representing more than one-half of the total issued and outstanding Shares with voting rights shall be a quorum of Members for all purposes.

- (1) During the Relevant Period, one or more Member(s) holding one percent (1%) or more of the total issued and outstanding Shares of the Company may submit to the Company not more than one proposal in writing or by way of electronic transmission for resolution at an annual general meeting; provided that only one matter shall be allowed in a single proposal, the number of words therein contained shall not be more than three hundred (300), and the matter of such proposal may be resolved by a general meeting, or otherwise such proposal shall not be included in the agenda.
- (2) During the Relevant Period, prior to the commencement of the period in which the Register is closed for transfers before an annual general meeting, the Company shall make a public announcement of the place and the period for Members to submit proposals; provided that the period for submitting such proposals shall not be less than ten (10) days.
- (3) The Member who has submitted a proposal shall attend, in person or by a proxy, such general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
- (4) The Board shall include a proposal submitted by Member(s) unless any of the following circumstances is satisfied:
 - (a) the proposal involves matters which cannot be settled or resolved at a general meeting under the Law, the Applicable Listing Rules and these Articles;
 - (b) the number of Shares held by the proposing Member(s) is less than one percent (1%) of the total issued and outstanding Shares in the Register upon commencement of the period in which the Register is closed for transfers before the relevant annual general meeting of the Company;
 - (c) the proposal is submitted after the expiration of the specified period announced by the Company for submitting proposals; or
 - (d) the proposal contains more than three hundred (300) words or more than one matters in a single proposal.
- (5) The proposal proposed pursuant to the preceding paragraph (1) for urging the Company to promote public interests or fulfil the Company's social responsibilities may still be included in the agenda by the Board.
- (6) The Company shall, prior to the despatch of a notice of the relevant annual general meeting, inform all the proposing Members of whether their proposals are accepted or not, and shall list in the notice of the relevant annual general meeting all the accepted proposals. The Board shall explain at the relevant annual general meeting the reasons for excluding any proposal submitted by Members.

The Chairman shall preside as chairman at every general meeting of the Company convened by the Board. For a general meeting convened by any Person other than the Board, such Person shall act as the chairman of that meeting; provided that if there are two or more Persons jointly convening such meeting, the chairman of the meeting shall be elected from those Persons.

If at any general meeting the Chairman is not present or is unwilling to act as chairman, he shall

appoint one of the Directors to act on his behalf. In the absence of such appointment, the Directors present may choose one of them to be the chairman of that general meeting.

A general meeting may be adjourned by the Company by an Ordinary Resolution from place to place within five (5) days, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for more than five (5) days, notice of the time and location of the adjourned meeting shall be given as in the case of an original meeting.

At any general meeting, a resolution put to the vote of the meeting shall be decided on a poll.

Unless otherwise expressly required by the Law, the Applicable Listing Rules or these Articles, any matter proposed for approval by the Members at a general meeting shall be passed by an Ordinary Resolution.

(1) Subject to the Law and the Applicable Listing Rules, the Company may by a Special Resolution:

enter into, amend, or terminate any contract for lease, management or regular joint operation of its whole business;

transfer the whole or any material part of its business or assets;

acquire the whole business or assets of a Person, which has a material effect on the operation of the Company;

distribute dividends, bonus or other distributions in whole or in part by way of issuance of new Shares;

effect any Spin-off of the Company;

authorise a plan of Merger or Consolidation involving the Company;

resolve that the Company be wound up voluntarily;

carry out a Private Placement;

grant a waiver to a Director's non-competition obligation, or approve a Director to engage in activities in competition with the Company;

change its name;

change the currency denomination of its share capital;

increase the share capital by such sum, to be divided into new Shares of such Classes of such par value, as the resolution shall prescribe;

consolidate and divide all or any of its share capital into Shares of a larger par value than its existing Shares;

subdivide its existing Shares, or any of them, into Shares of a smaller par value than is fixed by the Memorandum;

cancel any Shares that, at the date 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;

subject to these Articles (including without limitation Articles 16 and 17), alter or amend the Memorandum or these Articles, in whole or in part;

reduce its share capital and any fund of the capital redemption reserve in any manner authorised by the Law and the Applicable Listing Rules; and

appoint an inspector to examine the affairs of the Company under the Law; and

issue new Shares to Employees of the Company and/or its Subordinate Companies subject to any restrictions and conditions in accordance with Article 12; and

authorise a plan of share swap involving the Company.

- (2) In case the Company has issued Preferred Shares, any modification or alteration in these Articles prejudicial to the privileges of the holders of Preferred Shares shall also be adopted by a meeting of the holders of Preferred Shares.

45-1. Subject to the Statute, the resolution of the general meeting shall be adopted by two-thirds or more of the votes of the shareholders who represent the total number of issued shares of the Company:

- (a) if the Company participates in the merger/consolidation and is dissolved thereafter while the surviving company is not a listed or OTC company;
- (b) if the trading of shares on TSE market is terminated because the Company carries on the general transfer so that the transferee company is not a listed or OTC company anymore;
- (c) if the trading of shares on TSE market is terminated because the Company is acquired by any other surviving or newly incorporated company as a 100% held subsidiary company by means of share exchange while the surviving or newly incorporated company is not a listed or OTC company; or
- (d) if the company carries on a division and the trading of the shares then traded on TSE market shall be terminated while the surviving or newly incorporated transferee company after the division is not a listed or OTC company.

Subject to the Law and the Applicable Listing Rules, the Company may by a Special Resolution resolve that the Company be wound up voluntarily if the Company is unable to pay its debts as they fall due.

- (1) Subject to the Law, in the event any of the resolutions with respect to the matter(s) as set out in Paragraphs (a), (b) or (c) of Article 45 is adopted at a general meeting, a Member who has notified the Company in writing of his objection to such proposal prior to that meeting and

subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Member shall have the abovementioned appraisal right if the resolution to be adopted is in relation to the matter(s) set out in Paragraph (b) of Article 45 and at the same meeting the resolution for the winding up of the Company is also adopted.

- (2) In the event any part of the Company's business is involved in any Spin-Off, Merger or Consolidation or acquisition share swap, a Member, who has forfeited his right to vote on such matter and expressed his dissent therefor, in writing before the relevant vote, may request the Company to purchase all of his Shares at the then prevailing fair price in accordance with the Law.
- (3) Without prejudice to the Law, if the Member filing a request under the preceding paragraph (1) and (2) of this Article, the Member shall make such request in writing within twenty (20) days since the resolution of the general meeting was made, specify the price for buying back. If the Company and the Shareholder reach an agreement about the price of purchasing back his/her/its Shares, the Company shall pay for the Shares within ninety (90) days since the resolution of the general meeting was made. In case no agreement is reached, the Company shall pay the fair price it has recognized to the Member who asks for a higher price within ninety (90) days since the resolution of the general meeting was made. If the Company did not pay, the Company shall be deemed to be agreeable to the price requested by the Member.
- (4) Without prejudice to the Law, in the event the Company and a Member making a request pursuant to Paragraphs (2) of this Article of this Article fail to reach agreement on the purchase price within sixty (60) days following the date of the resolution, the Member may, within thirty (30) days after such sixty (60) days period, file a petition to the Taiwan Taipei District Court of the R.O.C. if and to the extent permitted under the Law, for a ruling on the appraisal price.

In case the procedure for convening a general meeting in which a resolution is adopted or the method of adopting a resolution is in violation of the Law, the Applicable Listing Rules or these Articles, a Member may, if and to the extent permitted under the Law, within thirty (30) days from the date of the resolution, submit a petition to the Taiwan Taipei District Court, as applicable, for an appropriate remedy, including but not limited to, requesting the court to invalidate and cancel the resolution adopted therein.

Notwithstanding anything to the contrary provided for in these Articles, at any time other than during the Relevant Period, a resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being Juristic Persons by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

The proceedings regarding general meetings and the voting in general meetings not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and amended by the Company by an Ordinary Resolution from time to time, which shall be in compliance with the Law and the Applicable Listing Rules (in particular the Rules Governing the Conduct of Shareholders Meetings of R.O.C. Public Companies).

VOTES OF MEMBERS

Subject to any rights and restrictions as to voting for the time being attached to any Share by or in accordance with these Articles, at any general meeting, every Member present in person (or in the case of a Member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each Share registered in his/her/its name in the Register.

In the case of joint Members, the joint Members shall select a representative among them to exercise their voting powers and the vote cast by such representative, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Members.

A Shareholder who holds Shares for the benefit of others need not use all his votes or cast all the votes he holds in the same way as he uses his votes in respect of Share he holds for himself. The qualifications, scope, methods of exercise, operating procedures and other requirements for separate votes shall be in compliance with the Applicable Listing Rules.

Any corporation which is a Member of the Company may, by resolution of its board or other governing body, authorise such natural person as it thinks fit to act as its representative at any general meeting or at any meeting of a Class of Members of the Company.

(1) Subject to the Law and the Applicable Listing Rules, Shares held by the following persons shall not be counted in the total number of issued Shares of the Company which are entitled to vote for when calculating the quorum at a general meeting and Members belonging to the following persons shall abstain from voting in respect of all Shares held by them:

(a) the Company itself (if such holding is permitted by the Law);

(b) any entity in which the Company is legally or beneficially interested in more than fifty percent (50%) of its issued and voting share capital or equity capital; or

(c) any entity in which the Company and (i) its holding company, and (ii) its Subordinate Company are legally or beneficially, directly or indirectly, interested in more than fifty percent (50%) of its issued and voting share capital or equity capital.

(2) Any Member who bears a personal interest that may conflict with and impair the interest of the Company in respect of any matter proposed for consideration and approval at a general meeting shall abstain from voting in respect of all the Shares that such Member should otherwise be entitled to vote, on his behalf or as a proxy or corporate representative, with respect to the said matter. Any and all votes cast by such Member(s) shall not be counted in determining the number of votes for or against such matter.

(3) Where any Director, who is also a Shareholder of the Company, creates or has created any charge, mortgage, encumbrance or lien in respect of Shares held by such Director (the "Charged Shares") exceeding fifty percent (50%) of total Shares held by such Director at the time of his/her latest appointment as Director, such Director shall refrain from exercising its voting rights on the Shares representing the difference between the Charged Shares and fifty percent (50%) of total Shares held by such Director at the time of his/her latest appointment as Director, and such Shares shall not carry the voting rights and shall not be counted toward the number of votes represented by the Shareholders present at a general meeting but shall be included in the quorum.

To the extent permitted by the Law and subject to the Applicable Listing Rules, the Board may resolve that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two (2) days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his Shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman of the general meeting as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document, impromptu proposal and/or any amendment to resolution(s) proposed at the said general meeting. For the purpose of clarification, such Members voting in such manner shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.

In case a Member who has cast his votes by a written instrument or by way of electronic transmission intends to attend the relevant general meeting in person, he shall, at least two (2) day prior to the date of the general meeting, revoke such votes by serving a notice in the same manner as he cast such votes. In the absence of a timely revocation of such votes, such votes shall prevail. Nonetheless, a Member who attends and votes at a general meeting in person would be deemed to have revoked his prior voting instructions by a written instrument or by way of electronic transmission, notwithstanding that such shareholder has not submitted a revocation notice in accordance with this Article 57.

PROXY

- (1) A Member may appoint a proxy to attend a general meeting on his behalf by executing a proxy form produced by the Company stating therein the scope of power authorized to the proxy. A proxy need not be a Member.
- (2) Subject to the Law and unless otherwise provided in these Articles, forms of instrument of proxy for use at a general meeting shall be produced by the Company specifying therein (a) the instructions for filling out the form, (b) the signature requirements, (c) the matters to be voted upon pursuant to such proxy and basic identification information of the Member as appointor, the proxy solicitor (if any) and the proxy, and shall be sent out together with the notice of general meeting to all Members on the same day.

A Member may only appoint one proxy for each general meeting irrespective of how many Shares he holds and shall serve an executed proxy in compliance with the preceding Article to the Company or its Shareholder Service Agent as the case may be no later than five (5) days prior to the date of the general meeting. In case the Company receives two or more proxies from one Member, the one received first by the Company shall prevail unless an explicit statement by the Member to revoke such proxy is made in the subsequent proxy, provided this subsequent proxy

is received no later than five (5) days prior to the date of the general meeting.

In case a Member who has served a proxy intends to attend the relevant general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (2) days prior to the date of the general meeting, revoke such proxy by serving a separate written notice to the Company or Shareholder Service Agent; otherwise, the votes cast by the proxy at the general meeting shall prevail.

A Member who has served the Company with his voting decision in accordance with Article 56 for the purpose of exercising his voting power by way of a written ballot or by way of electronic transmission may appoint a person as his proxy to attend the meeting in accordance with these Articles, in which case the vote cast by such proxy shall be deemed to have revoked his previous voting decision served on the Company and the Company shall only count the vote(s) cast by such expressly appointed proxy at the meeting.

During the Relevant Period, except for trust enterprises or shareholder service agencies duly licensed under the R.O.C. competent authorities or the chairman of a general meeting who is deemed appointed as proxy pursuant to Article 56, where a Person acts as a proxy for two or more Members, the number of voting Shares that the proxy may vote in respect thereof shall not exceed three percent (3%) of the total number of issued and outstanding voting Shares; 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 present at the relevant general meeting 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.

The use and solicitation of proxies not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and amended by the Board from time to time, which shall be in compliance with the Law and the Applicable Listing Rules (in particular, the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of R.O.C. Public Companies (as amended, supplemented or otherwise modified from time to time)).

DIRECTORS AND THE BOARD

- (1) The Board shall consist of not less than five (5) Directors (including Independent Directors). Subject to the foregoing, the number of Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Directors will be held.
- (2) A Director can be a natural person or a Juristic Person. Where a Director is a Juristic Person, it shall designate a natural person as its authorized representative to exercise, on its behalf, the powers of a Director and may replace such representative from time to time so as to fulfil its remaining term of the office. A Director shall not be required to hold any Shares in the Company.
- (3) Directors shall be elected by Members at general meetings. Any Juristic Person which is a Member shall be entitled to appoint a natural person or natural persons as its representative to be nominated for election as a Director in accordance with these Articles. Notwithstanding any other provision of these Articles, the principle of cumulative voting shall apply in any

election of Directors pursuant to this Article. Each Member entitled to vote in such election shall have a number of votes equal to the product of (i) the number of votes conferred by such Member's Shares and (ii) the number of Directors to be elected at the general meeting. Each Member may divide and distribute such Member's votes, as so calculated, among any one or more candidates for the directorships to be filled, or such Member may cast such Member's votes for a single candidate. At such election, the candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected.

- (4) The proceedings and the voting regarding the election of Directors not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and amended by an Ordinary Resolution from time to time, which shall be in compliance with the Law and the Applicable Listing Rules (in particular, the Methods of Election of Directors and Supervisors of R.O.C. Public Companies).

The Company adopt and apply a candidate nomination mechanism for election of all the Directors. Notwithstanding the foregoing, during the Relevant Period, a candidate nomination mechanism shall be adopted for election of Independent Directors. Subject to the Law and the Applicable Listing Rules, the Board may establish detailed rules and procedures for such candidate nomination.

Subject to these Articles, each Director shall be appointed to a term of office of three (3) years and is eligible for re-election. In case no election of new Directors is effected prior to the expiration of the term of office of existing Directors, the term of office of such existing Directors shall be extended until the time such Directors are re-elected or new Directors are duly elected and assume their office subject to these Articles. In the event of any vacancy in the Board, the new Director elected in the general meeting shall fill the vacancy for the residual term of office.

- (1) Notwithstanding the preceding Article, a Director may be removed from office at any time by a Special Resolution adopted at a general meeting.
- (2) Without prejudice to other provisions of these Articles, the Company may put all Directors for re-election before the expiration of the term of office of such Directors. In this event, if it is not specified in a resolution that the existing Directors will not retire until the expiration date of their terms of office or other specified date, they shall be deemed to have retired on the date of such re-election, subject to the successful election of the new Directors at the same meeting.

A chairman of the Board (the “**Chairman**”) shall be elected from among the Directors and appointed in term by a majority of the Directors present at a Board meeting attended by at least two-thirds of all of the Directors then in office. The Chairman shall externally represent the Company and internally preside as the chairman at every Board meeting and at every general meeting convened by the Board. In the event the Chairman is not present at a meeting or cannot or will not exercise his power and authority for any cause, he shall designate one of the Directors to act on his behalf. In the absence of such designation, the Directors present at the meeting shall elect from among themselves an acting chairman.

The remuneration of a Director may differ from other Directors, and shall be determined by the Board, regardless of the Company profits or losses of respective years, based on (i) the extent of a Director's involvement with the operations of the Company, (ii) the contribution of a Director to the Company, (iii) the prevailing industry standard and (iv) such other relevant factors.

When the number of Directors then in office falls below five (5) due to any Director(s) vacating his office for any reason, the Company shall hold an election for such number of Directors at the next general meeting to fill the vacancy for the remainder of the term of such outgoing Director(s). When the number of Directors then in office falls short by one-third of the total number of Directors initially constituting the existing Board, the Company shall convene an extraordinary general meeting within sixty (60) days of the occurrence of that fact for the purposes of electing such number of Directors to fill the casual vacancy.

Subject to these Articles, a Director other than an Independent Director may hold any other office (except that of Auditor) or place of profit under the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine, and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

- (1) Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Law, the Directors shall assume fiduciary duties to the Company and without limitation, the due care of a good administrator, and exercise due care and skill in conducting the business operation of the Company. A Director may be liable to the Company if he acts contrary to his duties. In circumstances where a Director breaches any of such duties and acts for his/her or other Person's interest, the Company may, with the sanction 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 any and all earnings derived from such act as if such misconduct is done for the benefit of the Company.
- (2) If a Director violates any law in the course of conducting the business of the Company, he shall be jointly and severally liable with the Company for the damages resulting from such violation.
- (3) The preceding two Paragraph of this Article shall apply, mutatis mutandis, to the officers of the Company who are authorised to act on its behalf in a senior management capacity.

Subject to these Articles, a Director other than an Independent Director may act by himself or his firm in a professional capacity for the Company (except that of Auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

To the extent permitted by the Law, the Company may pay, or agree to pay, a premium in respect of a contract insuring each of the following persons against risks determined by the directors, other than liability arising out of that person's negligence and/or dishonestly: an existing or former director (including alternate director), secretary or officer or Auditor of: the Company; a company which is a subsidiary of the Company; and a company in which the Company has or had an interest (whether direct or indirect).

(g)

During the Relevant Period, the qualifications, election, removal, power, authority and other requirements for Directors (including Independent Directors), which are not covered by these

Articles, shall be in compliance with the Applicable Listing Rules.

INDEPENDENT DIRECTORS

During the Relevant Period, the number of Independent Directors of the Company shall not be less than three (3) or one-fifth of the total number of Directors at any time, whichever is greater. One (1) of the Independent Directors shall have resident status of the R.O.C. (such resident status being registered with local government authorities). Subject to the foregoing, the number of Independent Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Independent Directors will be held. When an Independent Director ceases to act, resulting in a number of Independent Directors then in office lower than the prescribed minimum number, an election for an Independent Director shall be held at the next general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election of Independent Directors within sixty (60) days from the date on which the situation arose.

Independent Directors shall possess professional knowledge and shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions held by the Independent Directors shall be as prescribed by the Applicable Listing Rules, and the assessment of independence of such Independent Directors shall be in compliance with the Applicable Listing Rules. The Board or other Persons calling a general meeting at which an election for Independent Directors is proposed shall ensure that the requirements of this Article have been satisfied and complied with in relation to any candidate for Independent Director.

POWERS AND DUTIES OF THE BOARD

Subject to the Law, these Articles, the Applicable Listing Rules and any resolutions passed in a general meeting, the business of the Company shall be managed by the Board in such manner as it shall think fit, which may pay all reasonable expenses in connection with business management, including but not limited to expenses incurred in forming and registering the Company and may exercise all powers of the Company.

The Board may from time to time appoint any Person to hold such office in the Company as the Board may think necessary for the management of the Company, including but not limited to officers and managers, and for such term and at such remuneration as the Board may think fit. Any Person so appointed by the Board may be removed by the Board.

The Board may appoint a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as the Board thinks fit. Any Secretary or assistant Secretary so appointed by the Board may be removed by the Board. The Secretary shall attend all general meetings and shall keep correct minutes of such meetings. Subject to the Applicable Listing Rules, the Secretary shall also perform such other duties as are prescribed by the Law or as may be prescribed by the Board.

COMMITTEES

Subject to the Law and the Applicable Listing Rules, the Board may, or the Company may by an

Ordinary Resolution, establish any committee(s) and delegate any of their powers, authorities and discretions to such committee(s) (including but not limited to an audit committee and a remuneration committee) consisting of such member or members of their body or any other Persons as the Board thinks fit. Any committee(s) so formed shall, in the exercise of the powers, authorities and discretions so delegated, and in conducting its proceedings, conform to any regulations that may be imposed on it by the Board pursuant to the Applicable Listing Rules. If no regulations are imposed by the Board, the proceedings of a committee with two (2) or more members shall be, as far as is practicable, governed by these Articles regulating the proceedings of the Board.

81-1. The Company shall establish an Audit Committee. The Audit Committee shall comprise of all the Independent Directors and the number of committee members shall not be less than three. One of the Audit Committee members shall be appointed as the convener and at least one of the Audit Committee members shall have accounting or financial expertise. A resolution of the Audit Committee shall be approved by one-half or more of all Audit Committee Members. The qualification, formation, appointment, discharge, exercise of authority and other compliance of the Audit Committee shall be subject to and governed by the Applicable Listing Rules.

81-2. (1) The following matters shall be subject to the approval of one-half or more of all Audit Committee members and be submitted to the Board for a resolution:

- (a) the adoption or amendment of an internal control system;
- (b) the assessment of the effectiveness of the internal control system;
- (c) the adoption of or amendment to handling procedures for financial or operational actions of material significance, such as the acquisition or disposal of assets, derivatives trading, monetary loans to others, or endorsements or guarantees for others;
- (d) a matter bearing on the personal interest of a Director;
- (e) a transaction relating to material asset or derivatives trading;
- (f) the granting or provision of a material monetary loan, endorsement, or provision of guarantee;
- (g) the offering, issuance, or Private Placement of any equity-type securities;
- (h) the engagement or dismissal of the Auditors, or the compensation given thereto;
- (i) the appointment or discharge of a financial, accounting, or internal auditing officer;
- (j) annual and semi-annual financial reports; and
- (k) any other matter so determined by the Company or required by the R.O.C. competent authorities.

(2) With the exception of subparagraph (j), any other matters under the preceding paragraph (1) of this Article that has not been approved by the Audit Committee may be undertaken upon the

approval of two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the meeting of the Board.

- 81-3. Before the Board meeting is held to resolve matters of the Merger and acquisition, the Audit Committee shall review the fairness and reasonableness of the plan and transaction of the Merger or acquisition and then report the review results to the Board of Directors and the general meeting. When the Audit Committee reviews the fairness and reasonableness of the plan and transaction of the Merger and acquisition, the Audit Committee shall seek opinions from an independent expert on the reasonableness of the share swap ratio or distribution of cash or other assets. The review results of the Audit Committees and opinions of independent experts shall be delivered to the Shareholders together with the notice of a general meeting for the Merger or acquisition. If the Company has made a public announcement publishing the same content as in the aforementioned documents, which shall be delivered to the Shareholders, on the website designated by the R.O.C. competent authorities and the aforementioned documents are prepared at the venue of the general meeting, those documents shall be deemed as having been sent to the Shareholders.

DISQUALIFICATION AND VACATION OF OFFICE OF DIRECTORS

- (1) A person who is under any of the following circumstances shall not act as a Director of the Company; if he has already held office of a Director, he shall cease to act as a Director and be removed from the position of Director automatically:
- (a) commits a felony (including but not limiting to an offence under Statute for Prevention of Organizational Crimes of the R.O.C.) and has been convicted thereof, and has not started serving the sentence, has not completed serving the sentence, or five (5) years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
 - (b) has been sentenced to imprisonment for a term of more than one year for commitment of fraud, breach of trust or misappropriation, and has not started serving the sentence, has not completed serving the sentence, or two (2) years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
 - (c) has been convicted for committing an offence under the Anti-Corruption Act of the R.O.C. during the time of his public service, and has not started serving the sentence, has not completed serving the sentence, or two (2) years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
 - (d) becomes bankrupt under the laws of any jurisdiction or has been adjudicated of the commencement of the liquidation procedure by the court and has not been reinstated to his rights and privileges;
 - (e) has allowed cheques and other negotiable instruments to be dishonoured and the records thereof have not been cancelled or expunged by the relevant regulatory authorities;
 - (f) dies or has no or is limited in legal capacity according to the Law and/or Applicable

Listing Rules;

- (g) has been adjudicated the commencement of assistantship and such assistantship has not been revoked yet;
 - (h) ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under any provisions of the Law and/or Applicable Listing Rules;
 - (i) ceases to be a Director by virtue of Article 83;
 - (j) resigns his office by notice in writing to the Company;
 - (k) is removed from office pursuant to these Articles; or
 - (l) has been ordered to be removed from office by the R.O.C. Courts on the grounds that such Director, in the course of performing his duties, committed serious violations of the Law, Applicable Listing Rules or these Articles, or acts resulting in material damage to the Company, upon a petition by the Company or Member(s) to the R.O.C. Courts.
- (2) During the Relevant Period, in case a Director has transferred his Shares, during the term of office as a Director, more than one half of the Shares being held by him at the time he is elected, he shall, ipso facto, cease to act as a Director and be removed from the position of Director automatically; unless otherwise, he is the Independent Director..
- (3) During the Relevant Period, if a Director has transferred more than one half of the total number of Shares be held by such Director at the time of his election after having been elected and before his inauguration of the office of a Director or had transferred more than one half of the total number of Shares be held within the closing period fixed by the Board in accordance with Article 27(2) prior to the general meeting, his election as a Director shall be deemed invalid and void; unless otherwise, he is the Independent Director.

Except as approved by the Emerging Market, the GTSM, the TWSE or the Commission (where applicable), the following relationships shall not exist among half or the majority of the Directors: (1) a spousal relationship; or (2) a familial relationship within the second degree of kinship as defined under the Civil Code of Taiwan. If any of the foregoing relationships exists among half or the majority of the elected Directors, the election with respect to the one who received the lowest number of votes among those related Directors shall be deemed invalid and void; and if he has already held office of a Director, he shall cease to act as a Director and be removed from the position of Director automatically. For the remaining Directors, if the foregoing requirements are still not satisfied, the same procedure set out above shall be applied again to the remaining related Directors, until such time as the foregoing requirements can be complied with.

In case a Director has, in the course of performing his/her/its duties, committed any act resulting in material damage to the Company or in serious violation of the Law, the Applicable Listing Rules or these Articles, but has not been removed from office by a resolution in a general meeting, one or more Members holding three percent (3%) or more of the total number of issued and outstanding Shares of the Company may, within thirty (30) days after that general meeting, submit a petition to a competent court, including the Taiwan Taipei District Court of the R.O.C.,

but only if and to the extent permitted under the Law and the Applicable Listing Rules, for removing such Director from office.

Subject to the Law, one or more Members holding one percent (1%) or more of the total number of the outstanding Shares continuously for a period of more than six months may request in writing any Independent Director of the Audit Committee to file, on behalf of the Company, an action against a Director who has, in the course of performing his/her duties, committed any act resulting in damage to the Company or in violation of the Law, the Applicable Listing Rules or these Articles, with a competent court, including the Taiwan Taipei District Court of the R.O.C.. In case the Independent Director of the Audit Committee fails to file such action within thirty (30) days after receipt of such request, to the extent permitted under the laws of the Cayman Islands, the Members making such request may file the action for the Company and may choose Taiwan Taipei District Court of the R.O.C. as the court of first instance.

PROCEEDINGS OF THE BOARD

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate and shall from time to time establish internal rules in this regard, which shall be in compliance with the Law and the Applicable Listing Rules. Board meetings shall be held at least once in each quarter or within such period and frequency as may be prescribed by the Applicable Listing Rules. The quorum necessary for the transaction of the business of the Board shall be a majority of the Directors. Subject to the Law, the Applicable Listing Rules and these Articles, any matter proposed for consideration and approval at a Board meeting shall be decided by a majority of votes entitled so to do.

A Director may, and the Secretary on the requisition of a Director shall, summon a Board meeting by, during the Relevant Period, at least seven (7) days' notice in writing, or at any time other than during the Relevant Period, at least forty eight hours' notice in writing, to every Director which notice shall set forth the general nature of the business to be considered PROVIDED HOWEVER, without prejudice to the prescribed notice, in the event of emergency, as determined by the Board in its sole discretion, a Board meeting may be called at any time if this has been agreed to by a majority of the Directors at such meeting. Notwithstanding the forgoing, at any time other than during the Relevant Period, a notice of Board meeting may be waived by all the Directors at, before or retrospectively after the relevant Board meeting is held PROVIDED FURTHER that notice or waiver thereof may be given by telex or telefax.

A Director may participate in a meeting of Board, or of any committee appointed by the Board of which such Director is a member, by means of visual communication facilities which permit all Persons participating in the meeting to see and communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute presence in person at the meeting.

A Director may appoint another Director as his proxy to attend a meeting of the Board in writing with regard to a particular meeting, and state therein the scope of authority with reference to the subjects to be discussed at such meeting, in which event the presence and vote of the proxy shall be deemed to be that of the Director appointer. No Director may act as proxy for two (2) or more other Directors. Subject to these Articles, if a Director attends a Board meeting on his behalf and as the proxy of another Director, he is entitled to vote both as a proxy and for his own.

A Director who is in any way, whether directly or indirectly, interested in a matter discussed, considered or proposed in a meeting of the Board shall declare the nature of his interest and its essential contents at such relevant meeting. If the Company participates in the Merger and acquisition, a Director who has a personal interest in the transaction of Merger and acquisition shall disclose to the Board of Directors and general meeting the material contents regarding such personal interest and the reason of approval or dissent to the resolution of Merger or acquisition. Where the spouse, a blood relative within the second degree of kinship of a Director, or any holding/subordinate company of a Director is interested in the matters under discussion in the abovementioned meeting of the Board, such Director shall be deemed to bear a personal interest in the matter. Any Director who bears a personal interest that may conflict with and impair the interest of the Company in respect of any matter proposed for consideration and approval at a meeting of Board shall abstain from voting, on his own behalf or as a proxy or corporate representative, with respect to the said matter. Any and all votes cast by such Director(s) shall not be counted in determining the number of votes for or against such matter.

Subject to these Articles, the continuing Directors may act notwithstanding any vacancy in their body.

Notwithstanding anything to the contrary provided for in these Articles, at any time other than during the Relevant Period, a resolution in writing signed by all of the Directors then in office or all of the members of a committee of Directors, including a resolution signed in counterpart or by way of signed telefax transmission, shall be as valid and effectual as if it had been passed at a Board meeting or of a committee of Directors duly called and constituted.

The proceedings regarding Board meetings not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and amended by the Board and reported to the Members at a general meeting from time to time, which shall be in compliance with the Law and the Applicable Listing Rules (in particular, the Regulations Governing Procedure for Board of Directors Meetings of R.O.C. Public Companies).

RESERVES AND CAPITALISATION

During the Relevant Period, the Company shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; and (ii) an amount to offset losses incurred in previous year(s); and after the aforesaid sums as set aside from the profits for such relevant financial year, the Board may, before recommending any dividend, set aside the remaining profits of the Company for the relevant financial year as a reserve or reserves (the "**Special Reserve**") which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied.

Unless otherwise provided in the Law, the Applicable Listing Rules and these Articles, the Capital Reserve set aside during the Relevant Period shall not be used except for offsetting the losses of the Company. The Company shall not use the Capital Reserve to offset its capital losses unless any Special Reserve set aside for purposes of loss offset is insufficient to offset such losses.

- (1) During the Relevant Period, subject to the Law, where the Company incurs no loss, it may, by a Special Resolution, distribute its Special Reserve, the Share Premium Account and/or the income from endowments received by the Company, which are in the Capital Reserve which are available for distribution, in whole or in part, by issuing new, fully paid Shares and/or by cash to its Members.

- (2) At any time other than during the Relevant Period, subject to the Law, the Board may capitalise any sum for the time being standing to the credit of the Share Premium Account or any of the other Company's reserve accounts which are available for distribution or any sum standing to the credit of the profit and loss account or otherwise available for distribution and to appropriate such sums to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.

Where any difficulty arises in regard to any declaration of dividends or bonuses or other distributions under these Articles due to any fraction held by Member(s), the Board may determine that cash payments should be made to any Members in full, or part thereof, as may seem expedient to the Board. Such decision of the Board shall be effective and binding upon the Members..

DIVIDENDS AND BONUSES

At any time other than during the Relevant Period, subject to the Law and these Articles and except as otherwise provided by the rights attaching to any Shares, the Board may from time to time declare dividends to be paid to the Members according to their rights and interests, including such interim dividends as appear to the Board to be justified by the position of the Company.

As the Company is in the growing stage, the dividend of the Company may be distributed in the form of cash dividends and/or stock dividends and shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development needs. During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles and except as otherwise provided by the rights attaching to any Shares:

- (1) where the Company has earnings surplus at the end of a financial year, after paying all relevant taxes, offsetting losses (including losses of previous years), setting aside the Special Reserve (if any), the Company may distribute the balance left (**"Distributable Earnings Surplus"**) by an Ordinary Resolution passed at an annual general meeting of the Company duly convened and held in accordance with these Articles as follows:
- (a) not more than three percent (3%) of Profits before tax for bonuses of the Directors;
 - (b) during zero point one percent (0.1%) to three percent (3%) of Profits before tax for bonuses of the Employees; and/or
 - (c) not less than ten percent (5%) of Distributable Earnings Surplus to the Members as dividends in proportion to the number of Shares held by them respectively pursuant to these Articles, provided that, cash dividends shall not be less than ten percent (3%) of the total amount of dividends to Members; and
- (2) dividends, bonuses or other forms of distributions payable to the Members shall only be paid in NTD.

99-1.(1) Subject to the Law and the Applicable Listing Rules, the Company may distribute its earnings surplus and offset losses at the end of each half fiscal year. The business report, the

financial statements and the proposal relating to profit distribution and/or loss offsetting for the half fiscal year shall be submitted to the Board for a resolution after being audited by the Audit Committee.

- (2) When distributing earnings surplus pursuant to the preceding paragraph, the Company shall pay all relevant taxes, offset losses (including losses of previous years), set aside the Special Reserve (if any).
- (3) When the Company distributes its earnings surplus or offsets its losses pursuant to the preceding two paragraphs of this Article, such profit distribution or loss offsetting shall be based on financial statements audited or reviewed by the Auditors.

During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, the Company may by a Special resolution distribute any part or all of the dividends to the Members or bonuses to the Employees declared in accordance with these Articles by way of applying such sum in paying up in full unissued Shares for allocation and distribution to the Employees and/or the Members. The whole or a part of the distributable dividends or bonuses, may, upon the approval of the Board, be distributed in the form of cash.

No dividend, bonus or other distribution shall be paid otherwise than out of profits or out of monies otherwise available for dividend, bonus or other distribution in accordance with the Law. No dividend, bonus or other distribution or other money payable by the Company on or in respect of any Share shall bear interest against the Company.

ACCOUNTS, AUDIT, AND ANNUAL RETURN AND DECLARATION

The Directors shall cause to be kept accounting records and books of account sufficient to give a true and fair view of the state of the Company's affairs and to show and explain the transactions of the Company and otherwise in accordance with the Law, at the Registered Office or at such other place(s) in such manner as may be determined from time to time by the Board and shall always be open to the inspection by the Directors.

During the Relevant Period, at the end of each financial year, the Board shall prepare: (1) the business report; (2) the financial statements which include all the documents and information as required by the Law and the Applicable Listing Rules (the "**Financial Statements**"); and (3) any proposal relating to the distribution of net profit and/or loss offsetting in accordance with these Articles, for adoption by the annual general meeting of the Company. Upon adoption at the annual general meeting of the Company, the Board shall distribute to each Member copies of the Financial Statements and the resolutions relating to profit distribution and/or loss offsetting. However, during the Relevant Period, the Company may make a public announcement of the abovementioned statements and resolutions instead of distributing those to each Member.

During the Relevant Period, the documents prepared by the Board in accordance with the preceding Article shall be made available at the Shareholder Service Agent's office in the R.O.C. for inspection during normal business hours by the Members, ten (10) days prior to the annual general meeting.

Subject to the Law and the Applicable Listing Rules, the Board may determine (or revoke, alter or amend any such determination) that the accounts of the Company be audited and the

appointment of the Auditors.

The Board shall keep copies of the Memorandum, these Articles, the minutes of every general meeting, the Financial Statements, the Register and the counterfoil of corporate bonds issued by the Company at its Shareholder Service Agent's office in the R.O.C.. Any Member may request at any time, by submitting evidentiary document(s) to show his interests involved and indicating the scope of requested matters, access to inspect, transcribe and to make copies of the above documents and the Company shall make its Shareholder Service Agent to provide with the access.

The Board in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

TENDER OFFER

Subject to the Law and the Applicable Listing Rules, during the Relevant Period, within seven (7) days after the receipt of the notice of a public tender offer to purchase the Shares by the Company or the designated representative for litigious and non-litigious matters of the Company in the R.O.C. appointed pursuant to the Applicable Listing Rules, the Board shall resolve to recommend the Members to either accept or object to the tender offer and make a public announcement of the following:

- (a) the types, number and amount of the Shares held by the Directors and the Members holding more than ten percent (10%) of the total issued and outstanding Shares in its own name or in the name of other Persons;
- (b) the recommendations to the Members on the tender offer with respect to the status of verification of the identity and financial condition of the Offeror, fairness of the tender offer conditions, and reasonableness of the sources of the tender offer funds and, the specific assenting and dissenting opinions of the directors and the reason(s) therefore;
- (c) whether there is any material change in the financial condition of the Company after the delivery of its most recent financial report and an explanation of the change, if any; and
- (d) the types, number and amount of the shares of the tender offer or its affiliates held by the Directors and the Members holding more than ten percent (10%) of the total issued and outstanding Shares held in its own name or in the name of other Persons.

108-1. The Board must fully disclose the verification measures adopted and the related procedures with respect to the verification conducted under Article 108(b) and if an expert is engaged to issue a written opinion, it shall be made public along with the disclosure.

WINDING UP

Subject to the Law, the Company may be wound up by a Special Resolution passed by the Members. If the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than

sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

Subject to the Law, if the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Law, divide amongst the Members in specie or 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. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any asset whereon there is any liability.

The Company shall keep all statements, records of account and documents for a period of ten (10) years from the date of the completion of liquidation, and the custodian thereof shall be appointed by the liquidator or the Company by an Ordinary Resolution.

NOTICES

Subject to the Law and except as otherwise provided in these Articles, any notice or document may be served by the Company to any Member either personally, or by facsimile, or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to such Member at his address as appearing in the Register, or, to the extent permitted by the Law and the Applicable Listing Rules, by posting it on a website designated by the Commission, the Emerging Market, the GTSM or the TWSE (where applicable) and/or the Company's website, or by electronic means by transmitting it to any electronic mail number or address such Member may have positively confirmed in writing for the purpose of such service of notices. In the case of joint Members, all notices shall be given to that one of the Members whose name stands as their representative in the Register in respect of the joint holding.

Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting including the purpose for which such meeting was convened.

Any notice or other document, if served by:

- (a) post, shall be deemed to have been served on the day following that on which the letter containing the same is posted or delivered to the courier;
- (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
- (c) courier service, shall be deemed to have been served forty-eight (48) hours after the time when the letter containing the same is delivered to the courier service; or
- (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail, subject to the Law.

Any notice or document served to the registered address of any Member in accordance with these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Member as sole or joint Member.

REGISTERED OFFICE OF THE COMPANY

The Registered Office of the Company shall be at such address in the Cayman Islands as the Board shall from time to time determine.

FINANCIAL YEAR

Unless the Board otherwise prescribes, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.

SEAL

The Seals of the Company shall be determined, used and affixed subject to a resolution of the Directors (including authorisation made by the Board) and/or any regulation governing use and management of seals of the Company that may be imposed by the Board pursuant to the Applicable Listing Rules.

LITIGATION AND NON-LITIGATION AGENT IN THE R.O.C.

- (1) Subject to the provisions of the Applicable Listing Rules, the Company shall, by a resolution of the Directors, appoint or remove a person as its litigation and non-litigation agent and such agent will be deemed as the responsible person of the Company in the R.O.C. under the Applicable Listing Rules.
- (2) The preceding agent shall have residence or domicile in the R.O.C.
- (3) The Company shall report the name, residence/domicile of the preceding agent and power of attorney to the competent authority in the R.O.C. This reporting requirement shall also apply if there is any change.

CHANGES TO CONSTITUTION

Subject to the Law and the Applicable Listing Rules, the Company may, by Special Resolution, alter or amend the Memorandum or these Articles, in whole or in part.

CORPORATE SOCIAL RESPONSIBILITY

The Company shall comply with the laws and regulations as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities when conducting business.

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Appendix II

Patec Precision Industry Co., Ltd. Rules of Procedure for Shareholders Meetings

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 (Convening shareholders meetings and shareholders meeting notices)
Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and its shareholder services agent as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice. A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited

to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Shareholders holding 1% or more of the total number of outstanding shares of the Company may submit a proposal to the Company for discussion at an annual general meeting, and the proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, if the proposal from the shareholders is one to urge the company to promote public interest or fulfill its corporate social responsibilities, the Board of Directors may still include the said proposal. When any of the circumstances provided in Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the book closure date before an annual shareholders' meeting is held, the company shall publicly announce that it will receive shareholder proposals, the methods of accepting proposals, such as in writing or via electronic means, and the location and time period for their submission; the period for acceptance of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting and take part in discussion of the proposal.

The company shall, prior to the delivery of the shareholders' meeting notice, inform all the shareholders submitting proposals of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in the Rules. At the shareholders' meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the

proxy shall prevail.

Article 5 (Principles determining the time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 (Preparation of documents such as the attendance book)

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 (The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8

(Documentation of a shareholders meeting by audio or video)

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10

(Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including

extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

Article 11

(Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12

(Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage

shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the

numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 (Election of directors and supervisors)

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

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

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.

Article 16 (Public disclosure)

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct

the proctors or security personnel to escort the shareholder from the meeting.

Article 18

(Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix III

Patec Precision Industry Co., Ltd. Endorsements Management

- Article 1 In order to establish regulation for the company external endorsement transaction, integrate financial management and reduce operational risk, this approach was developed.
- Article 2 The company endorsement objects are as follow:
1. The company that has business deals with our company.
 2. Our company has directly and indirectly voting right and has share holds more than 50% of the company.
 3. The Company has directly and indirectly voting right and has share holds more than 50% of our company.
 4. Due to joined investment relationship that was funded by common shareholders, according to their respective shareholding ratio to investment companies' endorsement should not be unrestricted from the preceding paragraph, could be endorsement. The funding means the company directly funded or funded by having the company's voting right and one hundred percent of shares held investors. The company has directly and indirectly voting right and has share holds more than 90% of the company, could be endorsement.
- Article 3 The endorsement scopes are as follow:
1. Financing endorsement: ticket discount financing, for the purpose of endorsement or guarantee for other corporation financing, and for the purpose of Company financing to draw up bill to guarantee non-financial business.
 2. Custom endorsement: for the Company or other company custom endorsement or guarantee.
 3. Other endorsement: for those cannot be classified to prior two endorsement or guarantee items.
 4. The Company provides movable property or real estate to serve as a guarantor for other company quality, mortgage setting.
- Article 4 Endorsement/ limits:
1. The total amount of company's external endorsement shall not exceed 40% of the Company's current net worth, of which the endorsement amount of a single enterprise shall not exceed 20% of the company's current net worth.
 2. The endorsement guarantors due to business relationship shall not exceed last year total transactions with the company's (purchases or sales between the parties, the higher amount).
 3. The company has directly and indirectly voting power and held more than 90% of the company shares, the endorsement of whom shall not exceed 10% of the company's net worth.
 4. The total amount of the endorsement and guarantee of the Company and its subsidiaries shall not exceed 40% of the Company's current net worth, of which the endorsement and guarantee amount of a single enterprise shall not exceed 20% of the Company's current net worth.
 5. Net current should be based on the most recent audited or reviewed financial statements.
- Article 5 The Company endorsement should be based on Finance Department review and evaluation and comments, including:

1. To state endorsement object, amount, reason, release conditions and dates.
2. To analyze and evaluate the necessity and reasonableness of endorsement.
3. To analyze and evaluate the credit and operating conditions of endorsement object.
4. To analyze and evaluate the impact on the Company's operations risks, financial condition and shareholders' equity.
5. To obtain the collateral and the collateral appraised value.

The company handling personnel should synthesize item 1 related information and assessment results, and submit to the Board of Directors for the approval, operating department should record each endorsement event in the computer monthly, and declare endorsement data to Financial Supervisory Commission, Executive Yuan monthly before deadline.

Article 6

The Company and the Company directly and indirectly hold more than 90% of the voting shares of the subsidiaries before the endorsement is guaranteed, and should be submitted to the board of directors for approval. If the independent directors have been set up, the endorsement for others is guaranteed. The opinions of the independent directors should be fully considered. If the independent directors have any objections or reservations, they should be stated in the minutes of the board of directors.

The major endorsement guarantee shall be approved by the Audit Committee in accordance with relevant regulations and the resolution of the board of directors shall be submitted.

The company or its subsidiaries endorsement guarantees that the subsidiaries whose net worth is less than one-half of the paid-in capital shall clarify their subsequent relevant control measures. For the above-mentioned subsidiaries that are the object of endorsement, if the shares are not denominated or the denomination is not NT\$10, the total amount of the capital plus the “additional paid-in capital in excess of par- common stock” shall be regarded as the amount of the actual capital.

Article 7

Custody and procedures of chops:

1. The company chops should have assigned custodian, and followed company operating procedures for chop sealing or issuance of notes. The seal custodian for endorsement should be reported to the board of directors for approval, changes likewise. The endorsement chop means the company chops that only use for registration to competent authority.
2. If the company have endorsement for foreign companies, the issued guarantee letter should be signed by Board authorized person.

Article 8

Announcement and reporting procedures standards, deadline and contents :

1. Announcement and reporting procedures standards :
 - (1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net value as stated in its latest financial statement.
 - (2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net value as stated in its latest financial statement.
 - (3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, carrying value of equity method investment in, and balance of loans to, such enterprise reaches 30% or more of the Company's net value as stated in its latest financial statement. °
 - (4) The amount of new endorsements/guarantees made by the Company or its

subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the public company's net value as stated in its latest financial statement.

- (5) After the company has filed an announcement in accordance with the (1) to (4) subparagraphs of the previous paragraph, each of its balances increased by more than 5% of the company's latest financial statements, and should be reported again.

2. Announcement and reporting period:

- (1) The outstanding guarantee amount at the end of month shall announce and report before 10th of each month.
- (2) The outstanding guarantee amount by the Company reach the subparagraph (1) to (5) of the paragraph 1 of Article 8 of this Operating Procedure shall announce and report within 2 days from the date of occurrence.

The term "announce and report" means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

3. Announcement content:

- (1) The total outstanding guarantee endorsed amount reach the subparagraph (1) of the paragraph 1 of Article 8 of this Operating Procedure, the following matters shall be announced:
- a. Name of company, relationship with the Company, the ceilings on the guarantee endorsed amount, guarantee endorsed amount and reason from the date of occurrence, original guarantee endorsed amount, and amount and reason for this new guarantee endorsed when the outstanding guarantee amount reach NTD 100 million or reach 5% or more of the Company's net value as stated in its latest financial statements.
 - b. The ratio of the guarantee amount of the Company's net value as stated in its latest financial statements from the date of occurrence.
- (2) When the amount of guarantee endorsed by a single party meets the subparagraph of (3), (4) and (5) of Article 8, paragraph 1, of this Operating Procedure, the following matters shall be announced:
- a. Name of company, relationship with the Company, the ceilings on the guarantee endorsed amount, guarantee endorsed amount and reason from the date of occurrence, original guarantee endorsed amount, and amount and reason for this new guarantee endorsed.
 - b. The content and value of the collateral provided by the endorsed guarantee company.
 - c. The endorsed guarantees the capital and accumulated profit and loss amount of the company's latest financial statements.
 - d. Conditions or dates for rescission of endorsement guarantee liability.
 - e. Up to the date of occurrence, the ratio of the amount of endorsement guarantee to the net value of the company's latest financial statements.
 - f. Up to the date of occurrence, the amount of endorsement guarantee accounts for the ratio of the total business transactions between the company and the endorsed guarantee company in the last year.
 - g. Up to the date of occurrence, the ratio of the total amount of long-term investment, endorsement guarantee and loan to the net value of the company's latest financial statements.

Article 9

Other considerations

1. In accordance with the provisions of Enterprise Accounting Standards No. 9, the Company shall assess or recognize the contingent loss of the endorsement guarantee

and properly disclose the information of the endorsement guarantee in the financial report, and provide relevant information to the certified public accountant to carry out the necessary checking procedures.

2. If the object of the endorsement guarantee of the company is not in conformity with the provisions of Article 2, or if the amount of the endorsement guarantee exceeds the prescribed amount due to the change of the basis on which the limit is calculated, the internal audit department shall remind the operating unit that the amount or excess part of the endorsement guarantee for the object shall be eliminated at the expiration of the contract period or within a certain period, and the improvement plan is submitted to Audit Committee and report to Board of Directors.
3. If it is necessary for the company to carry out endorsement guarantees to exceed the quota stipulated in these Measures due to its business needs, it shall, with the consent of the Audit Committee and with the consent of more than half of the directors, provide joint insurance for losses that may occur if the company exceeds the limit, and amend these Measures and report them to the shareholders' meeting for approval; if the shareholders' meeting disagrees, it shall make a plan to eliminate the excess part within a certain period of time.
4. If the company has set up independent directors, it should fully consider the opinions of the independent directors. If the independent directors have objections or reservations, they should be stated in the proceedings of the board of directors.
5. The internal auditing department of the Company shall at least audit the endorsement guarantee measures and their implementation quarterly, and make written records. If major irregularities are found, the Audit Committee shall be notified in writing.

Article 10 The endorsement control procedures for subsidiary:

1. If the subsidiary of the Company want to endorse for others, it should be in accordance with " Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies " the relevant provisions "endorsement operating procedures"; but the net worth is based on subsidiary net value.
2. Subsidiary should be prepared previous month endorsement list before the 9th of each month, and submit to the Company.
3. The Company internal auditing department should be in accordance with the annual auditing plan to audit subsidiaries, and know subsidiaries endorsement operating procedures. If there is any default, it should be track continually and submitted the tracking report to the Board of Directors.
4. If the Company subsidiary is not domestic public company, the subsidiary has operating procedures Article 8 announcement and declaration matters that should be implemented by the Company. Previous announcement and declaration procedures, the calculation of subsidiary endorsement balance and net value is the subsidiary endorsement to the Company's net value.
5. The Company's internal auditing department should audit subsidiaries endorsement operating procedures and implementation and make a written record. If there is a major irregularity, it should submit a written note to the supervisors.

Article 11 Penalties:

While the company's managers and executive officer violated the operating procedures, it should be in accordance with the Company personnel management practices for assessment, the punishment would be based on their severity.

Article 12 This management shall be approved by the Audit Committee and approved by the Board

of Directors and shall be reported to the shareholders' meeting. If the company has set up independent directors, it should fully consider the opinions of the independent directors. If the independent directors have objections or reservations, they should be stated in the proceedings of the board of directors.

Appendix IV

Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at this shareholders' meeting: N/A.

Appendix V

Shareholdings of All Directors

Patec Precision Industry Co., Ltd.

The minimum shareholding requirements for all directors and supervisors

1.Total shares issued as of 4/30/2021: 45,759,703 Common Shares.

Under the relevant regulations of the ROC, Patec's Directors are required to hold in the aggregate not less than 3,660,776 shares. (Note)

As Patec has established the audit committee, the minimum shareholding requirements for supervisors do not apply.

2.As of 4/30/2021 Patec's Directors shareholding:

Title	Name	Current Shareholding	Shareholding Ratio (%)
Chairman	Wee Hong Jie	9,101,591	19.89%
Director	Goh Mui Teck William	2,069,274	4.52%
Independent Director	Yen Chun Te	-	-
Independent Director	Tan Jee Yaw	-	-
Independent Director	Ernest Yogarajah Balasubramaniam	-	-
Total shareholding of all Directors		11,107,865	24.41%
Total shareholding of all Supervisors		N/A	

Note: In accordance with Article 26 of the Securities and Exchange Act and Article 2, paragraph 1, subparagraph 2 and paragraph 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the total amount of registered shares held by all directors shall be no less than 10% of the Company's total issued shares. The number of independent directors is three. The percentage of shareholding of all directors other than independent directors is 80% of the abovementioned level.