



HORNG SHIUE HOLDING Co., Ltd.

The 2019 Annual Meeting of Shareholders

Handbook

June 27<sup>th</sup>, 2019 AM9:00

Place: No. 378, Sec. 1, Ren'ai Rd., Linkou Dist., New Taipei City 244, Taiwan  
(R.O.C.) (4F Conference Room, Linkou District Office)

## Table of Contents

|                                                                                                            | <u>Page</u> |
|------------------------------------------------------------------------------------------------------------|-------------|
| A 、 Meeting Agenda                                                                                         | 1           |
| B 、 Company Reports                                                                                        | 3           |
| C 、 Proposals                                                                                              | 4           |
| D 、 Matters for Discussion and Election                                                                    | 5           |
| E 、 Questions and Motions                                                                                  | 8           |
| F 、 Appendix                                                                                               |             |
| a 、 Operating Performance                                                                                  | 9           |
| b 、 Audit Committee's Review Report                                                                        | 13          |
| c 、 Comparison Table for the Articles of<br>Incorporation Before and After Revision                        | 14          |
| d 、 Independent Auditors' Report and<br>2018 Consolidated Financial Statements                             | 16          |
| e 、 2018 Deficit Compensation Statement                                                                    | 28          |
| f 、 Comparison Table for Memorandum and Articles of Association                                            | 29          |
| g 、 Comparison Table for the Procedures for Acquisition or<br>Disposal of Assets Before and After Revision | 46          |
| h 、 Comparison Table for the Operational Procedures<br>for Loaning of Company Funds                        | 59          |
| i 、 Comparison Table for the Procedures for the Operational Procedures<br>for Endorsements and Guarantees  | 61          |
| j 、 Comparison Table for the Rules of<br>Procedure for Shareholder Meetings                                | 63          |
| k 、 Comparison Table for the Procedures for Election of Directors                                          | 68          |
| l 、 2019 New Restricted Employee Shares Regulation                                                         | 70          |
| m 、 2019 Board of Directors Namination List                                                                | 75          |

## G 、 Appendices

|                                                 |     |
|-------------------------------------------------|-----|
| a 、 Rules of Procedure for Shareholder Meetings | 77  |
| b 、 Procedure of Directors Election             | 85  |
| c 、 Corporate Charter Amendment                 | 88  |
| d 、 Shareholdings of All Directors              | 131 |

## **A 、 Meeting Agenda**

### **HORNG SHIUE HOLDING CO., LTD. The 2019 Annual Meeting of Shareholders**

**Time : June 27<sup>th</sup>, 2019 (Thursday) AM 09:00**

**Place : No. 378, Sec. 1, Ren'ai Rd., Linkou Dist., New Taipei City 244, Taiwan (R.O.C.) (4F Conference Room, Linkou District Office)**

**a 、 Call the Meeting to Order 【Announce Shareholders Present in Person】**

**b 、 Chairperson Remarks**

**c 、 Company Reports**

**(a) 2018 Business Report**

**(b) Audit Committee's Review Report on 2018**

**(c) The Report of the Company First Issue of Domestic Unsecured Corporate Bonds**

**(d) The Amendment of the Company "Rules of Procedure for Shareholders' Meeting"**

**d 、 Proposals**

**(a) Proposal of 2018 Business Report and Financial Statements**

**(b) Proposal of 2018 Deficit Compensation Statement**

**e 、 Discussion and Election Matters**

**(a) Proposal to the Amendment of the Company "Articles of Incorporation"**

**(b) Proposal to the Amendment of the Company "Acquisition or Disposal of Assets"**

**(c) Proposal to the Amendment of the Company "the Operational Procedures for Loaning of Company Funds" and "Operational Procedures for Endorsements and Guarantees"**

**(d) Proposal to the Amendment of the Company "Rules of Shareholder Meetings"**

**(e) Proposal to the Amendment of the Company "Procedure of Election Directors"**

**(f) Proposal of the Company "2019 New Restricted Employee Shares Regulation" issuance**

**(g) Proposal of Complete re-election the Company Directors (Including Independent Directors)**

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

**f 、 Motions**

**g 、 Adjournment**

## B 、 Company Reports

Report No. 1 : To report the business of 2018

Explanatory Note : The company 2018 operating performance please refers to Appendix a, page 9 to 12.

Report No. 2 : To report the 2018 Audit Committee's review report

Explanatory Note : The company 2018 Audit Committee's Review Report please refer to Appendix b, page 13.

Report No. 3 : To report The Report of the Company First Issue of Domestic Unsecured Corporate Bonds

Explanatory Note :

|                   |                                                                                                                                                                                                                                                                                                                       |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bond Name         | The first Domestic Unsecured Corporate Bonds                                                                                                                                                                                                                                                                          |
| Issuance Reason   | Repay bank debit and Expand operating fund                                                                                                                                                                                                                                                                            |
| Issuance Amount   | NT\$ 400 millions total                                                                                                                                                                                                                                                                                               |
| Coupon Rate       | 0%                                                                                                                                                                                                                                                                                                                    |
| Issuance Time     | 5 years<br>From November 30 <sup>th</sup> , 2018 to November 30 <sup>th</sup> , 2023                                                                                                                                                                                                                                  |
| Issuance Status   | The board has approved the first Domestic Unsecured Corporate Bonds on August 9 <sup>th</sup> , 2018; acquired the effective registration No. 1070334966 by Financial Supervisory Commission issuing on September 27 <sup>th</sup> , 2018 and officially listed in the OTCmarket on November 30 <sup>th</sup> , 2018. |
| Conversion Status | The company has converted 2,118,529 common stocks to the suspending date April 29 <sup>th</sup> , 2018.                                                                                                                                                                                                               |

Report No.4 : To report the amendment of the Company "Rules of Procedure for Shareholders' Meeting"

Explanatory Note : In order to conform to the needs of amendment to "Check Table for Shareholder Right Protection of Foreign Issuer Country of Registration" by Taiwan Stock Exchange Corporation, and the Company amended "Rules of Procedure for Shareholders' meeting". Please refer to the Appendix c, page 14 to 15.

## C 、 Proposals

Item 1 : (Proposed by the Board)

Proposal : Adoption of the 2018 Business Report and Financial Statements

Explanation :

- a 、 HORNG SHIUE Company's Business Report and Financial Statements have been approved by the Board, and the Financial Statements were audited by independent auditors, Yi Fan, Lin and Chun Yao, Lin of PwC Taiwan.
- b 、 To proceed Auditor's Reviews Report and examined by Auditor Committees.
- c 、 Please refer to the Appendix a, page 9 to 12, and Appendix d, page 16 to 27 of the 2018 Operating Report and Financial Statement.
- d 、 Please proceed.

Resolution :

Item 2 : (Proposed by the Board)

Proposal : Adoption of the Proposal for 2018 Deficit Compensation Statement

Explanation :

- a 、 The Board has adopted a Proposal for 2018 Deficit Compensation Statement in accordance with the Company Act and Articles of Incorporation. Please refer to Appendix e, page 28, 2018 employees' profit sharing bonus and directors' compensation.
- b 、 Adoption propose 。 。

Resolution :

## **D 、 Discussion and Election Matters**

Item 1 : (Proposed by the Board)

Proposal : Amendment to the Company“Memorandum and Aricles of Association”. Please proceed to discuss.

Explanation :

- a 、 In order to conform to the needs of amendment to Check Table for Shareholder Right Protection of Foreign Issuer Country of Registration 』 by Taiwan Stock Exchange Corporation, and the Company amended“Memorandum and Aricles of Association”.
- b 、 Please refer to the Appendix f, page 29 to 45.

Resolution :

Item 2 : (Proposed by the Board)

Proposal : Amendment to the Company “Procedures for Acquisition or Disposal of Assets”. Please procee to discuss.

Explanation :

- a 、 The amendment to the Company “Procedures for Acquisition or Disposal of Assets” is in accordance with the Confirmation No. 03410725 issuing by the R.O.C. Financial Supervisory Commissio.
- b 、 Please refer to the Appendix g, page 46 to 58.

Resolution :

Item 3 : (Proposed by the Board)

Proposal : Amendment to the Company “the Operational Procedures for Loaning of Company Funds”and “the Operational Procedures for Endorsements and Guarantees”. Please procced.

Explanation :

- a 、 In order to conform to the needs of amendment to”Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, and the Company amended“the Operational Procedures for Loaning of Company Funds” and “the Operational Procedures for Endorsements and Guarantees”.

- b 、 Please refer to Appendix h and i, page 59 to 62. Please proceed.

Resolution :

Item 4 : (Proposed by the Board)

Proposal : Amendment to the Company “Rules of Shareholders’ Meeting”. Please proceed.

Explanation :

- a 、 In order to conform to the needs of amendment to “Check Table for Shareholder Right Protection of Foreign Issuer Country of Registration”, the Company amended “Rules of Shareholders’ Meeting”.
- b 、 Please refer to the Appendix j, page 63 to 67. Please proceed.

Resolution :

Item 5 : (Proposed by the Board)

Proposal : Amendement to the Company “Procedure of Election Directors”. Please Proceed.

Explanation :

- a 、 The Amendment to the Company “Procedure of Election Directors” refers to the Taiwan Securities and Exchange Act Article 26-3 and Corporate Charter.
- b 、 Please refer to the Appendix k, page 68 to 69. Please proceed.

Resolution :

Item 6 : (Proposed by the Board)

Proposal : The Company proposes to issue 2019 New Restricted Employee Shares Regulation. Please proceed.

Explanation :

- a 、 In order to encourage employees, promote their conherence toward the Compnay and reach the purpose of obtaining talents, the Company proposes to issue 2019 New Restricted Employee Shares Regulation with maximum 2,000,000 shares in accordance with the Corporation Charter Article 267 and the regulations Govering the Offering and Issuance of Securiiies by Securities Issuers.
- b 、 Issuing amounts and conditions please refer to the 2019 New Restricted Employee Shares Regulation for Appendix 1, page 70 to 74.
- c 、 The Company shall provide the fair value of daily stock measurement, and shall recognize the related fee in vesting period accordingly by year. On the date May 7<sup>th</sup>, 2019, imputing the maximum amount per share of the closed price 18 dollars could be NT\$36,000 thousands. Forecasting the imputed amount per share from 2020 to 2022 would be NTD 10,800 、 NTD 10,800 and NTD14,400 (in thousands) respectively.
- d 、 Diluted Earnings per Share Status: According to the outstanding shares

43,718,529 trial, the maximum amount per share would reduce NTD 0.25, NTD0.25 and NTD 0.33 from 2020 to 2022 respectively. It shall restrict the diluted earnings per share to the Company, and shall not affect shareholders' equity significantly.

- e、The proposal of issuance regulation shall be amendment to conform the current law or authority approved. It shall authorize to the Chairperson in charge with the case.
- f、The proposal issuance date has authorized to the Chairperson to scheduled, it shall declare to authority one or several times from the date of approval after the resolution by the Annual Meeting of Shareholders in a year, and issue one or several times from the date of receiving approval note from the authority. Please proceed

Resolution :

Item 7 : (Proposed by the Board)

Proposal : Propose to the Company Directors re-election (including Independent Directors). Please Proceed.

Explanation

- a、The expiration date of the term of Board of Directors is September 17<sup>th</sup> 2019. In order to conform the shareholder's meeting and director re-election, the expiration date will be amended to June 27<sup>th</sup> 2019.
- b、According to the Corporation Charter, it shall elect 7 directors (including 3 independent directors) starting from June 27<sup>th</sup> 2019 to June 26<sup>th</sup> 2022, and the re-elected director shall be appointment, and the audit committees shall be constituted by all independent directors.
- c、Adoption to the Company director election by nomination, the Board of Directors shall nominate 7 directors (including 3 independent directors). The nomination list of directors and independent directors has approved by the Board of Directors on the meeting on March 27th 2019. Please refer to the Appendix m, page75 to 76.

Resolution :

Item 8 : (Proposed by the Board)

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

Explanation :

- a、In accordance with the Corporation Charter Article 209, the regulation

states “the director shall clarify and acquire the permission to the essential content of action for himself/herself or others belong to the company operation.”

b 、 In order to conform to the needs of operating strategy, it shall draft the regulation for releasing the restriction of prohibition to new director and his/her agent under the circumstances of no affect to the company operation and profit. Please proceed.

Resolution :

## **E 、 Motions**

## **Adjournment**

**HORNG SHIUE HOLDING CO., LTD.**

## 2018 Business Report

To Horng Shiue Shareholders, Laies and Gentlemen,

Thank you all to join Horng Shiue 2019 shareholders' meeting. To understand 2018 Operating Performance, 2019 Operation Proposal Summary, the Company Future Development Strategy and External Environment Effect, please refer to the following report:

## a、2018 Operating Performance

## (a) the Result of Implement Operation Program

According to the data from China Association of Automobile Manufactures, it demonstrates the automobile production in China 2018 is 27.81 millions and 28.08 millions respectively, which declines individually 4.2% and 2.8%. The production is lower than expected as the beginning year, due to the tax preference for purchasing vehicle dropping out in 2018. Besides, the company is influenced by factors, such as macroeconomics, US-China trade war and consumer confidence, which mean it will still face more pressure within short time. Overlooking the Company operating revenue 2,061,361 thousands, it is less 4.55%, which the net after tax is 34,117 thousands, comparing to 2017. It is mainly affected by the relevant vehicle industries slowly increase in main China. The prospect of vehicle industry in China has come to the stage of high quality development since the market of car penetration still has a wide range to grow.

## (b) The Status of Budget Implement

It is not applicable due to the Company did not disclose the financial forecast in 2018.

## (c) Analysis of Financial Disbursement and Profitability

Unit : in Thousands of New Taiwan Dollars

| Item         |                   | 2018      | 2017      | Increase and<br>Decrease<br>Ratio% |
|--------------|-------------------|-----------|-----------|------------------------------------|
| Financial    | Operating Revenue | 2,061,361 | 2,159,565 | (4.55)                             |
| Disbursement | Gross Profit      | 252,786   | 290,645   | (13.03)                            |

| Item          |                                   | 2018                              | 2017   | Increase and<br>Decrease<br>Ratio% |
|---------------|-----------------------------------|-----------------------------------|--------|------------------------------------|
|               | Net Profit                        | (34,117)                          | 43,502 | (178.43)                           |
| Profitability | Return on Assets (%)              | 0.16                              | 1.81   | (91.16)                            |
|               | Return on<br>Shareholders' equity | (3.74)                            | 4.63   | (180.78)                           |
|               | Paid-in<br>capital<br>rate(%)     | Operation<br>income on<br>capital | 5.47   | (75.02)                            |
|               |                                   | Per-tax<br>income to<br>capital   | (6.83) | (141.39)                           |
|               | Net income to sales (%)           | (1.66)                            | 2.01   | (182.59)                           |
|               | Earning per shares<br>(NT\$)      | (0.82)                            | 1.14   | (171.93)                           |

(d)Research and Development Result

2017 Research and Development Result

| Result                                                                   | Application                          | Sale                                              |
|--------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|
| New headlining switching mechanism design                                | Headlining switching mold            | Two type of headlining board for all kind of cars |
| Improving the skill of car fender side flange die                        | Car fender mold                      | For all type of fender parts                      |
| Rebound control technique for front and back door ourtside plate         | Car door outside plate mold          | For all type of door outside plate parts          |
| Crimping control technique for front and back door inside plate corner   | Car door outside plate mold          | For all type of door outside plate parts          |
| Improving the skill for car side flange die                              | Car side mold                        | For all type of car side parts                    |
| Flange die and forming technique for car back door outer part for bottom | Mold for car back door outer top and | For all type of back door outer top and           |

|  |              |              |
|--|--------------|--------------|
|  | bottom parts | bottom parts |
|--|--------------|--------------|

The Company holds the technique independent principle, and cooperates with foreign corporation who has advance technology, and insists improving and upgrading design technology and production research, and cultivates talents for research and development. In conform the needs of car factory, we persist develop strong and special material mold, and improve the technique to increase finished product yield and decrease production cost. In the future, we will keep 3% of sale income in technique development and renovation investment in order to promote the product competitiveness.

## b 、2019 Operation Proposal Summary

### (a)Operating Guideline

1. The Company continues promoting its competitiveness and market share through improvement of design techniques and manufacturing skills, and expects to be the leading professional car mold firm in China.
2. Enhancing high precision production equipment, inputing equipment and manufacture improvement, maintaining finish good yield and decreasing labor cost and operating cost.
3. Holding the principle of technique independent, corporating with foreign corporation with advance technology, and cultivating research and development talents, maintaining developing strong and special material mold to meet the clients' need, and improving technology and product precision.

### (b) Sales prediction and reference

In accordance with the status of purchasing order, customer operating overview and market demand and development, the Company also considers the production to make the sales prediction. The Company upholds its core value of operating concept“Excellence, Integrating, Specialty, Inovation, Happiness”, and controls the market and adopts the changing situation in order to achieve the 2019 Operation goal.

## c 、the Company Future Development Strategy

- (a)Improving mold product production and quality by adopting technology improvement and ability of market expand, development and cultivating subcontract cooperation system, and strengthening new product R&D and market

expanding ability to increasing the market share.

- (b) Enhancing establishment of technology team, improving external cooperation and exchange, depending on technology independent and innovation, strengthen scientific management, increasing efficiency of resource usage, shorten the period of mold supply.
- (c) Developing toward high-class outer panel-beating mold, achieving the contractor for the whole car's mold.
- (d) Expanding abroad market, implementing increase of mold export, becoming international mold supplier.
- (e) Subcontracting low efficiency operating process, avoiding low added value product, declining procurement price and unnecessary expense to promote the Company's profit.
- (f) through standard procedure, business process reengineering and informatization to improve the efficiency of production management, enhance company core competitiveness, reaching growth of product sales and profits.

d 、 Impact by External Competition, Law Restriction and the Whole Operating Environment

- (一) To external competition, the Company do not compete with low-end market. The competition in middle-end market has become more steadily. Toward high-end market, the Company has gradually endeavored to gain the opportunity of solid cooperation relationship with the international main stream vehicle corporation.
- (二) The Company operates the production and sale procedure in accordance with law in the country of incorporation registration. In recent years, the domestic and foreign countries' policy and regulation modification have not influenced our finance and sales. In the future, we will pay attention and seize the latest status of policy development and regulation modification in order to adopt the appropriate strategy.
- (三) Recently in vehicle industry, the technology development and emphasis on safety and saving energy, the Company, with the vehicle corporation, seizes the developing trend to avoid great impact toward us by the whole operating environment.

The Company management team thanks every shareholders' and directors' support and trust. We will keep engage in operating company to produce more profits for shareholders.

Chairman: Wei Yuan, Lin    Manager: Wei Yuan, Lin    Accounting Manager: Sheng Fei, Ning



## **HORNG SHIUE HOLDING CO., LTD.**

### **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements, and proposal for allocation of earnings, The PwC Taiwan was retained to audit HORNG SHIUE's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statement, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of HORNG SHIUE Holding Company Limited. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

#### **2019 HORNG SHIUE Holding Company Limited Shareholder Meeting**

**HORNG SHIUE Holding Company Limited**

Chairmand of the Audit Committee :



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Shu Tsai, Wang

March 26, 2019

**HORNG SHIUE HOLDING CO., LTD.**

## Comparison Table for the Rules of Procedure for Shareholder Meetings

| <b>No.</b>                | <b>Current Provisions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Proposed Amendmnets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Explanations</b>                                                                                                                                                                                                                                               |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Article 15<br>Paragraph 1 | If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voteon that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director. | If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the director, such director shall be deemed to have a personal interest in the matter. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, | In order to conform to the needs of amendments to No. 1071703794 「 the Check Table for Shareholder Right Protection of Foreign Issuer Country of Registration 」 by Taiwan Stock Exchange Corporation, the company hereby proposes to amend the Corporate Charter. |

| No.        | Current Provisions                                                                          | Proposed Amendmnets                                                                                                                                      | Explanations                              |
|------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
|            |                                                                                             | and may not exercise voting rights as proxy for another director.                                                                                        |                                           |
| Article 20 | The Article is approved on Setember 18, 2016, and the Article is amended on August 7, 2017. | The Article is approved on Setember 18, 2016, and the first amendment was approved on August 7, 2017, the second amendment was approved on May 27, 2019. | Clearly State the Article Amendment Date. |

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Horng Shiue Holding Co., Ltd.

*Opinion*

We have audited the accompanying consolidated balance sheets of Horng Shiue Holding Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2018 and 2017, 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, 2018 and 2017, 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 audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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 consolidated financial statements of the current period are stated as follows:

## **Appropriateness of cut-off of stamping die sales revenue**

### Description

For accounting policy on sales revenue, please refer to Note 4(26).

The Group's revenue mainly derives from automotive sheet metal stamping die sold by assembly plant and stamping factory. Because automotive industry is belongs to a buyer's market, revenue recognised when customers accepted products and the control of products has been transferred to customers.

Considered revenue is recognised after the acceptance from client, which involves several manual controls and affects the accuracy of sales revenue recognition timing, and revenue is significant to the financial statements, therefore, we identified cut-off of sales revenue as a key audit matter.

### How our audit addressed the matter

Our procedures in relation to the above key audit matter included:

1. Obtained an understanding of and inspected the procedures on sales revenue recognition of automotive sheet metal stamping die. Assessed and tested the effectiveness of design and performance of the internal control procedures on sale revenue recognition, and confirmed they were adopted consistently during the comparable periods of the financial statements.
2. Performed confirmation on the Company's accounts receivable around the year-end date in order to check whether recorded accounts receivable and customers' recognition timing are reasonable.
3. Performed cut off test on sales revenue transactions around the balance sheet date, and verified the date on the acceptance receipts that had been signed by customers in order to check the accuracy of cut-off timing.

## **Valuation of allowance for inventory valuation losses**

### Description

Please refer to Note 4(10) for description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(3) for the description of inventory.

The Group primarily engaged in manufacture, processing and trading of automotive sheet metal stamping die and gauge. Because the manufacture cycle is longer than one year, and there is a high possibility that inventory valuation loss occurred due to changes in the material price, labor costs and demands. The Group's inventories are measured at the lower of cost and net realisable value, and the Group adopted allowance for inventory valuation loss to assess inventories that are over a certain age and inventories individually identified as obsolete or slow-moving.

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(Expressed in thousands of New Taiwan dollars)

Inventory of \$1,932,626 (constituting 49% of total assets) is significant to the financial statements, and the assessment of net realisable value is subjective judgment resulting in a high degree of estimation uncertainty. Thus, we determined valuation of allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

Our procedures in relation to the above key audit matter included:

1. Assessed the reasonableness of policies and procedures on allowance for inventory valuation loss, based on our understanding of the operations and industry of the Group.
2. Obtained an understanding of the inventory control procedures, and reviewed annual inventory count plan and participating in the annual inventory counting event;
3. Obtained the Group's allowance for inventory valuation loss report, and selected a sample of inventories to test the accuracy of calculation logic and information.
4. Interviewed with management to obtain supporting documents in relation to net realisable value, and selected a sample of and reviewed the related data to assess the reasonableness of determination of allowance for inventory valuation loss.

*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

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(Expressed in thousands of New Taiwan dollars)

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.

*Auditor' s responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor' s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(Expressed in thousands of New Taiwan dollars)

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.

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(Expressed in thousands of New Taiwan dollars)

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Lin, Yi-Fan

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Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan  
March 26, 2019

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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

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(Expressed in thousands of New Taiwan dollars)

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 report of independent accountants 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.

| Assets             |                               | Notes      | December 31, 2018 | December 31, 2017 |
|--------------------|-------------------------------|------------|-------------------|-------------------|
|                    |                               |            | AMOUNT            | AMOUNT            |
| Current assets     |                               |            |                   |                   |
| 1100               | Cash and cash equivalents     | 6(1)       | \$ 254,183        | \$ 138,077        |
| 1150               | Notes receivable, net         | 6(2)       | 117,240           | 145,037           |
| 1170               | Accounts receivable, net      | 6(2) and 8 | 877,865           | 875,110           |
| 1200               | Other receivables             |            | 17,364            | 8,171             |
| 130X               | Inventory                     | 6(3)       | 1,932,626         | 2,036,013         |
| 1470               | Other current assets          | 8          | 84,364            | 104,706           |
| 11XX               | Current Assets                |            | 3,283,642         | 3,307,114         |
| Non-current assets |                               |            |                   |                   |
| 1600               | Property, plant and equipment | 6(4) and 8 | 484,788           | 561,648           |
| 1780               | Intangible assets             |            | 15,981            | 19,156            |
| 1840               | Deferred income tax assets    | 6(21)      | 16,320            | 21,592            |
| 1900               | Other non-current assets      | 6(5) and 8 | 158,334           | 84,446            |
| 15XX               | Non-current assets            |            | 675,423           | 686,842           |
| 1XXX               | Total assets                  |            | \$ 3,959,065      | \$ 3,993,956      |

(Continued)

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity                                 |                                                                    | Notes | December 31, 2018<br>AMOUNT | December 31, 2017<br>AMOUNT |
|--------------------------------------------------------|--------------------------------------------------------------------|-------|-----------------------------|-----------------------------|
| <b>Current liabilities</b>                             |                                                                    |       |                             |                             |
| 2100                                                   | Short-term borrowings                                              | 6(6)  | \$ 225,452                  | \$ 615,880                  |
| 2120                                                   | Current financial liabilities at fair value through profit or loss | 6(7)  | 5,520                       | -                           |
| 2130                                                   | Current contract liabilities                                       | 6(15) | 964,194                     | -                           |
| 2150                                                   | Notes payable                                                      |       | 201,717                     | 137,192                     |
| 2170                                                   | Accounts payable                                                   |       | 672,101                     | 765,840                     |
| 2200                                                   | Other payables                                                     | 6(8)  | 224,555                     | 179,853                     |
| 2310                                                   | Advance receipts                                                   |       | -                           | 1,211,664                   |
| 2320                                                   | Long-term liabilities, current portion                             | 6(10) | 22,524                      | 43,934                      |
| 21XX                                                   | <b>Current Liabilities</b>                                         |       | <u>2,316,063</u>            | <u>2,954,363</u>            |
| <b>Non-current liabilities</b>                         |                                                                    |       |                             |                             |
| 2530                                                   | Bonds payable                                                      | 6(9)  | 360,396                     | -                           |
| 2540                                                   | Long-term borrowings                                               | 6(10) | 312,757                     | 21,932                      |
| 2570                                                   | Deferred income tax liabilities                                    | 6(21) | 4,724                       | 7,531                       |
| 25XX                                                   | <b>Non-current liabilities</b>                                     |       | <u>677,877</u>              | <u>29,463</u>               |
| 2XXX                                                   | <b>Total Liabilities</b>                                           |       | <u>2,993,940</u>            | <u>2,983,826</u>            |
| <b>Equity</b>                                          |                                                                    |       |                             |                             |
| <b>Share capital</b>                                   |                                                                    |       |                             |                             |
| 3110                                                   | Share capital - common stock                                       | 6(12) | 416,000                     | 416,000                     |
| <b>Capital surplus</b>                                 |                                                                    |       |                             |                             |
| 3200                                                   | Capital surplus                                                    | 6(13) | 488,515                     | 490,692                     |
| <b>Retained earnings</b>                               |                                                                    |       |                             |                             |
| 3310                                                   | Legal reserve                                                      | 6(14) | 16,253                      | 12,064                      |
| 3320                                                   | Special reserve                                                    |       | 56,861                      | -                           |
| 3350                                                   | Total unappropriated retained earnings                             |       | 21,921                      | 150,261                     |
| <b>Other equity interest</b>                           |                                                                    |       |                             |                             |
| 3400                                                   | Other equity interest                                              |       | ( 34,425 )                  | ( 58,887 )                  |
| 3XXX                                                   | <b>Total equity</b>                                                |       | <u>965,125</u>              | <u>1,010,130</u>            |
| <b>Significant contingent liabilities</b>              |                                                                    |       |                             |                             |
| <b>Significant events after the balance sheet date</b> |                                                                    |       |                             |                             |
| 3X2X                                                   | <b>Total liabilities and equity</b>                                |       | <u>\$ 3,959,065</u>         | <u>\$ 3,993,956</u>         |

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

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

|                                                                                          |              | Year ended December 31 |              |
|------------------------------------------------------------------------------------------|--------------|------------------------|--------------|
|                                                                                          |              | 2018                   | 2017         |
| Items                                                                                    | Notes        | AMOUNT                 | AMOUNT       |
| 4000 Sales revenue                                                                       | 6(15)        | \$ 2,061,361           | \$ 2,159,565 |
| 5000 Operating costs                                                                     | 6(3)(18)(19) | ( 1,808,575)           | ( 1,868,920) |
| 5900 Net operating margin                                                                |              | 252,786                | 290,645      |
| Operating expenses                                                                       | 6(18)(19)    |                        |              |
| 6100 Selling expenses                                                                    |              | ( 18,168)              | ( 18,785)    |
| 6200 General & administrative expenses                                                   |              | ( 102,348)             | ( 115,654)   |
| 6300 Research and development expenses                                                   |              | ( 64,719)              | ( 65,119)    |
| 6450 Impairment loss determined in accordance with IFRS 9                                | 6(18)        | ( 44,809)              | -            |
| 6000 Total operating expenses                                                            |              | ( 230,044)             | ( 199,558)   |
| 6900 Operating profit                                                                    |              | 22,742                 | 91,087       |
| Non-operating income and expenses                                                        |              |                        |              |
| 7010 Other income                                                                        | 6(16)        | 6,620                  | 12,122       |
| 7020 Other gains and losses                                                              | 6(17)        | ( 10,320)              | ( 3,052)     |
| 7050 Finance costs                                                                       | 6(20)        | ( 47,472)              | ( 31,534)    |
| 7000 Total non-operating income and expenses                                             |              | ( 51,172)              | ( 22,464)    |
| 7900 (Loss) profit before income tax                                                     |              | ( 28,430)              | 68,623       |
| 7950 Income tax expense                                                                  | 6(21)        | ( 5,687)               | ( 25,121)    |
| 8200 (Loss) profit for the year                                                          |              | ( \$ 34,117)           | \$ 43,502    |
| Other comprehensive income                                                               |              |                        |              |
| Components of other comprehensive income that will not be reclassified to profit or loss |              |                        |              |
| 8361 Other comprehensive income, before tax, exchange differences on translation         |              | \$ 24,462              | ( \$ 17,582) |
| 8500 Total comprehensive income for the year                                             |              | ( \$ 9,655)            | \$ 25,920    |
| Earnings per share                                                                       | 6(22)        |                        |              |
| 9750 Basic earnings per share                                                            |              | ( \$ 0.82)             | \$ 1.14      |
| 9850 Diluted earnings per share                                                          |              | ( \$ 0.82)             | \$ 1.14      |

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

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

|                                                                                 |                              | Equity attributable to owners of the parent |               |               |                   |                                        |              |                                                                    |              |
|---------------------------------------------------------------------------------|------------------------------|---------------------------------------------|---------------|---------------|-------------------|----------------------------------------|--------------|--------------------------------------------------------------------|--------------|
|                                                                                 |                              | Capital Reserves                            |               |               | Retained Earnings |                                        |              | Financial statements translation differences of foreign operations | Total equity |
| Notes                                                                           | Share capital – common stock | Additional paid-in capital                  | Share options | Legal reserve | Special reserve   | Total unappropriated retained earnings |              |                                                                    |              |
| <u>Year 2017</u>                                                                |                              |                                             |               |               |                   |                                        |              |                                                                    |              |
|                                                                                 | \$ 369,770                   | \$ 384,464                                  | \$ -          | \$ -          | \$ -              | \$ 155,800                             | (\$ 41,305 ) | \$ 868,729                                                         |              |
|                                                                                 | 369,770                      | 384,464                                     | -             | -             | -                 | 155,800                                | ( 41,305 )   | 868,729                                                            |              |
| Profit for the year                                                             | -                            | -                                           | -             | -             | -                 | 43,502                                 | -            | 43,502                                                             |              |
| Other comprehensive loss for the year                                           | -                            | -                                           | -             | -             | -                 | -                                      | ( 17,582 )   | ( 17,582 )                                                         |              |
| Total comprehensive income                                                      | -                            | -                                           | -             | -             | -                 | 43,502                                 | ( 17,582 )   | 25,920                                                             |              |
| Cash capital increase 6(12)                                                     | 46,230                       | 106,228                                     | -             | -             | -                 | -                                      | -            | 152,458                                                            |              |
| Appropriation and distribution of 2016 retained earnings: 6(14)                 |                              |                                             |               |               |                   |                                        |              |                                                                    |              |
| Legal reserve                                                                   | -                            | -                                           | -             | 12,064        | -                 | ( 12,064 )                             | -            | -                                                                  |              |
| Cash dividend                                                                   | -                            | -                                           | -             | -             | -                 | ( 36,977 )                             | -            | ( 36,977 )                                                         |              |
| Balance at December 31, 2017                                                    | \$ 416,000                   | \$ 490,692                                  | \$ -          | \$ 12,064     | \$ -              | \$ 150,261                             | (\$ 58,887 ) | \$ 1,010,130                                                       |              |
| <u>Year 2018</u>                                                                |                              |                                             |               |               |                   |                                        |              |                                                                    |              |
| Balance at January 1, 2018                                                      | \$ 416,000                   | \$ 490,692                                  | \$ -          | \$ 12,064     | \$ -              | \$ 150,261                             | (\$ 58,887 ) | \$ 1,010,130                                                       |              |
| Balance at 1 January after adjustments                                          | 416,000                      | 490,692                                     | -             | 12,064        | -                 | 150,261                                | ( 58,887 )   | 1,010,130                                                          |              |
| Loss for the year                                                               | -                            | -                                           | -             | -             | -                 | ( 34,117 )                             | -            | ( 34,117 )                                                         |              |
| Other comprehensive income                                                      | -                            | -                                           | -             | -             | -                 | -                                      | 24,462       | 24,462                                                             |              |
| Total comprehensive income                                                      | -                            | -                                           | -             | -             | -                 | ( 34,117 )                             | 24,462       | ( 9,655 )                                                          |              |
| Appropriation and distribution of 2017 retained earnings: 6(14)                 |                              |                                             |               |               |                   |                                        |              |                                                                    |              |
| Legal reserve                                                                   | -                            | -                                           | -             | 4,350         | -                 | ( 4,350 )                              | -            | -                                                                  |              |
| Special reserve                                                                 | -                            | -                                           | -             | -             | 58,887            | ( 58,887 )                             | -            | -                                                                  |              |
| Cash dividend                                                                   | -                            | -                                           | -             | -             | -                 | ( 20,800 )                             | -            | ( 20,800 )                                                         |              |
| Differences of exchange rate arising from changes in functional currencies 4(4) | -                            | ( 30,542 )                                  | -             | ( 161 )       | ( 2,026 )         | ( 10,186 )                             | -            | ( 42,915 )                                                         |              |
| Issuance of convertible bonds 6(9)                                              | -                            | -                                           | 28,365        | -             | -                 | -                                      | -            | 28,365                                                             |              |
| Balance at December 31, 2018                                                    | \$ 416,000                   | \$ 460,150                                  | \$ 28,365     | \$ 16,253     | \$ 56,861         | \$ 21,921                              | (\$ 34,425 ) | \$ 965,125                                                         |              |

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

CASH FLOWS FROM OPERATING ACTIVITIES

|                                                              |           |      |           |    |           |
|--------------------------------------------------------------|-----------|------|-----------|----|-----------|
| (Loss) profit before tax                                     |           | ( \$ | 28,430 )  | \$ | 68,623    |
| Adjustments                                                  |           |      |           |    |           |
| Adjustments to reconcile profit (loss)                       |           |      |           |    |           |
| Depreciation expense                                         | 6(18)(19) |      | 75,277    |    | 77,905    |
| Amortisation charge                                          | 6(18)(19) |      | 10,985    |    | 6,393     |
| Expected credit impairment loss                              | 6(18)     |      | 44,809    |    | -         |
| Bad debt expense                                             | 6(18)     |      | -         |    | 21,995    |
| Interest income                                              | 6(16)     | (    | 1,546 )   | (  | 1,005 )   |
| Interest expense                                             | 6(20)     |      | 47,472    |    | 31,534    |
| Losses (gains) on disposals of property, plant and equipment | 6(17)     |      | 30        | (  | 55 )      |
| Changes in operating assets and liabilities                  |           |      |           |    |           |
| Changes in operating assets                                  |           |      |           |    |           |
| Notes receivable                                             |           | (    | 24,319 )  | (  | 22,433 )  |
| Accounts receivable                                          |           | (    | 9,464 )   | (  | 462,043 ) |
| Other receivables                                            |           | (    | 9,387 )   |    | 1,526     |
| Inventories                                                  |           |      | 76,235    |    | 139,441   |
| Prepayments                                                  |           | (    | 1,443 )   | (  | 34,395 )  |
| Other current assets                                         |           | (    | 6,049 )   | (  | 4,680 )   |
| Changes in operating liabilities                             |           |      |           |    |           |
| Contract liabilities                                         |           | (    | 234,175 ) |    | -         |
| Notes payable                                                |           |      | 67,455    | (  | 28,412 )  |
| Accounts payable                                             |           | (    | 84,368 )  |    | 167,062   |
| Other payables                                               |           |      | 36,851    | (  | 60,531 )  |
| Receipt in advance                                           |           |      | -         | (  | 83,715 )  |
| Cash outflow generated from operations                       |           | (    | 40,067 )  | (  | 182,790 ) |
| Interest received                                            |           |      | 1,546     |    | 1,005     |
| Interest paid                                                |           | (    | 37,911 )  | (  | 31,438 )  |
| Net cash flows used in operating activities                  |           | (    | 76,432 )  | (  | 213,223 ) |

CASH FLOWS FROM INVESTING ACTIVITIES

|                                                                                        |       |   |          |   |           |
|----------------------------------------------------------------------------------------|-------|---|----------|---|-----------|
| Decrease in other financial assets-current (shown as 'Other current assets' )          |       |   | 27,502   |   | 1,606     |
| Acquisition of property, plant and equipment                                           | 6(24) | ( | 5,200 )  | ( | 187,249 ) |
| Disposal of property, plant and equipment                                              |       |   | 358      |   | 231       |
| Acquisition of intangible assets                                                       |       | ( | 3,141 )  | ( | 18,562 )  |
| Increase in refundable deposits                                                        |       | ( | 17,542 ) | ( | 1,964 )   |
| Increase in prepaid equipments (shown as 'Other non-current assets' )                  |       | ( | 60,919 ) |   | -         |
| Increase in other financial assets - non-current (shown as 'Other non-current assets') |       | ( | 787 )    |   | -         |
| Net cash flows used in investing activities                                            |       | ( | 59,729 ) | ( | 205,938 ) |

CASH FLOWS FROM FINANCING ACTIVITIES

|                                                      |          |    |           |    |           |
|------------------------------------------------------|----------|----|-----------|----|-----------|
| Net changes in short-term borrowings                 | 6(25)    | (  | 390,223 ) |    | 82,588    |
| Lease payable                                        |          |    | -         | (  | 1,785 )   |
| Proceeds from long-term borrowings                   | 6(25)    |    | 379,002   |    | 86,898    |
| Repayments of long-term borrowings                   | 6(25)    | (  | 104,509 ) | (  | 21,758 )  |
| Cash capital increase                                | 6(12)    |    | -         |    | 152,458   |
| Cash dividend                                        | 6(14)    | (  | 20,800 )  | (  | 36,977 )  |
| Proceeds from issuing convertible bonds              | 6(9)(25) |    | 394,510   |    | -         |
| Net cash flows from financing activities             |          |    | 257,980   |    | 261,424   |
| Effect of exchange rate changes                      |          | (  | 5,713 )   | (  | 38,722 )  |
| Net increase (decrease) in cash and cash equivalents |          |    | 116,106   | (  | 196,459 ) |
| Cash and cash equivalents at beginning of year       |          |    | 138,077   |    | 334,536   |
| Cash and cash equivalents at end of year             |          | \$ | 254,183   | \$ | 138,077   |

**HORNG SHIUE HOLDING CO., LTD.**  
**Earning Distribution Proposal**  
**2018**

Unit: NT\$

|                                                              |              |
|--------------------------------------------------------------|--------------|
| <b>Beginning Retained Earnings</b>                           | 66,223,886   |
| Other Adjustment: Functional Currency Cumulative Translation | (10,185,602) |
| <b>2018 Profit (Loss)</b>                                    | (34,117,058) |
| Add: reversal of special reserve (note)                      | 22,436,304   |
| Unappropriated retained earnings                             | 44,357,530   |

Chairman: Wei Yuan,  Manager: Wei Yuan, Lin  Accuting Manager: Sheng Feng  Ning

Note: Reversal 2018 shareholders' equity-other equities debit's balance differences.

## HORNG SHIUE HOLDING CO., LTD.

## Comparison Table for MEMORANDUM AND ARTICLES OF ASSOCIATION

| No.       | Current Provisions | Proposed Amendments                                                                                                                                                                                                                | Explanations                                                                                                                                                                                                                                                                                        |
|-----------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Article 7 | Add.               | <b><u>When conducting business, the Company shall comply with the laws and regulations as well as business ethics, and may take actions that will promote public interests in order to fulfil its social responsibilities.</u></b> | In order to conform to the needs of amendments to No. 1071703794 「 the Check Table for Shareholder Right Protection of Foreign Issuer Country of Registration 」 by Taiwan Stock Exchange Corporation, the company hereby proposes to amend the Article 7 of MEMORANDUM AND ARTICLES OF ASSOCIATION. |

### Comparison Table for ARTICLES OF ASSOCIATION

| No.       | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Explanations                                                             |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Article 2 | <p>(1) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:</p> <p>Discount Transfer has the meaning set out in Article 23<b>(4)</b>;</p> <p>Ordinary Resolution a resolution:-<br/> (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; <b>and</b></p> <p>(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</p> | <p>(1) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:</p> <p>Discount Transfer has the meaning set out in <b>Paragraph (4) of</b> Article 23;</p> <p>Ordinary Resolution a resolution:-<br/> (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;</p> <p>(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</p> | <p>Adjusting words to avoid doubts and organize the Articles coding.</p> |

| No. | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Explanations |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|     | <p>meetings (or being Juristic Persons by their duly authorized representatives); <b><u>and</u></b></p> <p>(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;</p> <p>Special Resolution</p> <p>a special resolution of the Company passed in accordance with the Law, being a resolution:</p> <p>(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,</p> | <p>meetings (or being Juristic Persons by their duly authorized representatives); <b><u>or</u></b></p> <p>(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;</p> <p>Special Resolution</p> <p>a special resolution of the Company passed in accordance with the Law, being a resolution:</p> <p>(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</p> |              |

| No. | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Explanations |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|     | <p>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; <b><u>and</u></b></p> <p>(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); <b><u>and</u></b></p> <p>(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.</p> <p>A Special Resolution shall be effective for any purpose for</p> | <p>(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;</p> <p>(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); <b><u>or</u></b></p> <p>(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.</p> <p>A Special Resolution shall be effective for any purpose for</p> |              |

| No.       | Current Provisions                                                                              | Proposed Amendments                                                                                                                                       | Explanations                                                                                                                                                                                                                                                                                                             |
|-----------|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|           | which an Ordinary Resolution is expressed to be required under any provision of these Articles; | which an Ordinary Resolution is expressed to be required under any provision of these Articles;                                                           |                                                                                                                                                                                                                                                                                                                          |
| Article 7 | Add paragraph 4.                                                                                | <b><u>(4) The Company shall neither issue Shares without par value nor convert its Shares from Shares with par value to Shares without par value.</u></b> | In order to conform to the needs of amendments to No. 1071703794 「 the Check Table for Shareholder Right Protection of Foreign Issuer Country of Registration 」 by Taiwan Stock Exchange Corporation (hereby “November 30 <sup>th</sup> , 2018 Check Table for Shareholder’s equity Protection Item”, the company hereby |

| No.        | Current Provisions                                                                                                                                                                                                                                                                                                                                                   | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Explanations                                                                                                                                                             |
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|            |                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | proposes to add the Article 7 Paragraph 4 of Memorandum and Articles of Association.                                                                                     |
| Article 18 | 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. | 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. <b><u>The Board or any other authorized conveners of general meetings of the Company may request that the Company or the Company's Shareholder Service Agent provide a copy of the Register for inspection.</u></b> | In order to conform to the needs of Check Table for Shareholder's equity Protection Item on November 30 <sup>th</sup> , 2018, hereby to add the last part of Article 18. |

| No.        | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Explanations                                                                                                                                                                                                     |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Artiel 28  | (2) During the Relevant Period, subject to the Law, for the purposes of (a) determining the Members entitled to receive any dividend/bonus, 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 <b><u>abovementioned period</u></b> , the respective convening date of the general meeting or the relevant target date shall be included. | (2) During the Relevant Period, subject to the Law, for the purposes of (a) determining the Members entitled to receive any dividend/bonus, 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 <b><u>(the “Book Closure Period”)</u></b> 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 <b><u>Book Closure Period</u></b> , the respective convening date of the general meeting or the relevant target date shall be included.                                                                                      | Adjusting words to organize the term                                                                                                                                                                             |
| Article 32 | Any one or more Member(s) <b><u>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</u></b> 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.                                                                                                                                                                                                                                                                             | <b><u>(1) Any one or more Member(s) may, by depositing the requisition notice specifying the proposals to be resolved and the reasons thereof, request the Board to convene an extraordinary general meeting, provided that such Member or Members continuously holds at least three percent (3%) of the issued Shares of the Company as at the date of deposit of the requisition notice for a period of at least one (1) year immediately prior to that date.</u></b> 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.<br><b><u>(2) Any one or more Member(s) continuously holding more than half of the total issued Shares of the Company for a period of no less than three (3) months may convene an extraordinary general meeting. The number of Shares held by such Member or Members</u></b> | In order to conform to the needs of Check Table for Shareholder’s equity Protection Item on November 30 <sup>th</sup> , 2018, hereby to add Article 32 paragraph 2 and 3, and adjusting words in current article |

| No.        | Current Provisions                                                                                                                                                                                                                                                                                                                                               | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Explanations                                                                                                                                                                       |
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|            |                                                                                                                                                                                                                                                                                                                                                                  | <p><u>and the holding period of which such Member or Members hold such Shares shall be calculated and determined based on the Register as of the first day of the Book Closure Period.</u></p> <p><u>(3) In addition to the circumstance where the Board should have convened a general meeting but does not or is unable to convene a general meeting pursuant to the Law, the Applicable Listing Rules or these Articles, an Independent Director from the audit committee of the Company may also, for the benefit of the Company, call a general meeting when it is deemed necessary.</u></p>                                                                                                                                                                   | <p>32 Paragraph 1 to avoid doubts.</p>                                                                                                                                             |
| Article 36 | <p>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:</p> <p>(a) any election or removal of Director(s);</p> <p>(b) any alteration of the Memorandum and/or these Articles; ...<i>(Omitted)</i></p> | <p>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; <u>the major contents may be posted on the website designated by the R.O.C. competent authorities or the Company, and such website shall be indicated in the notice:</u></p> <p>(a) any election or removal of Director(s);</p> <p>(b) any alteration of the Memorandum and/or these Articles;</p> <p><u>(c) any capital reduction or compulsory purchase and cancellation of Shares pursuant to Paragraph (1) of Article 24;</u></p> <p><u>(d) applying for the approval of ceasing the status as a public company; ...<i>(Omitted)</i></u></p> | <p>In order to conform to the needs of Check Table for Shareholder's equity Protection Item on November 30<sup>th</sup>, 2018, hereby to add Article 36 paragraph (c) and (d).</p> |

| No.        | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Explanations                                                                                                                                                                                                                                                                                                                                   |
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| Article 40 | <p>(1) During the Relevant Period, one or more Member(s) holding one percent (1%) or more of the total issued <b><u>and outstanding</u></b> Shares of the Company may submit to the Company not more than one proposal in writing <b><u>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.</u></b> ...<i>(Omitted)</i></p> <p>(4) The Board <b><u>may exclude</u></b> a proposal submitted by Member(s) <b><u>if</u></b>:</p> <p>(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;</p> <p>(b) the number of Shares held by the proposing Member(s) is less than one percent (1%) of the total issued <b><u>and outstanding</u></b> 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; or</p> <p><b><u>(c)</u></b> the proposal is submitted after the expiration of the specified period announced by the Company for submitting proposals.</p> <p><b><u>(5)</u></b> 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</p> | <p>(1) During the Relevant Period, one or more Member(s) holding one percent (1%) or more of the total issued Shares of the Company may submit to the Company not more than one proposal in writing <b><u>or by way of electronic transmission for resolution at an annual general meeting.</u></b> ...<i>(Omitted)</i></p> <p>(4) The Board <b><u>shall include</u></b> a proposal submitted by Member(s) <b><u>unless</u></b>:</p> <p>(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;</p> <p>(b) the number of Shares held by the proposing Member(s) is less than one percent (1%) of the total issued 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;</p> <p><b><u>(c) the proposal contains more than one matter;</u></b></p> <p><b><u>(d) the proposal contains more than three hundred (300) words; or</u></b></p> <p><b><u>(e) the proposal is submitted after the expiration of the specified period announced by the Company for submitting proposals.</u></b></p> <p><b><u>(5) If a proposal submitted by Member(s) is intended to urge the Company to promote public interests or fulfil its social responsibilities, the Board may include the proposal notwithstanding that one of the circumstances set forth in the preceding Paragraph (4) of this Article applies.</u></b></p> | <p>In order to conform to the needs of Check Table for Shareholder's equity Protection Item on November 30<sup>th</sup>, 2018, hereby to amend Article 40 paragraph 1 and 2 and add Paragraph 5, and the current Paragraph 5 adjust to Paragraph 6. Adjusting words to avoid doubts in accordance with the regulations of the Company Act.</p> |

| No.        | Current Provisions                                           | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Explanations                                                                                                                                                                                                                                                                                                   |
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|            | the reasons for excluding any proposal submitted by Members. | <b><u>(6)</u></b> 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                |
| Article 46 | Add Paragraph 1 Subparagraph (t) and Paragraph 2             | <b><u>(1)</u></b> Subject to the Law and the Applicable Listing Rules, the Company may by a Special Resolution: ...<br><b><u>(t) apply for approval of ceasing the status as a public company.</u></b><br><b><u>(2) Notwithstanding anything contained in these Articles, unless otherwise provided by the Law and the Applicable Listing Rules, in case the Company is dissolved after participating in the merger/consolidation or the Company is delisted from the TPEx or TWSE due to the general transfer (or the assignment of all rights and delegation of all duties of the Company), the transfer of business or assets of the Company, any share swap arrangement or any Spin-off entered into or carried out by the Company while the surviving, transferee, existing or newly incorporated company is not a listed company (including TWSE/TPEx listed company), any such action aforementioned shall be approved by the affirmative vote of at least two-thirds (2/3) of the total votes cast by the Members of the Company.</u></b> | In order to conform to the needs of Check Table for Shareholder's equity Protection Item on November 30 <sup>th</sup> , 2018, hereby to add Article 46 paragraph 2. Adjusting the current article 46 to adopt term into 1. To add Article 46 Paragraph 1 Subparagraph (t) in accordance with regulation of the |

| No.        | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Explanations                                                                                                                                                                                                                                   |
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|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Company Act                                                                                                                                                                                                                                    |
| Article 48 | <p>(1) Subject to the Law, in the event any of the resolutions with respect to the matter(s) as set out in <b>Paragraphs</b> (a), (b) or (c) of Article 46 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 <b>Paragraph</b> (b) of Article 46 and at the same meeting the resolution for the winding up of the Company is also adopted.</p> <p>(2) <b>In</b> the event any part of the Company's business is involved in any Spin-Off, Merger or Consolidation, 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 <b><u>in accordance with the Law.</u></b></p> <p>(3) Without prejudice to the Law, in the event the Company and a Member making a request pursuant to Paragraphs (1) or (2) 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 R.O.C. Courts <b><u>if and to the extent permitted under the Law,</u></b> for a ruling on the appraisal price.</p> | <p>(1) Subject to <b><u>the compliance with</u></b> the Law, in the event any of the resolutions with respect to the matter(s) as set out in <b><u>Subparagraphs</u></b> (a), (b) or (c) <b><u>of Paragraph (1)</u></b> of Article 46 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 <b><u>Subparagraph</u></b> (b) <b><u>of Paragraph (1)</u></b> of Article 46 and at the same meeting the resolution for the winding up of the Company is also adopted.</p> <p>(2) <b><u>Subject to the Compliance with Law, in</u></b> the event any part of the Company's business is involved in any Spin-Off, Merger or Consolidation, a Member, who has forfeited his right to vote on such matter and expressed his dissent therefor, in writing <b><u>or orally with an entry to that effect in the minutes of the meeting</u></b> before the relevant vote, may request the Company to purchase all of his Shares at the then prevailing fair price.</p> <p>(3) Without prejudice to the Law, in the event the Company and a Member making a request pursuant to Paragraphs (1) or (2) of this Article fail to reach <b><u>an</u></b> 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 R.O.C. Courts for a ruling on the appraisal price. <b><u>However, for the purpose of protecting rights of the dissenting Member, the Company may elect to act in accordance with the laws of place where the securities of the</u></b></p> | <p>Adjusting words in order to conform to the amendment of Article 46 and in accordance with the Company Act. Adding last part of Article 48 Paragraph 3 in accordance with regulation of the Company Act to protect shareholder's equity.</p> |

| No.        | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Explanations                                                                                                                                                                                                |
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|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <u>Company are registered or listed.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                             |
| Article 68 | (2) Without prejudice to other provisions of these Articles, the <u>Company</u> may <u>by an Ordinary Resolution</u> put <u>all Directors</u> for re-election before the expiration of the term of office of such Directors. In <u>this</u> event, <u>if it is not specified in such resolution that the existing Directors will not retire until</u> the expiration <u>date</u> of <u>their terms</u> of office <u>or other specified date, they shall be deemed to have retired on the date of such resolution</u> , subject to the successful election of the new Directors at the same meeting                                                                                                 | (2) Without prejudice to other provisions of these Articles, the <u>Directors</u> may <u>be</u> put <u>up</u> for re-election <u>at any time</u> before the expiration of the term of office of such Directors. In <u>the</u> event <u>where all Directors are subject for re-election at a general meeting before</u> the expiration of <u>the term</u> of office <u>of such Directors</u> , subject to the successful election of the new Directors at the same meeting, <u>the term of office of all current Directors is deemed to have expired on the date of the re-election if the Members do not resolve that all current Directors will only retire at the expiration of their present term of office or any other date as otherwise resolved by the Members at the general meeting.</u> | In order to conform to the needs of Check Table for Shareholder's equity Protection Item on November 30 <sup>th</sup> , 2018, hereby to add Article 68 paragraph 2, and adjusting words to organized terms. |
| Article 83 | (1) During the Relevant Period, 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:<br>(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 <u>the time elapsed after he has served the full term of the sentence</u> is less than five (5) years;<br><br>(b) has been <u>sentenced to</u> imprisonment for a term of more than one year for commitment of fraud, breach of trust | (1) During the Relevant Period, 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:<br>(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 <u>has not started serving the sentence, has not completed serving the sentence, or the time elapsed after completion of serving the sentence, expiration of the probation, or pardon</u> is less than five (5) years;<br>(b) has been <u>imposed a final sentence involving</u> imprisonment for a term of more than one year for   | In order to conform to the needs of Check Table for Shareholder's equity Protection Item on November 30 <sup>th</sup> , 2018, hereby to amend Article 83 paragraph 1 subparagraph                           |

| No. | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Explanations                                                                                                                                                             |
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|     | <p>or misappropriation, and the time elapsed after <b>he has served the full term of such</b> sentence is less than two (2) years;</p> <p>(c) has been <b>convicted of misappropriating public funds during the time of his public service</b>, and the time elapsed after <b>he has served the full term of such sentence</b> is less than two (2) years;</p> <p>(d) becomes bankrupt under the laws of any jurisdiction and has not been reinstated to his rights and privileges;</p> <p>(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;</p> <p>(f) dies or <b>has no or is limited in legal capacity according to the Law and/or Applicable Listing Rules; ... (Omitted)</b></p> <p>(3) During the Relevant Period, if a Director (other than Independent Director), (i) after having been elected and before his inauguration of the office of a Director, has transferred some or all his Shares held by him such that the remaining Shares are less than one half of the Shares held by such Director at the time of his election or, (ii) within the <b>closing period</b> fixed by the Board in accordance with</p> | <p>commitment of fraud, breach of trust or misappropriation, and <b>has not started serving the sentence, has not completed serving the sentence, or the time elapsed after completion of serving the sentence, expiration of the probation, or pardon</b> is less than two (2) years;</p> <p>(c) has been <b>imposed a final sentence due to violation of the Anti-corruption Act</b>, and <b>has not started serving the sentence, has not completed serving the sentence, or the time elapsed after completion of serving the sentence, expiration of the probation, or pardon</b> is less than two (2) years;</p> <p>(d) becomes bankrupt <b>or is adjudicated of commencement of liquidation proceeding by a court</b> under the laws of any jurisdiction, and has not been reinstated to his rights and privileges;</p> <p>(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;</p> <p>(f) dies or <b>an order has been made by any competent court or authority on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and such order has not been revoked, or his legal capacity is restricted according to the applicable laws; ... (Omitted)</b></p> <p>(3) During the Relevant Period, if a Director (other than Independent Director), (i) after having been elected and before his inauguration of the office of a Director, has transferred some or all his Shares held by him such that the remaining Shares are less than one half of the Shares held by such Director at the time of his election or, (ii) within the <b>Book Closure Period</b> fixed by the Board in accordance</p> | <p>( a ) 、 ( b ) 、 ( c ) 、 ( d ) 及 ( f ) , and adjusting terms in article.<br/>Adjusting words and organizing terms in order to conform to the amendment article 28.</p> |

| No.        | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Explanations                                                                                                                  |
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|            | Article 28(2) prior to the general meeting for the election of such Director, has transferred some or all his Shares held by him such that the remaining Shares are less than one half of the Shares held at the commencement of the <b><u>closing period</u></b> , his election as a Director shall be deemed invalid and void.                                                                                                                                                                                                                                                                                                                                                                                                         | with Article 28(2) prior to the general meeting for the election of such Director, has transferred some or all his Shares held by him such that the remaining Shares are less than one half of the Shares held at the commencement of the <b><u>Book Closure Period</u></b> , his election as a Director shall be deemed invalid and void.                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                               |
| Article 85 | 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 <b><u>and outstanding</u></b> 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. | 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 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. | Adjusting words in accordance with the regulation of the Company Act.                                                         |
| Article 86 | Subject to the Law, one or more Members holding <b><u>three</u></b> percent ( <b><u>3%</u></b> ) or more of the total number of the <b><u>outstanding</u></b> Shares continuously for a period of <b><u>more than one year</u></b> 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                                                                                                       | Subject to the Law, one or more Members holding <b><u>one</u></b> percent ( <b><u>1%</u></b> ) or more of the total number of the <b><u>issued</u></b> Shares continuously for a period of <b><u>six (6) months or a longer time</u></b> 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                                                                   | In order to conform to the needs of Check Table for Shareholder's equity Protection Item on November 30 <sup>th</sup> , 2018, |

| No.        | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Explanations                                                                                                                                              |
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|            | of the R.O.C. In case the Independent Director 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.                                                                                                                                                                                                                                                                                                                                                                                                                                     | of the R.O.C. In case the Independent Director 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | hereby to amend Article 86.                                                                                                                               |
| Article 91 | 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. 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. | 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. <b><u>Where the spouse, a blood relative within the second degree of kinship of a Director as defined under the Civil Code of R.O.C., or any company which has a controlling or subordinate relation with a Director bear any interest in the matter under discussion at a Board meeting, such Director shall be deemed to bear a personal interest in the matter.</u></b> 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. | In order to conform to the needs of Check Table for Shareholder's equity Protection Item on November 30 <sup>th</sup> , 2018, hereby to amend Article 91. |
| Article 95 | 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 (iii) a Statutory Reserve in accordance with the Applicable Listing Rules, and after the aforesaid sums as set aside from the profits for such                                                                                                                                                                                                                                                                                              | 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 (iii) a Statutory Reserve in accordance with the Applicable Listing Rules, and after the aforesaid sums as set aside from the profits for such                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | In accordance with Taiwan Securities and Exchange Act and the Company Act, adjusting the                                                                  |

| No.         | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Explanations                                    |
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|             | relevant financial year, the Board <u>may</u> , before recommending any dividend or bonuses, set aside the remaining profits of the Company for the relevant financial year as a reserve or reserves (the "Special Reserve") <b><u>which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied.</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | relevant financial year <b><u>for any purpose to which the profits of the Company may be properly applied</u></b> , the Board <u>shall</u> , before recommending any dividend or bonuses, set aside the remaining profits of the Company <b><u>in whole or in part</u></b> for the relevant financial year as a <b><u>special</u></b> reserve or reserves <b><u>in accordance with the order from the Commission, and the Company may also, under these Articles or by Special Resolution of the general meeting, set aside another sum as a special reserve or reserves (collectively,</u></b> the "Special Reserve").                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | terms in Article 95 to avoid doubts.            |
| Article 100 | (3) 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, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total <b><u>issued</u></b> capital), and setting aside the Special Reserve (if any), the Company may distribute not less than not less than ten percent (10%) of the remaining balance (including the amounts reversed from the Special Reserve) (the "Distributable Profit"), plus undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an Ordinary Resolution passed at an annual general meeting of the Company duly convened and held in accordance with these Articles to the Members as dividends/bonuses in proportion to the number of Shares | (3) 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, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total <b><u>paid-in</u></b> capital), and setting aside the Special Reserve (if any), the Company may distribute not less than not less than ten percent (10%) of the remaining balance (including the amounts reversed from the Special Reserve) (the "Distributable Profit"), plus <b><u>accumulated</u></b> undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an Ordinary Resolution passed at an annual general meeting of the Company duly convened and held in accordance with these Articles to the Members as dividends/bonuses in proportion to the number of Shares | Adjusting the terms in article to avoid doubts. |

| No.         | Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Explanations                                                                                                                                               |
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|             | held by them respectively pursuant to these Articles, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to Members. If the Distributable Profit is less than one percent (1%) of the paid-in capital of the Company, as determined by an Ordinary Resolution, the Company may not distribute dividends/bonuses to the Members in accordance with this Paragraph in such year (i.e., no or less dividends/bonuses are paid).          | held by them respectively pursuant to these Articles, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to Members. If the Distributable Profit is less than one percent (1%) of the paid-in capital of the Company, as determined by an Ordinary Resolution, the Company may not distribute dividends/bonuses to the Members in accordance with this Paragraph in such year (i.e., no or less dividends/bonuses are paid).                                                                                                                                           |                                                                                                                                                            |
| Article 107 | <b>The</b> 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 <b><u>inspect and to make copies of</u></b> the above documents. | <b><u>During the Relevant Period, the</u></b> 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 <b><u>inspecting, transcribing and making copies of the above documents; the Company shall make Shareholder Service Agent provide</u></b> the above documents. | In order to conform to the needs of Check Table for Shareholder's equity Protection Item on November 30 <sup>th</sup> , 2018, hereby to amend Article 107. |

\*The standard for amendment of Memorandum and Articles of Association shall be the English version; if only the errata and number correction, not the content amendment, or only the words adjustment in Chinese translation, it shall not disply.

## HORNG SHIUE HOLDING Co., Ltd.

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

| Revised Article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Current Version                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Amendment basis and reasons                                                                                                                                                                                                                                                                                                              |
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| <p>Article 2. The scope of assets</p> <p>The term "assets" as used in these Regulations includes the following:</p> <p>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>3. Memberships.</p> <p>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p><u>5. Right-of-use assets.</u></p> <p><u>6. Claims of financial institutions</u> (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p><u>7. Derivatives.</u></p> <p><u>8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</u></p> <p><u>9. Other major assets.</u></p> | <p>Article 2. The scope of assets</p> <p>The term "assets" as used in these Regulations includes the following:</p> <p>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2. Real property (including land, houses and buildings, investment property, <u>land use rights</u>, and construction enterprise inventory) and equipment.</p> <p>3. Memberships.</p> <p>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>6. Derivatives.</p> <p>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>8. Other major assets.</p> | <p>1. Coordinate with the provisions of the International Financial Reporting Standards No. 16 (IFRS 16) of Lease to add paragraphs 5, extend the scope of right-of-use assets and move the current standard of paragraph 2 about land access to paragraph 5.</p> <p>2. Move the current standard of paragraph 5~8 to paragraph 6~9.</p> |
| <p>Article 3. The definition of terms</p> <p>Terms used in these Regulations are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>Article 3. The definition of terms</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an asset, rate, foreign exchange rate, index, or other interests and commodities; or compound contract composed of the above commodities. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>1. Coordinate with the provisions of the International Financial Reporting Standards No. 9 of the definition of financial instruments, formulate the scope of derivatives clearly.</p>                                                                                                                                                |

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| <p>"forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2.Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3.~6. (without amendment)</p> <p>7.<u>Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>8.<u>Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p> | <p>2.<u>As referred to in this article, "Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law":</u> Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under paragraph 6 of Article 156 of the Company Act.</p> <p>3.~6. (without amendment)</p> | <p>2.Coordinate with the clause for the amendment.</p> <p>3.Add subparagraphs 7 and 8 to formulate the scope of domestic and foreign securities exchanges and the over-the-counter venue.</p> |
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| <p>Article 4. Appraisal procedures (the means of price determination and supporting reference materials)</p> <p>1. When acquiring or disposing of assets, the Company and its subsidiaries shall, in accordance with the following provisions, appoint an expert who is objective, impartial and independent in accordance with the types of assets to issue reports:</p> <p>(1) In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. (The followings are without amendment.)</p> <p>(3) Our company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company</p> | <p>Article 4. Appraisal procedures (the means of price determination and supporting reference materials)</p> <p>1. When acquiring or disposing of assets, the Company and its subsidiaries shall, in accordance with the following provisions, appoint an expert who is objective, impartial and independent in accordance with the types of assets to issue reports:</p> <p>(1) In acquiring or disposing of real property, or equipment thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. (The followings are without amendment.)</p> <p>(3) Our company acquires or disposes of intangible assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified</p> | <p>1. Coordinate with the provisions of the International Financial Reporting Standards No. 16 (IFRS 16) of Lease to add paragraphs 5, include the right-of-use assets into this article; the government agency referred to refers to the central and local government agencies of R.O.C.</p> <p>2. The contents were revised In order to comply with the legal process.</p> <p>3. Same as the first point.</p> <p>4. Define the negative responsibility and qualifications of relevant experts , and stipulate the assessment, verification and declaration of matters of an appraisal report or opinion by the relevant experts.</p> |

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| <p>shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>2~3. (without amendment)</p> <p>4. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide our company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p><u>(1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>(2) May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>(3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>(1) Prior to accepting a case, they shall prudently assess their own</u></p> | <p>public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>2~3. (without amendment)</p> <p>4. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide our company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions may not be a related party of any party to the transaction.</p> |  |
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| <p><u>professional capabilities, practical experience, and independence.</u></p> <p><u>(2)When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>(3)They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>(4)They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                         |
| <p>Article 5. Acquire the limits of real estate, equipment or securities, and the operating procedures, decision-making procedures, investment scope, quota and execution units of the trading conditions:</p> <p>1、The Company and its subsidiaries shall not invest in the purchase of real estate not used for business purposes and its right-of-use assets, except for assets acquired for business use. If the future operation or economic situation of the company is changed after the acquisition, the original real estate for the business use is not used for business purposes, then it's not included; investing in the purchase of securities shall not exceed the total amount of shareholders' equity; the amount of investment in individual</p>                                                                                                                                                                                                                                                                | <p>Article 5. Acquire the limits of real estate, equipment or securities, and the operating procedures, decision-making procedures, investment scope, quota and execution units of the trading conditions:</p> <p>1.The Company and its subsidiaries shall not invest in the purchase of real estate not used for business purposes, except for assets acquired for business use. If the future operation or economic situation of the company is changed after the acquisition, the original real estate for the business use is not used for business purposes, then it's not included; investing in the purchase of securities shall not exceed the total amount of shareholders' equity; the amount of investment in individual securities shall not exceed the total amount listed above.</p> <p>(The followings are without</p> | <p>Coordinate with the provisions of the International Financial Reporting Standards No. 16 (IFRS 16) of Lease to amend subparagraph 2 of paragraphs 1, and includes the non-business real property and right-of-use assets in the provision of handling procedure.</p> |

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| securities shall not exceed the total amount listed above.<br>(The followings are without amendment.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | amendment.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Article 6. Subsidiary company's management of acquisition or disposal of assets<br>All subsidiaries acquire or dispose of assets in accordance with this processing procedure. No additional acquire or dispose of assets procedure is required.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Article 6. Management of purchase of real estate, equipment or securities by subsidiaries<br>1. The assets acquired or disposed of by each subsidiary shall be handled in accordance with this processing procedure.<br>2. Each subsidiary shall, in accordance with the provisions of this procedure, establish a “procedure for the acquisition or disposal of assets”, which shall be approved by the board of directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | The amendment is in accordance with question 54 of “Q&A of Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.                                                                                                                                                                                                                                                                       |
| Article 7. Transaction that engages in any related party<br>1.~3.(without amendment)<br>4.Our Company’s acquisition or disposal of real estate property or the right-of-use assets from or with a stakeholder, or acquisition or disposal of other non-real estate property, with transaction amount equals to or more than 20% of our Company’s paid-up capital, 10% of total asset, or NT\$ 300 million, except for domestic government bonds, re-purchase or re-sale of bonds, subscription or redemption of domestic monetary funds, shall also require presenting the following information to the board of directors and supervisors for approval before the respective transaction agreement may be executed and payment be made:<br>(1)~(2) 1.~ 2. (without amendment)<br>(3)Obtain real estate property or right-of-use assets from related parties. The information regarding to assessing the reasonability of the intended transaction’s terms and conditions in accordance with Paragraph 5, 6 of this Article.<br>(4)~(7)(without amendment)<br>With respect to the types of transactions listed below, when to be conducted between our company and its parent or subsidiaries, or between | Article 7. Transaction that engages in any related party<br>1.~3.(without amendment)<br>4.Our Company’s acquisition or disposal of real estate property from or with a stakeholder, or acquisition or disposal of other non-real estate property, with transaction amount equals to or more than 20% of our Company’s paid-up capital, 10% of total asset, or NT\$ 300 million, except for government bonds, re-purchase or re-sale of bonds, subscription or redemption of domestic monetary funds, shall also require presenting the following information to the board of directors and supervisors for approval before the respective transaction agreement may be executed and payment be made:<br>(1)~(2) 1.~ 2. (without amendment)<br>(3)Obtain real estate property from related parties. The information regarding to assessing the reasonability of the intended transaction’s terms and conditions in accordance with Paragraph 5, 6 of this Article.<br>(4)~(7)(without amendment)<br>About the acquisition or disposal of the equipment for business use of the company and the parent company or subsidiaries, the board of directors may authorize the chairman to make | 1.Coordinate with the provisions of the International Financial Reporting Standards No. 16 (IFRS 16) of Lease, includes the right-of-use assets into this standard. The government bond refers to domestic government bond.<br><br>2.It is considered that the risk of trading with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares is |

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| <p>its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within the amount of 500 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>(1)Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2)Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>If independent directors are already in place, their opinions as the previous Paragraph may concern shall be thoroughly considered. Any objection or reserve opinion raised by an independent director shall be recorded in the meeting record of the board meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 12.</p> <p>5.Our Company’s acquisition or disposal of property or the right-of-use asset from or with stakeholder shall require assessment on the reasonability of transaction cost pursuant to the following methods:</p> <p>(1)~(2) (without amendment)</p> <p>For joint acquisition or leasehold of a same land and house, the separate assessments for the transaction cost of the land and the house shall be made pursuant to any of this paragraph.</p> <p>Our company’s acquisition of real estate property or the right-of-use</p> | <p>a decision within the amount of 500 million, and then report to the board of directors for confirmation in the most recent period.</p> <p>If independent directors are already in place, their opinions as the previous Paragraph may concern shall be thoroughly considered. Any objection or reserve opinion raised by an independent director shall be recorded in the meeting record of the board meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" in paragraph 3 and "all directors" shall be counted as the actual number of persons currently holding those positions.</p> <p>5.Our Company’s acquisition or disposal of property from or with stakeholder shall require assessment on the reasonability of transaction cost pursuant to the following methods:</p> <p>(1)~(2) (without amendment)</p> <p>For joint acquisition of a same land and house, the separate assessments for the transaction cost of the land and the house shall be made pursuant to any of this paragraph.</p> <p>Our company’s acquisition of real estate property from a stakeholder</p> | <p>relatively low, and the amendment is relaxed to authorize the chairman to handle the transaction first.</p> <p>3.The company that has set up the audit committee, the preceding paragraph of the subparagraph is applicable to the independent board members of the audit committee.</p> |
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| <p>asset from a stakeholder shall require assessment on the real estate property or the right-of-use asset cost pursuant to subparagraphs 1 and 2, of this paragraph, and a secondary review and opinion from accountant are required.</p> <p>Where our company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 4 of this Article, and this paragraph does not apply:</p> <p>(1)The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>(2)More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>(3)The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>(4)The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>6. When the results of our company's appraisal conducted in accordance with subparagraphs 1, 2, paragraph 5 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 7. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been</p> | <p>shall require assessment on the real estate property or the right-of-use asset cost pursuant to subparagraphs 1 and 2, of this paragraph, and a secondary review and opinion from accountant are required.</p> <p>Where our company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 4 of this Article, and this paragraph does not apply:</p> <p>(1)The related party acquired the real property through inheritance or as a gift.</p> <p>(2)More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(3)The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>6. When the results of our company's appraisal conducted in accordance with subparagraphs 1, 2, paragraph 5 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 7. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been</p> |  |
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| <p>obtained, this restriction shall not apply:</p> <p>(1)Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1.Omitted.</p> <p>2.Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(2)Our Company presents evidence that proves the transaction terms and conditions for the acquisition of property or lease to acquire property right-of-use asset, from a stakeholder are comparable to other transactions property of comparable acreage in adjacent area made between other non-stakeholders. The term transactions in adjacent area shall mean, principally, a property locating on the same or neighboring block with a distance to the target property in concern does not exceed 500 meters and the announced present values are comparable. The term comparable acreage shall mean the transactions of property, having acreage no less than 50% of the target property's acreage, made between other non-stakeholders. The term one year shall be the past year before the actual occurrence date of the property or right-of-use asset</p> | <p>obtained, this restriction shall not apply:</p> <p>(1)Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1.Omitted.</p> <p>2.Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale.</p> <p>3.The assessment on other property on other floor leased to a non-stakeholder in the past one year, with terms and conditions complying with common practice in real estate transactions and referencing to price difference due to floor number, suggests similar terms and conditions.</p> <p>(2)Our Company presents evidence that proves the transaction terms and conditions for the acquisition of property from a stakeholder are comparable to other transactions property of comparable acreage in adjacent area made between other non-stakeholders. The term transactions in adjacent area shall mean, principally, a property locating on the same or neighboring block with a distance to the target property in concern does not exceed 500 meters and the announced present values are comparable. The term comparable acreage shall mean the transactions of property, having acreage no less than 50% of the target property's acreage, made between other non-stakeholders. The term one year shall be the past year before the actual occurrence date of the property acquisition.</p> |  |
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| <p>acquisition.</p> <p>7. Our Company's acquisition of real estate property or right-of-use asset from a stakeholder shall require completing the following tasks if the assessment made in accordance with paragraphs 5, 6, suggests a price lower than transaction price:</p> <p>(1) Regarding to the recognition of special reserve, pursuant to Paragraph 1, Article 40 of the Securities Exchange Act, our Company may not distribute or transfer as common stock for distribution the difference of the real estate property or right-of-use asset transaction's transaction price and assessed cost. A listed company investing in our Company and adopting equity method for assessment shall recognize the special reserve at the shareholding ratio in accordance with Paragraph 1, Article 41 of the Securities Exchange Act.</p> <p>(2) The Audit Committee shall observe Article 218 of the Company Act.</p> <p>(3) The handling of subparagraphs 1, 2 shall be reported to the shareholders' meeting and disclose the details of the transaction in the annual report and the prospectus. Our company that has set aside a special reserve under subparagraphs 1, paragraph 7 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>The above two paragraphs shall be also observed if other evidence is in place proving that the transaction in</p> | <p>7. Our Company's acquisition of real estate property from a stakeholder shall require completing the following tasks if the assessment made in accordance with paragraphs 5, 6, suggests a price lower than transaction price:</p> <p>(1) Regarding to the recognition of special reserve, pursuant to Paragraph 1, Article 40 of the Securities Exchange Act, our Company may not distribute or transfer as common stock for distribution the difference of the real estate property transaction's transaction price and assessed cost. A listed company investing in our Company and adopting equity method for assessment shall recognize the special reserve at the shareholding ratio in accordance with Paragraph 1, Article 41 of the Securities Exchange Act.。</p> <p>(2) The Audit Committee shall observe Article 218 of the Company Act.</p> <p>(3) The handling of subparagraphs 1, 2 shall be reported to the shareholders' meeting and disclose the details of the transaction in the annual report and the prospectus. Our company that has set aside a special reserve under subparagraphs 1, paragraph 7 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> |  |
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| which our Company acquires real estate property or right-of-use asset from a stakeholder does not conform to common practice.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>Article 10. Public announcement and regulatory filing procedures.</p> <p>1.Omitted.</p> <p>(1)Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2)Merger, demerger, acquisition, or transfer of shares.</p> <p>(3)Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4)Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:<br/>1.~ 2. (without amendment)</p> <p>(5)Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects</p> | <p>Article 10. Public announcement and regulatory filing procedures.</p> <p>1.Omitted.</p> <p>(1)Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2)Merger, demerger, acquisition, or transfer of shares.</p> <p>(3)Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4)Where equipment for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:<br/>1.~ 2. (without amendment)</p> <p>(5)Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> | <p>1.Coordinate with the provisions of the International Financial Reporting Standards No. 16 (IFRS 16) of Lease, includes the right-of-use assets into this standard. The government bond refers to domestic government bond.</p> <p>2.Consider the announcement of subparagraph 1 of paragraph 1 that has clearly defined the transaction of related party, and subparagraph 5 of the same paragraph regulates the transaction of non-related party , which is followed by the company.</p> |

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| <p>to invest in the transaction reaches NT\$500 million.</p> <p>(6)Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>1.Trading of domestic government bonds.</p> <p>2.Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>(1)The amount of any individual transaction.</p> <p>(2)The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(3)The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(4)The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>3.~7. (without amendment)</p> <p>8.Information required to be publicly announced and reported in accordance with the provisions of information disclosure on acquisitions and disposals of assets by our company's subsidiary that is not itself a public company in Taiwan shall be reported by our</p> | <p>(6)Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>1.Trading of government bonds.</p> <p>2.Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>(1)The amount of any individual transaction.</p> <p>(2)The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(3)The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p> <p>(4)The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>3.~7. (without amendment)</p> <p>8.Information required to be publicly announced and reported in accordance with the provisions of information disclosure on acquisitions and disposals of assets by our company's subsidiary that is not itself a public company in Taiwan shall be reported by our</p> | <p>3.The subsidiary's public announcement and regulatory filing procedures shall be consistent with its parent company and shall comply with the first paragraph of Article 31 to add a standard for the amount of paid-up capital that reaches of NT\$10 billion.</p> |
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| company. The paid-in capital or total assets of the public company shall be the standard applicable to a subsidiary that is not itself a public company in Taiwan referred to in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under this Article, paragraph 1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | company. The 20% of paid-in capital or 10% total assets of the public company shall be the standard applicable to a subsidiary that is not itself a public company in Taiwan referred to in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under this Article, paragraph 1.                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                       |
| This article is deleted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Article 13. The company that has set up the audit committee, the Article 7, 8, 12 related to provision to supervisors is applicable to the audit committee. And subparagraph 2, paragraph 7 of Article 7 is applicable to the independent board members of the audit committee.                                                                                                                                                                                                                                                                                                                        | Coordinate with paragraph 3, 4 , Article 14-4 of the Securities Exchange Act for the amendment, and be formulated clearly in each Article.                                                                                                            |
| Article 13. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted. | Article 14. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted. | Add content in the second paragraph about a company whose shares have no par value or a par value other than NT\$10, and calculations under the provisions of Article 31 regarding transaction amounts relative to paid-in capital of NT\$10 billion. |
| Article 14. Miscellaneous<br>This procedure was established on October 10, 2015, first revised on March 6, 2017, agreed by the shareholders' meeting on June 12, 2017, and the second revision was made on December 27, 2018.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Article 15. Miscellaneous<br>This procedure was established on October 10, 2015, and was revised on June 12, 2017.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                       |

## HORNG SHIUE HOLDING Co., Ltd.

### Comparison table for the amendment of Procedures for Loaning Funds to Others

| Clause     | Revised Article                                                                                                                                                                                                                                                                                                                                        | Current Version                                                                                                                                                                                                                                                                                                                                                      | Amendment basis and reasons                                                                                                                                                                                                                                                                        |
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| Article 1  | (Omitted)<br>Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable financial laws, rules, and regulations.                                                                                                                                                                                           | (Omitted)<br>Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.                                                                                                                                                                                                                   | The revision is based on "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (hereinafter this procedure).                                                                                                                                          |
| Article 10 | (Omitted)<br>"Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds, whichever date is earlier.                                                                             | (Omitted)<br>"Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds, whichever date is earlier.                                                                                           | The revision is based on this procedure, considering the loan is not a transactional property.                                                                                                                                                                                                     |
| Article 13 | Internal auditors shall perform auditing on the Procedures and the implementation of the Procedures every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee.                                                                                                 | Internal auditors shall perform auditing on the Procedures and the implementation of the Procedures every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the <del>board of directors</del> .                                                                                                | Added according to this procedure. The company that has set up Audit Committee, should there be any violation about loaning of funds or endorsements/guarantees found, a written report is needed to notify the Audit Committee. A corrective plan has also to be provided to the Audit Committee. |
| Article 14 | Should a borrower no longer satisfy the criteria set forth in the relevant regulations and/or the Procedures or there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan has to be provided to the Audit Committee and the proposed correction actions should be implemented within the period specified | Should a borrower no longer satisfy the criteria set forth in the relevant regulations and/or the Procedures or there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan has to be provided to the <del>board of directors</del> and the proposed correction actions should be implemented within the period specified | Ditto.                                                                                                                                                                                                                                                                                             |

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|            | in such plan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | in such plan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                               |
| Article 17 | <p>(Omitted)</p> <p>Where a company has established the position of audit committee, to set up and amend the Procedures for Loaning Funds to Others, it shall be approved by more than half of all audit committee members, and submit to the board of directors for resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> | <p>(Omitted)</p> <p><del>If our company has established the position of independent director, when it submits the procedure for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions; the independent directors' specific opinions of assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting. If our company has established an audit committee, when reporting the procedure to the board of directors, it shall require the approval of the audit committee.</del></p> | <p>According to Article 14-5 of the Securities Exchange Act, the Audit Committee's authority includes procedures for determining or amending the material financial operations of the loan to others. And referred to Article 6 of Regulations Governing the Acquisition and Disposal of Assets and amend this procedure.</p> |

## HORNG SHIUE HOLDING Co., Ltd.

### Comparison table for the amendment of "Regulations Governing Making of Endorsements/Guarantees"

| Clause     | Revised Article                                                                                                                                                                                                                                                                                                                                                                             | Current Version                                                                                                                                                                                                                                                                                                                              | Amendment basis and reasons                                                                                                                                                                               |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Article 1  | Where the Company endorses or provides guarantees for others, it shall be implemented in accordance with this procedure and relevant regulations. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable financial laws, rules, and regulations.                                                                                           | Where the Company endorses or provides guarantees for others, it shall be implemented in accordance with this procedure and relevant regulations. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.                                                      | The revision is based on "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (hereinafter this procedure).                                                 |
| Article 6  | (Omitted)<br>The Financial Unit shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.                                                                      | (Omitted)<br><del>The Accounting department</del> shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.     | Revise and unify the contact window.                                                                                                                                                                      |
| Article 9  | 3.The balance of endorsements/guarantees by our company and the 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 percent or more of our company's net worth as stated in its latest financial statement. | 3.The balance of endorsements/guarantees by our company and the subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, and balance of loans to, such enterprise reaches 30 percent or more of our company's net worth as stated in its latest financial statement. | To clarify the definition of long-term investment, amendment is referred to subparagraph 1, paragraph 4 of Article 9 of Regulations Governing the Preparation of Financial Reports by Securities Issuers. |
| Article 11 | Internal auditors shall perform auditing on the Procedures and the implementation of the Procedures every quarter and produce written auditing reports.                                                                                                                                                                                                                                     | Internal auditors shall perform auditing on the Procedures and the implementation of the Procedures every quarter and produce written auditing reports.                                                                                                                                                                                      | Added according to this procedure. The company that has set up Audit Committee,                                                                                                                           |

|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                       |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|            | Should there be any violation found, a written report is needed to notify the Audit Committee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Should there be any violation found, a written report is needed to notify the <del>supervisor or</del> Audit Committee <del>and independent director.</del>                                                                                                                                                                                                                                                                                                                                                              | should there be any violation about loaning of funds or endorsements/guarantees found, a written report is needed to notify the Audit Committee. A corrective plan has also to be provided to the Audit Committee.                                                                                                    |
| Article 13 | Where our company has established the position of audit committee, to set up and amend the Procedures for Loaning Funds to Others, it shall be approved by more than half of all audit committee members, and submit to the board of directors for resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. It must be reported to the shareholders' meeting for approval and implementation. The same applies to the amendment. | Where our company <del>submits the procedure for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions; the independent directors' specific opinions of assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting;</del> It must be reported to the shareholders' meeting for approval and implementation. The same applies to the amendment. | According to Article 14-5 of the Securities Exchange Act, the Audit Committee's authority include procedures for determining or amending the material financial operations of the loan to others. And referred to Article 6 of Regulations Governing the Acquisition and Disposal of Assets and amend this procedure. |

## HORNG SHIUE HOLDING CO., LTD.

## Comparison Table for the Amended Articles of “Rules of Procedure for Shareholders’ Meeting”

| Clause                   | Current version                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Draft of revised article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Reason for revision                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Paragraph 1 of Article 3 | Unless otherwise provided by law or regulation of our company, this Corporation's shareholders meetings shall be convened by the board of directors.                                                                                                                                                                                                                                                                                                                                                                                | Unless otherwise provided by law or regulation of our company, this Corporation's shareholders meetings shall be convened by the board of directors. <b><u>The board of directors or other authorized conveners of shareholders’ meetings may require a company or its shareholder service agent to provide with the roster of shareholders.</u></b>                                                                                                                                                                                                                                             | In response to the stock exchange's announcement on November 30, 2018 Take the word on the Taiwanese card 1071703794 to amend the "Checklist for the protection of shareholders' rights and interests of foreign issuers" (Hereinafter "Checklist for Shareholders' Rights Protection") , and in accordance with the new regulations of the company, add the latter specification of this paragraph. |
| Paragraph 4 of Article 3 | None of the following may be raised by an extraordinary motion except in the case of an emergency or legitimate reason:<br>1.Election or dismissal of director.<br>2.Amendments to the articles of incorporation.<br>3.(i) The dissolution, merger, or demerger of the corporation, (ii) Enter into, amend, or terminate any contract for lease of the company’s business in whole, or for entrusted business, or for regular joint operation with others, (iii)Transfer the whole or any essential part of its business or assets; | The following essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporaneous motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice:<br>1.Election or dismissal of director.<br>2.Amendments to the articles of incorporation.<br>3.(i) The dissolution, merger, or demerger of the corporation, (ii) Enter into, amend, or terminate any contract for lease of the | Coordinate with the Checklist for Shareholders' Rights Protection, and in accordance with the new regulations of the company, amendment of this paragraph is made.                                                                                                                                                                                                                                   |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |
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|  | <p>or (iv) Acquire or accept the transfer of another's whole business or assets, which has great bearing on the business operation of the company.</p> <p>4. Make the approval for a director who does anything for himself or on behalf of another person that is within the scope of the company's business.</p> <p>5. Distribute all or part of the reserve by issuing new shares and equity capital.</p> <p>6. By issuing new shares or cash to distribute the legal reserve and the income derived from the issuance of new shares at a premium, and capital reserve due to the income from endowments received by the company.</p> <p>7. The company privately placed securities with equity characteristics.</p> <p>8. To issue employee stock warrants that are not subject to the exercise price restriction which may not be lower than the closing price of the company stocks as of the issuing date.</p> <p>9. An issuer applies for issuance of new restricted employee shares.</p> | <p>company's business in whole, or for entrusted business, or for regular joint operation with others,</p> <p>(iii) Transfer the whole or any essential part of its business or assets;</p> <p>or (iv) Acquire or accept the transfer of another's whole business or assets, which has great bearing on the business operation of the company.</p> <p>4. Make the approval for a director who does anything for himself or on behalf of another person that is within the scope of the company's business.</p> <p>5. Distribute all or part of the reserve by issuing new shares and equity capital.</p> <p>6. By issuing new shares or cash to distribute the legal reserve and the income derived from the issuance of new shares at a premium, and capital reserve due to the income from endowments received by the company.</p> <p>7. The company privately placed securities with equity characteristics.</p> <p>8. To issue employee stock warrants that are not subject to the exercise price restriction which may not be lower than the closing price of the company stocks as of the issuing date.</p> <p>9. An issuer applies for</p> |  |
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|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                           |
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|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>issuance of new restricted employee shares.</p> <p><b><u>10.Reduction of capital or purchase of shares of the company in accordance with the provisions of Paragraph 1, Article 24 of Regulation of the Company, and shall be written off.</u></b></p> <p><b><u>11.Application for the approval of ceasing its status as a public company.</u></b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                           |
| Paragraph 5 of Article 3 | <p><b>Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. Unless any of the following circumstances is satisfied, the board of directors of the company shall include the proposal submitted by a shareholder in the list of proposals to be discussed at a regular meeting of shareholders:</b></p> <p><b>1.The shareholder that makes the said proposal possesses the number of shares of the company which is less than one percent (1%) of the total number of outstanding shares prior to the book closure date before a regular shareholders meeting is held.</b></p> <p><b>2.Where the subject (the</b></p> | <p><b>Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal or an email for discussion at a regular shareholders' meeting. Unless any of the following circumstances is satisfied, the board of directors of the company shall include the proposal submitted by a shareholder in the list of proposals to be discussed at a regular meeting of shareholders:</b></p> <p><b>1.The shareholder that makes the said proposal possesses the number of shares of the company which is less than one percent (1%) of the total number of outstanding shares prior to the book closure date before a regular shareholders meeting is held.</b></p> <p><b>2.Where the subject (the issue) of the said proposal cannot be settled or resolved by a resolution to be adopted at a meeting of shareholders.</b></p> <p><b>3.Where a proposal</b></p> | <p>Coordinate with the Checklist for Shareholders' Rights Protection, and in accordance with the new regulations of the company, amendment of this paragraph is made.</p> |

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                               |
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|                          | <p>issue) of the said proposal cannot be settled or resolved by a resolution to be adopted at a meeting of shareholders.</p> <p><b>3. Where a proposal contains more than one matter.</b></p> <p><b>4. Where the said proposal is submitted on a day beyond the deadline fixed and announced by the company for accepting shareholders' proposals.</b></p>                                                                                   | <p><b>contains more than one matter or more than 300 words.</b></p> <p><b>4. Where the said proposal is submitted on a day beyond the deadline fixed and announced by the company for accepting shareholders' proposals.</b></p>                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                               |
| Paragraph 6 of Article 3 | <p>The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words. The one which contains more than 300 words shall not be included in the agenda. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.</p> | <p>The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.</p>                                                                                                                                                                            | <p>Coordinate with paragraph 5, Article 3 of this regulation for the revision, and adjust the terms to avoid disputes.</p>                                                                                                                                                                                                                                    |
| Paragraph 2 of Article 9 | <p>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</p>                                      | <p>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</p> | <p>According to Article 39 of this regulation of our Company, the shareholders' meeting of our Company shall have representatives who have issued more than half of the total number of shares with voting rights to attend in person, by proxy or by legally authorized representatives (such as legal person shareholders). Therefore, provisions about</p> |

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                   |                                                                                                                                        |
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|                          | attending shareholders still represent less than <u>one third</u> of the total number of issued shares, the chair shall declare the meeting adjourned.。                                                                                                                                                                                                                                                                                     | attending shareholders still represent less than <u>half</u> of the total number of issued shares, the chair shall declare the meeting adjourned. | tentative resolution of the Company Act in Taiwan shall not apply, and the provisions of paragraph 2 of this Article shall be amended. |
| Paragraph 3 of Article 9 | <b><u>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.</u></b> | (This paragraph is deleted.)                                                                                                                      | Amendment is made in accordance with Article 9, paragraph 2 of this regulation, and this paragraph is deleted to avoid disputes.       |
| Paragraph 4 of Article 9 | <b><u>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.</u></b>                                                                                                                                                            | (This paragraph is deleted.)                                                                                                                      | Amendment is made in accordance with Article 9, paragraph 2 of this regulation, and this paragraph is deleted to avoid disputes.       |
| Article 20               | This regulation was stated on September 18, 2016.                                                                                                                                                                                                                                                                                                                                                                                           | This regulation was stated on September 18, 2016.<br><b>This regulation was first revised on March 26, 2019.</b>                                  | Stated the date of revision of this regulation clearly.                                                                                |

**HORNG SHIUE HOLDING CO., LTD.**  
**Comparison Table for Amended Articles of “Procedures for Election of Directors”**

| Clause                   | Current version                                                                                                                                                                                                                                                                                                                                                                                                                                       | Draft of revised article                                                                                                                                                                                                                                                                                                                                        | Reason for revision                                                                                                                                                                                                                                                                                                                                 |
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| Paragraph 3 of Article 3 | More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.                                                                                                                                                                                                                                                                              | More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director. <b><u>If there is any inconsistency in this paragraph, the director who received a ballot representing the lower number of votes, the election will be invalid.</u></b>                | Refer to Article 26 of the Securities Exchange Act in Taiwan, state the processing method of "More than half of the directors have a spousal relationship or a relationship within the second degree of kinship with other director" in paragraph 3, Article 3 of this procedure.                                                                   |
| Paragraph 2 of Article 4 | The election of independent directors of this Corporation shall be conducted in accordance with the candidate nomination system in this procedure and comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies. | The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies. | According to the provisions of the company, the election of all independent directors shall be conducted in accordance with the candidate nomination system during the listing period. The original provision about candidate nomination system of the election of independent directors is deleted, and is unified in Article 5 of this procedure. |
| Paragraph 1 of Article 5 | The election of independent directors of the Company shall, in accordance with the provisions of this provision of the Company, adopt a nomination system for candidates in accordance                                                                                                                                                                                                                                                                | The election of directors (include the independent directors) of the Company shall, in accordance with the provisions of this provision of the Company, adopt a nomination system for candidates in accordance with the rules of the Public Company                                                                                                             | The provisions of this Article are amended by reference to the provisions of Article 192 of the Company Act, which was amended on July 6, 2018 and implemented                                                                                                                                                                                      |

|            |                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                         |
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|            | with the rules of the Public Company of the Republic of China. | of the Republic of China. <u>Except as otherwise provided by the Act, no documents shall be arbitrarily required to be attached to the qualifications of the candidates for the directors, and the list of candidates for directors and their academic qualifications and experience shall be announced.</u> <u>Shareholders shall be selected in accordance with the provision in the company and on the list of candidates.</u> | on November 1 in the same year.                         |
| Article 15 | This regulation was stated on June 30, 2016.                   | This regulation was stated on June 30, 2016.<br>This regulation was first revised on March 26, 2019.                                                                                                                                                                                                                                                                                                                              | Stated the date of revision of this regulation clearly. |

**HORNG SHIUE HOLDING CO., LTD.**  
**Regulations Governing Issuance of Restricted Stock Awards in 2019**

**1. Purpose**

To attract and retain the professional talents required by the company, and to motivate employees and enhance employee commitment and sense of belonging to the company, so as to jointly create benefit to the company and its shareholders. According to paragraph 8 of Article 267 of the Company Act and “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” issued by the Financial Supervisory Committee (hereinafter, “Recruitment Regulations”), to stipulate the company's current Regulations Governing Issuance of Restricted Stock Awards. Employee Rights New Shares Issuance Method (hereinafter, “this Regulation”).

**2. Issuing period**

Within one year from the date of the resolution of the shareholders' meeting, it shall be reported once or in several times, and within one year from the date of the notification of the effective date of the notification by the competent authority, it may be issued once or in several times according to the actual needs. The actual issue date shall be authorized by the board of directors.

**3. Qualifications and conditions for employees and the numbers of shares distributable**

(1) This shall apply only to employees of our company and subordinate company. The distribution shall only apply to employees who has served for more than one year (inclusive) of the company's manager-level (including) or above and has special contribution full-time employees before the date that they were given the Restricted Stock Awards.

(2) The employee who actually be given the distribution and the amount of distribution of shares will refer to the years of service, grade level, overall contribution, special merits, or other conditions for management, and it shall be submitted to the Board of Directors for approval by the Chairman. Only employees who are managerial or directors with employee status should first report to the Compensation/Remuneration Committee for approval.

(3) Where an single employee issues employee stock warrants under Article 56-1, paragraph 1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the cumulative number of shares subscribable by a single warrant holder of the employee stock warrants, in combination with the cumulative number of new restricted employee shares obtained by the single warrant holder, may not exceed 0.3 percent of the issuer's total issued shares. And the above in combination with the cumulative number of shares subscribable by the single warrant holder of employee stock warrants issued by our company under Article 56, paragraph 1, may not exceed 1 percent of the issuer's total issued shares.

However, with special approval from the central competent authority of the relevant industry, the total number of employee stock warrants and new restricted employee shares obtained by a single employee may be exempted from the above-mentioned restriction.

4.The total number of shares to be issued

The total number of Restricted Stock Awards is 2,000,000 shares, and the denomination of each share is NT\$10. The total issuance is NT\$20,000,000.

5.The terms and conditions of issuance

(1)Issue price: Each share is issued at a price of NT\$0, which is issued gratuitously.

(2)Vesting conditions: Employees who are granted with the restricted employees shares should remain employed by the company with 1 year or more from the time of the award of the new restricted employee shares and have achieved the required individual performance rating, and do a good job in the service rules, did not violate the company's work rules, etc. The proportions of shares are granted to employees according to the respective vesting conditions reached as follows:

Remain employed after 1 year from the time of the award: 30% of the distribution.

Remain employed after 2 year from the time of the award: 30% of the distribution.

Remain employed after 3 year from the time of the award: 40% of the distribution.

(3)Class of issued shares: Common shares of the company.

(4)Measures to be taken when employees fail to meet the vesting conditions: After the employees have been distributed the Restricted Stock Awards by the company, if they encounter violations of the labor contract or work rules, or violate the provisions of this Regulation, our company has right to withdraw issued shares without compensation and cancel all shares granted to employees who fail to meet the vesting conditions.

6.Processing method for employees who voluntarily resign, leave of absence, retire, be laid off, transfer companies, pass away, be dismissed, etc.:

(1)Voluntary resignation:

In the case of employees who voluntarily resign, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have failed to reach the condition of the vesting on the effective date of the resignation. Our company will withdraw issued shares without compensation and cancel all shares granted.

(2)Leave of absence:

In the case of employees who are specially approved for a leave of absence, about the part of the Restricted Stock Awards that has not reached the vested period, the calculation will be suspended from the effective date of the leave of absence, and will be calculated continuously from the date of reinstatement. The timetable of paragraph 2 of this Article will be deferred. If there is no reinstatement before the expiration

of a leave of absence, it will be treated as voluntary resignation accordingly.

(3) Retirement:

In the case of employees who apply for retirement, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have failed to reach the condition of the vesting on the effective date of the retirement. Our company will withdraw issued shares without compensation and cancel all shares granted.

(4) Severance:

In the case of employees who are laid off in accordance with the relevant provisions of Labor Standard Laws, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have failed to reach the condition of the vesting on the effective date of the severance. Our company will withdraw issued shares without compensation and cancel all shares granted.

(5) A transfer to relationship enterprise:

In the case of employees who transfer to a relationship enterprise, for the part of the Restricted Stock Awards that has not reached the vested period, it shall be treated as voluntary resignation accordingly. However, for the purpose of the company's operations, when it is appointed or transferred to the company's affiliate company or other company, for the part of the Restricted Stock Awards that has not reached the vested period, after the employee is appointed or transferred to the company's relationship company or other company, and under the condition that the employee remain in-service, it is still process in accordance with the provisions of paragraph 2 of this Article, but whether the individual performance assessment have reached the vested conditions will be determined by the chairman of the company with reference to the performance of the company's requirements and the performance evaluation provided by the company which the employ transfer to. If there is a manager or a director with employee status, it should be evaluated by the Compensation/Remuneration Committee and approved by the board of directors.

(6) General death:

In the case of employees who die due to non-occupational disasters reason, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have failed to have the qualification of the vesting condition on the death date. Our company will withdraw issued shares without compensation and cancel all shares granted.

(7) Persons with disabilities or deaths due to occupational disasters:

1. In the case of employees who are unable to continue to serve due to a physical disability due to occupational disasters, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have reached the vesting condition on the effective date of resignation.

2. In the case of employees who are died due to occupational disasters, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have failed to have the qualification of the vesting condition on the death date. Our company will withdraw issued shares without compensation and cancel all shares granted. However, the board of directors authorizes the chairman of the board to verify that the legal heirs of the employee can complete the vesting shares if they have completed the necessary procedures and provided relevant supporting documents according to the actual situation.

(8) dismissal:

In the case of employees who are dismissed, the part of the Restricted Stock Awards that has not reached the vested period is deemed to have failed to have the qualification of the vesting condition on the effective date of dismissal. Our company will withdraw issued shares without compensation and cancel all shares granted.

7. Restricted rights before employees meet the vesting conditions:

- (1) Restricted Stock Awards that are granted in accordance with this Regulation by employees, before the vesting conditions are reached, it shall be delivered fully to the institution trust designated by the company, and cooperate with the signing of all procedures and related documents. Employees may not request the Trustee to return the Restricted Stock Awards for any reason or manner until the vesting conditions are fulfilled.
- (2) Except for the restrictions on the custody of trust of the preceding paragraph, Restricted Stock Awards that are granted in accordance with this Regulation by employees, before the vesting conditions are reached, the Restricted Stock Awards may not be sold, mortgaged, transferred, donated, pledged, or otherwise.
- (3) Restricted Stock Awards that are granted in accordance with this Regulation by employees, before the vesting conditions are reached, Other rights, including but not limited to dividends, bonuses, rights of distributed paid-In capital, employee stock rights of increased cash capital , voting rights, etc., are the same as ordinary shares of the Company.
- (4) The attendance, proposals, speeches, voting rights and other related shareholders' equity of the shareholders' meeting shall be executed in accordance with the trust custody institution by contract.

8. Tax

The related tax of Restricted Stock Awards that are granted in accordance with this Regulation by employees shall be handled in accordance with the provisions of the Republic of China Law at the time.

9. Other important stipulations:

- (1) This Regulation shall be attended by more than two-thirds of the directors of the board of directors and approved by more than one-half of the directors, and shall be effective upon approval by the competent authority, and the same applies to the amendment before issued. If, during the review process,

an amendment is required due to the requirements of the competent authority's review, the chairman of the board of directors is authorized to amend the method, and then will be issued after the board of directors' ratification.

(2) Signing and confidentiality

1. After the number of the total number of units issued, the subscription price, the principle of distribution, and the list of employees who are actually subscribed to the shares of the Restricted Stock Awards, the organizer of the company will notify the employees to sign the relevant documents. If the employee has not signed the relevant documents, the distribution will be disqualified.
2. All employees who are distributed shall comply with the confidentiality provisions of the company, and shall not inquire into others or disclose the content and quantity of Restricted Stock Awards. If there is any violation, the part of the Restricted Stock Awards that has not reached the vested period, our company will withdraw issued shares without compensation and cancel all shares granted.

(3) During the delivery of the Restricted Stock Awards to the Trust, the Company shall be the sole agent of the employees and stock trusts, and shall conduct, sign, revise, extend, dismiss, terminate, and deliver the Trust Property, application and disciplinary instructions (including but not limited to). Employees shall, in accordance with the provisions of Article 106 of the Civil Code, authorize the company to be both the party, the beneficiary and the agent of the trust contract.

(4) If there are any unfinished matters in this measure, except as otherwise provided by the Act, the Chairman or his authorized person shall be authorized to handle the matter in accordance with the relevant laws and regulations.

List of nominees for the board of directors in 2019

| Title of the nominee | Name                           | Number of shares that are holding by our company (thousands of shares) | Education and work experience                                                                                                | Part-time position of our company and other companies currently                                                                                                                                                     |
|----------------------|--------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| director             | 維元 Co.,Ltd.                    | 6,225                                                                  | Mechanical department of 華夏工業專科學校<br>株式會社富士宮津研習<br>Vice president of 暘盛工業(股)公司                                               | General manager of the company, chairman of HORNG SHIUE INDUSTRIAL Co., Ltd., chairman of 上海宏旭模具工業有限公司, chairman of 浙江宏旭智能製造有限公司, chairman of 上海大澍投資諮詢有限公司, director of 維元(股)公司, director of Famous Season Limited. |
|                      | Representative : Lin Wei-yuan  | 3,663                                                                  |                                                                                                                              |                                                                                                                                                                                                                     |
| director             | 維元 Co.,Ltd.                    | 6,225                                                                  | Master's degree of 湖南大學車輛工程專業<br>Engineer of 東風汽車廠<br>Vice president of 湖大海捷製造技術有限公司<br>Sales vice president of 上海宏旭模具工業有限公司 | General manager of 上海宏旭模具工業有限公司, eneral manager of 浙江宏旭智能製造有限公司, supervisor of 上海奧宏尼汽車技術有限公司.                                                                                                                       |
|                      | Representative : Xiao Wen-zhou | —                                                                      |                                                                                                                              |                                                                                                                                                                                                                     |
| director             | 思源 Co.,Ltd.                    | 6,000                                                                  | Business department of 祐德 Senior high school                                                                                 | Chief financial officer of 志祥精密工業(股)公司.                                                                                                                                                                             |
|                      | Representative : Lin Mei-ying  | 1,388                                                                  |                                                                                                                              |                                                                                                                                                                                                                     |
| director             | 思源 Co.,Ltd.                    | 6,000                                                                  | Electrician department of 祐德 Senior high school                                                                              | General manager of 兼任志祥精密工業(股)公司, director of 耿鼎企業(股)公司.                                                                                                                                                            |
|                      | Representative : Lin Xian-ping | 943                                                                    |                                                                                                                              |                                                                                                                                                                                                                     |
| independent director | Wang Shu-cai                   | —                                                                      | Accounting department of Chinese Culture University<br>Auditor of 立本 accountancy firm                                        | Director of E-packing Holding Limited.                                                                                                                                                                              |

|                             |               |   |                                                                                                               |   |
|-----------------------------|---------------|---|---------------------------------------------------------------------------------------------------------------|---|
|                             |               |   | Business manager of Bank SinoPac                                                                              |   |
| indepe<br>ndent<br>director | Cai Jin-long  | — | Mechanical department of 華夏工<br>業專科學校<br>General manager of 錦明實業(股)<br>公司<br>Vice president of 寧波旺泉電子有<br>限公司 | — |
| indepe<br>ndent<br>director | Chen Fu-cheng | — | EMBA of National Central University<br>Associate of Construction department<br>of 中華工程(股)公司                   | — |

### HORNG SHIUE HOLDING CO., LTD.

#### Rules of Procedure for Shareholders' Meeting

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 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) 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 15 days before the date of the special shareholders meeting. In addition, 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 notice and announcement shall state the cause of the convening; the notice may be obtained electronically by the counterparty.

None of the following may be raised by an extraordinary motion except in the case of an emergency or legitimate reason:

1. Election or dismissal of director.
2. Amendments to the articles of incorporation.
3. (i) The dissolution, merger, or demerger of the corporation, (ii) Enter into, amend, or terminate any contract for lease of the company's business in

whole, or for entrusted business, or for regular joint operation with others, (iii) Transfer the whole or any essential part of its business or assets; or (iv) Acquire or accept the transfer of another's whole business or assets, which has great bearing on the business operation of the company.

4. Make the approval for a director who does anything for himself or on behalf of another person that is within the scope of the company's business.
5. Distribute all or part of the reserve by issuing new shares and equity capital.
6. By issuing new shares or cash to distribute the legal reserve and the income derived from the issuance of new shares at a premium, and capital reserve due to the income from endowments received by the company.
7. The company privately placed securities with equity characteristics.
8. To issue employee stock warrants that are not subject to the exercise price restriction which may not be lower than the closing price of the company stocks as of the issuing date.
9. An issuer applies for issuance of new restricted employee shares.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. Unless any of the following circumstances is satisfied, the board of directors of the company shall include the proposal submitted by a shareholder in the list of proposals to be discussed at a regular meeting of shareholders:

1. The shareholder that makes the said proposal possesses the number of shares of the company which is less than one percent (1%) of the total number of outstanding shares prior to the book closure date before a regular shareholders meeting is held.
2. Where the subject (the issue) of the said proposal cannot be settled or resolved by a resolution to be adopted at a meeting of shareholders.
3. Where a proposal contains more than one matter.
4. Where the said proposal is submitted on a day beyond the deadline fixed and announced by the company for accepting shareholders' proposals.

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 date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. 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 electronic means, 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 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 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 If a shareholders' meeting is called by the board of directors, the board chairman shall preside at the said shareholders' meeting. In case the chairman is on leave of absence, or cannot exercise his powers and authority, an agent acting on his behalf shall be appointed according to the regulations in the Company Act. It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors. 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. 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 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 the company's regulation, 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 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 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. 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 attending shareholders may elect 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 and call for a vote.

Article 11 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 Voting at a shareholders meeting shall be calculated based the number of 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.

1. The share(s) of a company that are held by the issuing company itself in accordance with the laws
2. The shares of a holding company that are held by its subordinate company directly or indirectly, where the total number of voting shares or total shares equity held by the holding company in such a subordinate company represents more than one half of the total number of voting shares or the total shares equity of our company.
3. The shares of a holding company and its subordinate company(ies) that are held by another company, where the total number of the shares or total shares equity of that company held by the holding company and its subordinate company(ies) directly or indirectly represents more than one half of the total number of voting shares or the total share equity of such a company.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: 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 The election of directors 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 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 our company's regulation, 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 results, and shall be retained for the duration of the existence of this Corporation.

Article 16 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 (TPEX) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 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 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 our company's regulation.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings, [Implemented from the date of listing of the company's shares on the Taiwan Stock Exchange Co., Ltd. - First listing case].

Article 20 This regulation was stated on September 18, 2016.

# HORNG SHIUE HOLDING CO., LTD.

## Procedures for Election of Directors

Article 1 To ensure a just, fair, and open election of directors this Procedure are adopted pursuant to Articles 21 of the Taiwan Corporate Governance Best-Practice Principles for TWSE/Taipei Exchange Listed Companies.

Article 2 Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with this Procedure.

Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

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

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

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

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

The board of directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

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

The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies of

Taiwan, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/Taipei Exchange Listed Companies of Taiwan.

Article 5 Elections of both directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in this Procedure.

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

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6 The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8 The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 9 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental

organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 11 A ballot is invalid under any of the following circumstances:

- 1.The ballot was not prepared by the board of directors.
- 2.A blank ballot is placed in the ballot box .
- 3.The writing is unclear and indecipherable or has been altered.
- 4.The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
- 5.Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
- 6.The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 12 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act in Taiwan, the ballots shall be retained until the conclusion of the litigation.

Article 13 The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 14 This Regulation, and any amendments hereto, shall be implemented after adoption by shareholders meetings, [Implemented from the date of listing of the company's shares on the Taiwan Stock Exchange Co., Ltd. - First listing case].

Article 15 This regulation was stated on June 30, 2016.

Company Number: BS-298016

THE CAYMAN ISLANDS  
THE COMPANIES LAW (AS REVISED)  
AMENDED AND RESTATED MEMORANDUM AND  
ARTICLES OF ASSOCIATION

OF

**HORNG SHIUE HOLDING CO., LTD.**  
宏旭控股股份有限公司

Incorporated on the 24<sup>th</sup> day of March, 2015

(as adopted by a Special Resolution passed on 27<sup>th</sup> June 2019)

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

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

HORNG SHIUE HOLDING CO., LTD.

宏旭控股股份有限公司

(as adopted by a Special Resolution passed on 27<sup>th</sup> June 2019)

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1. The name of the Company is HORNG SHIUE HOLDING CO., LTD. 宏旭控股股份有限公司.
2. The Registered Office of the Company shall be situated at the offices of Portcullis (Cayman) Ltd. at The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, 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. When conducting business, the Company shall comply with the laws and regulations as well

as business ethics, and may take actions that will promote public interests in order to fulfil its social responsibilities.

8. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
9. The share capital of the Company is NT\$2,000,000,000 divided into 200,000,000 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.
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.

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

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

HORNG SHIUE HOLDING CO., LTD.

宏旭控股股份有限公司

(as adopted by a Special Resolution passed on 27<sup>th</sup> June 2019)

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**INTERPRETATION**

1. The Regulations contained or incorporated in Table A of the First Schedule of the Companies Law of the Cayman Islands (as amended, supplemented or otherwise modified from time to time) shall not apply to this Company.
2. (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 TPEx and the TWSE (where applicable); |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|          |                                                                                                                                    |
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| Articles | these Articles of Association of the Company in their present form, as amended, substituted or supplemented from time to time by a |
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Special Resolution;

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| 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; |
| 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 generated and treated as capital reserve pursuant to the Applicable Listing Rules or generally accepted accounting principles;                            |
| Chairman         | has the meaning given thereto in Article 69;                                                                                                                                                                                                                          |
| 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          | <b>HORNG SHIUE HOLDING CO., LTD. (宏旭控股股份有限公司);</b>                                                                                                                                                                                                                    |
| 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                                                                                          |

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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|                       | all Independent Director(s));                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Discount Transfer     | has the meaning set out in Paragraph (4) of Article 23;                                                                                                                                                                                                                                                                                                                                                                                                      |
| 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 TPEx 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 104;                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 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 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 |

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|                       | 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   | <p>a resolution:-</p> <p>(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;</p> <p>(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); or</p> <p>(c) where the Company has only one</p> |

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 TPEx, 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                     | any 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. (as revised), 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 95;                                                                                                                                                                                                                                                                      |
| Special Resolution        | a special resolution of the Company passed in accordance with the Law, being a resolution:<br>(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;

- (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); or
- (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 give shares, cash or other assets to the transferor company or to shareholders of the transferor company;

|                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| Statutory Reserve   | a reserve set aside in an amount equal to ten percent (10%) of the annual profits of the Company under the Applicable Listing Rules;                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 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;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| TPEX                | the Taipei Exchange in Taiwan;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 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:
- (a) words importing the singular number shall include the plural number and vice-versa;
  - (b) words importing the masculine gender shall include the feminine gender and neuter genders;
  - (c) 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
  - (d) "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

3. Subject to 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, if during the Relevant Period, 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, if during the Relevant Period, the Applicable Listing Rules; and, for such purposes, the Board may reserve an appropriate number of Shares for the time being unissued.
4. 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.
5. (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, bonuses and other distributions 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.

6. During the Relevant Period, 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.
7.
  - (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.
  - (4) The Company shall neither issue Shares without par value nor convert its Shares from Shares with par value to Shares without par value.
8. 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 (i) the Commission, the TPEX and/or the TWSE (where applicable) considers such public offering unnecessary or inappropriate or (ii) the Applicable Listing Rules provide otherwise.
9. 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.

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

- (a) in connection with a Merger or a Consolidation of the Company or a Spin-off of the Company's business, or pursuant to 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 share swap arrangement entered into by the Company, or
- (f) in connection with any Private Placement conducted pursuant to Article 13; or
- (g) 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.

11. 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.

12. 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.

13. (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.
14. 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.
15. 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. (as revised).

## **MODIFICATION OF RIGHTS**

16. Whenever the share capital of the Company is divided into different Classes of Shares, including where Preferred Shares are issued, subject to Article 46 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.
17. 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**

18. 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. The Board or any other authorized conveners of general meetings of the Company may request that the Company or the Company's Shareholder Service Agent provide a copy of the Register for inspection.
19. 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**

20. (1) Subject to the Law and these Articles, Shares may be issued on the terms that they are, or at the option of the Company or the holder are, to be redeemed on such terms and in such manner as the Company, before the issue of the shares, may by Special Resolution determine.
  - (2) 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.
21. (1) Subject to the Law, the Applicable Listing Rules and these Articles, 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.
  - (2) During the Relevant Period:
    - (a) 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 profits, premium on capital stock, and realized Capital Reserve.
    - (b) Such resolutions of the Board approving purchases of Shares and the implementation thereof (including 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 of the Company.
22. (1) Shares repurchased, redeemed or acquired (by way of surrender or otherwise) by the Company shall be cancelled immediately or held as Treasury Shares, upon such terms and manner and subject to such conditions as the Board thinks fit.
  - (2) During the Relevant Period, all matters relating to the Company's redemption and repurchase of Shares shall be subject to the Law and the Applicable Listing Rules.
23. (1) Subject to the Law, for so long as the Company holds Treasury Shares, the Company

shall be entered in the Register as the holder of the Treasury Shares, provided that:

- (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
  - (b) the Treasury Shares shall not be pledged or encumbered in any manner whatsoever;
  - (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/bonus 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.
- (2) Subject to the Law and these Articles, any or all Treasury Shares may at any time be canceled or transferred to any person (including the Employees; the qualifications of such employees shall be determined by the Board, subject to Paragraph (5) of this Article) upon such terms and manner and subject to such conditions as the Board thinks fit. The Board may determine, at its discretion, the terms and conditions (including a lock-up period restricting the transfer of any Treasury Shares transferred to the Employees pursuant to this Paragraph (2) for a term of up to two (2) years) of such transfer.
- (3) 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.
- (4) Subject to Paragraph (5) of this Article and the Law, the Company may, by way of a Special Resolution passed at the next 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' equity, 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.

(5) The total aggregate amount of the Treasury Shares to be transferred to the Employees pursuant to the Discount Transfer in accordance with Paragraph (4) of this Article shall not exceed five percent (5%) of the total number of issued and outstanding Shares of the Company, and each Employee shall not subscribe for more than point five percent (0.5%) of the total issued and outstanding Shares of the Company in aggregate.

24. (1) Notwithstanding anything to the contrary contained in these Articles but subject to the Law, the Company may carry out a compulsory 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.

## **TRANSFER AND TRANSMISSION OF SHARES**

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

26. 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 28.

## **NON-RECOGNITION OF TRUSTS**

27. Except as required by Law or the Applicable Listing Rules, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not, unless required by Law or the Applicable Listing Rule, 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 the Applicable Listing Rule 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**

28. (1) The Board may fix in advance the record date(s) for (a) determining the Members entitled to receive any dividend/bonus, 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, way of a written ballot 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/bonus, 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 (the “**Book Closure Period**”) 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 Book Closure Period, the respective convening date of the general meeting or the relevant target date shall be included.

## **GENERAL MEETINGS**

29. 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 Commission, the TPEX or the TWSE (where applicable). The annual general meeting shall be convened by the Board.
30. 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.
31. 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.
32. (1) Any one or more Member(s) may, by depositing the requisition notice specifying the proposals to be resolved and the reasons thereof, request the Board to convene an

extraordinary general meeting, provided that such Member or Members continuously holds at least three percent (3%) of the issued Shares of the Company as at the date of deposit of the requisition notice for a period of at least one (1) year immediately prior to that date. 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) continuously holding more than half of the total issued Shares of the Company for a period of no less than three (3) months may convene an extraordinary general meeting. The number of Shares held by such Member or Members and the holding period of which such Member or Members hold such Shares shall be calculated and determined based on the Register as of the first day of the Book Closure Period.
- (3) In addition to the circumstance where the Board should have convened a general meeting but does not or is unable to convene a general meeting pursuant to the Law, the Applicable Listing Rules or these Articles, an Independent Director from the audit committee of the Company may also, for the benefit of the Company, convene a general meeting when it is deemed necessary.

- 33. 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**

- 34. (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 email, telex or telefax. At any time other than the Relevant Period, a general meeting may be convened by such shorter 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.
- 35. (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 57, 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.

36. 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 contents may be posted on the website designated by the R.O.C. competent authorities or the Company, and such website shall be indicated in the notice:

- (a) any election or removal of Director(s);
- (b) any alteration of the Memorandum and/or these Articles;
- (c) any capital reduction or compulsory purchase and cancellation of Shares pursuant to Paragraph (1) of Article 24;
- (d) applying for the approval of ceasing the status as a public company;
- (e) any dissolution, voluntary winding-up, Merger, share swap, Consolidation or Spin-off of the Company;
- (f) entering into, amending, or terminating any contract for lease, management or regular joint operation of the Company's whole business;
- (g) the transfer of the whole or any material part of the Company's business or assets;
- (h) the acquisition of the whole business or assets of a Person, which has a material effect on the operation of the Company;
- (i) carrying out a Private Placement of any equity-type securities issued by the Company;
- (j) granting a waiver to a Director's non-competition obligation or approving a Director to engage in activities in competition with the Company;
- (k) distributing dividends, bonuses or other distributions payable on or in respect of the Share in whole or in part by way of issuance of new Shares; and
- (l) capitalisation of the Company's Statutory 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.

37. 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, the TPEX 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.

38. 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**

39. 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.
40. (1) During the Relevant Period, one or more Member(s) holding one percent (1%) or more of the total issued 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.
- (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:
- (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 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 contains more than one matter;
  - (d) the proposal contains more than three hundred (300) words; or
  - (e) the proposal is submitted after the expiration of the specified period announced by the Company for submitting proposals.
- (5) If a proposal submitted by Member(s) is intended to urge the Company to promote public interests or fulfil its social responsibilities, the Board may include the proposal notwithstanding that one of the circumstances set forth in the preceding Paragraph (4) of this Article applies.

- (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.
41. 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.
42. 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.
43. 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.
44. At any general meeting, a resolution put to the vote of the meeting shall be decided on a poll.
45. 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.
46. (1) Subject to the Law and the Applicable Listing Rules, the Company may by a Special Resolution:
- (a) enter into, amend, or terminate any contract for lease, management or regular joint operation of its whole business;
  - (b) transfer the whole or any material part of its business or assets;
  - (c) acquire the whole business or assets of a Person, which has a material effect on the operation of the Company;
  - (d) distribute dividends, bonuses or other distributions in whole or in part by way of issuance of new Shares;
  - (e) effect any Spin-off of the Company;
  - (f) authorise a plan of Merger or Consolidation involving the Company;
  - (g) resolve that the Company be wound up voluntarily;
  - (h) carry out a Private Placement;
  - (i) grant a waiver to a Director's non-competition obligation, or approve a Director to engage in activities in competition with the Company;

- (j) change its name;
- (k) change the currency denomination of its share capital;
- (l) 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;
- (m) consolidate and divide all or any of its share capital into Shares of a larger par value than its existing Shares;
- (n) subdivide its existing Shares, or any of them, into Shares of a smaller par value than is fixed by the Memorandum;
- (o) 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;
- (p) subject to these Articles (including without limitation Articles 16 and 17), alter or amend the Memorandum or these Articles, in whole or in part;
- (q) 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
- (r) appoint an inspector to examine the affairs of the Company under the Law;
- (s) 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;
- (t) apply for approval of ceasing the status as a public company.

(2) Notwithstanding anything contained in these Articles, unless otherwise provided by the Law and the Applicable Listing Rules, in case the Company is dissolved after participating in the merger/consolidation or the Company is delisted from the TPEX or TWSE due to the general transfer (or the assignment of all rights and delegation of all duties of the Company), the transfer of business or assets of the Company, any share swap arrangement or any Spin-off entered into or carried out by the Company while the surviving, transferee, existing or newly incorporated company is not a listed company (including TWSE/TPEX listed company), any such action aforementioned shall be approved by the affirmative vote of at least two-thirds (2/3) of the total votes cast by the Members of the Company.

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

48. (1) Subject to the compliance with the Law, in the event any of the resolutions with respect to the matter(s) as set out in Subparagraphs (a), (b) or (c) of Paragraph (1) of Article 46 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 Subparagraph (b) of Paragraph (1) of Article 46 and at the same meeting the resolution for the winding up of the

Company is also adopted.

- (2) Subject to the Compliance with Law, in the event any part of the Company's business is involved in any Spin-Off, Merger or Consolidation, a Member, who has forfeited his right to vote on such matter and expressed his dissent therefor, in writing or orally with an entry to that effect in the minutes of the meeting before the relevant vote, may request the Company to purchase all of his Shares at the then prevailing fair price.
  - (3) Without prejudice to the Law, in the event the Company and a Member making a request pursuant to Paragraphs (1) or (2) of this Article fail to reach an 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 R.O.C. Courts for a ruling on the appraisal price. However, for the purpose of protecting rights of the dissenting Member(s), the Company may elect to act in accordance with the laws of place where the securities of the Company are registered or listed.
49. 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 of the R.O.C., as applicable, for an appropriate remedy, including but not limited to, requesting the court to invalidate and cancel the resolution adopted therein.
50. 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.
51. 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.

## **VOTES OF MEMBERS**

52. 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.
53. 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.
54. 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.

55. 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.
56. (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.
57. To the extent permitted by the Law, 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. Notwithstanding the foregoing, during the Relevant Period, subject to the Applicable Listing Rules, the Company shall adopt the electronic transmission as one of the methods for exercising the voting power of a Member. 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.

58. 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 remain valid. Nonetheless, such 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 Member has not submitted a revocation notice in accordance with this Article 58.

### **PROXY**

59. (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 matters to be entrusted by the Member or to be voted upon pursuant to such proxy, and (c) the 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.
60. 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.
61. 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. Nonetheless, such Member who attends and votes at a general meeting in person would be deemed to have revoked his proxy appointment, notwithstanding that such Member has not submitted a revocation notice in accordance with this Article 61.
62. A Member who has served the Company with his voting decision in accordance with Article 57 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.

63. 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 57, 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.
64. 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**

65. (1) The Board shall consist of not less than five (5) or more than nine (9) 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(s) to be nominated for election as Director in accordance with these Articles.
- (4) 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. Notwithstanding anything to the contrary in this Paragraph (4) of this Article, at any time other than the Relevant Period, the Company may by Ordinary Resolution appoint any Person to be a Director or remove any Director from office.

- (5) 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.
66. The Company may, whenever it thinks fit, adopt and apply a candidate nomination mechanism for election of any of the Directors in accordance with the Applicable Listing Rules. Notwithstanding the foregoing, during the Relevant Period, a candidate nomination mechanism shall be adopted for election of all Directors. Upon adoption of candidate nomination mechanism, the Directors and Independent Directors shall be elected by the Members at a general meeting from among the nominees listed in the respective rosters of director candidates and independent director candidates. Subject to the Law and the Applicable Listing Rules, the Board may establish detailed rules and procedures for such candidate nomination.
67. 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.
68. (1) Unless otherwise provided by these Articles, 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 Directors may be put up for re-election at any time before the expiration of the term of office of such Directors. In the event where all Directors are subject for re-election at a general meeting before the expiration of the term of office of such Directors, subject to the successful election of the new Directors at the same meeting, the term of office of all current Directors is deemed to have expired on the date of the re-election if the Members do not resolve that all current Directors will only retire at the expiration of their present term of office or any other date as otherwise resolved by the Members at the general meeting .
69. 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.
70. 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.
71. 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.

72. 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.
73. (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 Paragraphs 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.
74. 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.
75. 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 dishonesty: 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).
76. 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**

77. 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.
78. 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**

79. 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. Except as otherwise provided by these Articles, the compensation to be paid to the Directors shall be determined by the Board in accordance with the standard prevalent in the industry by reference to recommendation made by the remuneration committee (if established). Such compensation shall be deemed to accrue from day to day, and the Directors shall also be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from Board meetings of the Directors, or any committee established under Article 82, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Board from time to time, or a combination partly of one such method and partly the other.
80. 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.
81. 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

82. 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.
- 82.1(1) During the Relevant Period, unless otherwise provided by the Law and the Applicable Listing Rules, the Company shall establish an audit committee; regulations governing the professional qualifications for its members, the exercise of their powers of office, and related matters shall be prescribed and amended from time to time by the Board in accordance with the Applicable Listing Rules.
- (2) The audit committee of the Company shall be composed of all the Independent Directors. The audit committee shall not be fewer than three Persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. A resolution of the audit committee shall have the concurrence of one-half or more of the members of the audit committee.
- (3) The following matters shall be subject to the consent of one-half or more of all members of the audit committee of the Company and shall be thereafter submitted to the Board for a resolution:
- (a) Adoption or amendment of an internal control system.
  - (b) Assessment of the effectiveness of the internal control system.
  - (c) Adoption or amendment of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
  - (d) A matter bearing on the personal interest of a Director.
  - (e) A material asset or derivatives transaction.
  - (f) A material monetary loan, endorsement, or provision of guarantee.
  - (g) The offering, issuance, or Private Placement of any equity-type securities.

- (h) The hiring or dismissal of an Auditor, 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.
  - (k) Any other material matter so required by the Company or the competent authority.
- (4) With the exception of Subparagraph (j) above, any matter under a subparagraph of the preceding Paragraph that has not been approved with the consent of one-half or more of all members of the audit committee of the Company may be undertaken upon the approval of two-thirds or more of the Directors, without regard to the restrictions of the preceding Paragraph, and such resolution of the audit committee of the Company shall be recorded in the minutes of the Board meeting.

82.2(1) During the Relevant Period, unless otherwise provided by the Law and the Applicable Listing Rules, the Company shall establish a remuneration committee; regulations governing the professional qualifications for its members, the exercise of their powers of office, and related matters shall be prescribed and amended from time to time by the Board in accordance with the Applicable Listing Rules. Remuneration referred to in this Paragraph shall include salary, stock options, and any other substantive incentive measures for Directors and managerial officers under the Law or the Applicable Listing Rules.

- (2) The members of the remuneration committee of the Company shall be appointed by the Board and shall not be fewer than three members, one of whom shall be the convener.
- (3) The remuneration committee of the Company shall exercise the care of a good administrator and in good faith when performing the official powers listed below, and shall submit its recommendations for deliberation by the Board:
  - (a) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for Directors and officers.
  - (b) Periodically evaluate and prescribe the remuneration of Directors and officers.
  - (c) Any other material matter so required by the Company or the competent authority.

## **DISQUALIFICATION AND VACATION OF OFFICE OF DIRECTORS**

83. (1) During the Relevant Period, 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 the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than five (5) years;

- (b) has been imposed a final sentence involving imprisonment for a term of more than one year for commitment of fraud, breach of trust or misappropriation, and has not started serving sentence, has not completed serving sentence, or the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two (2) years;
  - (c) has been imposed a final sentence due to violation of the Anti-corruption Act, , and has not started serving the sentence, has not completed serving the sentence, or the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two (2) years;
  - (d) becomes bankrupt or is adjudicated of commencement of liquidation proceeding by a court under the laws of any jurisdiction 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 an order has been made by any competent court or authority on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and such order has not been revoked, or his legal capacity is restricted according to the applicable laws;
  - (g) 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;
  - (h) ceases to be a Director by virtue of Article 84;
  - (i) resigns his office by notice in writing to the Company;
  - (j) is removed from office pursuant to these Articles; or
  - (k) 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 (other than Independent Director) has transferred some or all his Shares during the term of his office as a Director, such that the remaining Shares held by him are less than one half of the Shares being held by him at the time he was elected, he shall, ipso facto, cease to act as a Director and be removed from the position of Director automatically.
- (3) During the Relevant Period, if a Director (other than Independent Director), (i) after having been elected and before his inauguration of the office of a Director, has transferred some or all his Shares held by him such that the remaining Shares are less than one half of the Shares held by such Director at the time of his election or, (ii)

within the Book Closure Period fixed prior to the general meeting for the election of such Director, has transferred some or all his Shares held by him such that the remaining Shares are less than one half of the Shares held at the commencement of the Book Closure Period, his election as a Director shall be deemed invalid and void.

84. Except as approved by the Commission, the TPEX or the TWSE (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.
85. 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 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.
86. Subject to the Law, one or more Members holding one percent (1%) or more of the total number of the issued Shares continuously for a period of six (6) months or a longer time 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 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.

## **PROCEEDINGS OF THE BOARD**

87. 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. During the Relevant Period, the 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.

88. 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. Any notice or waiver thereof may be given by email, telex or telefax.
89. 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.
90. 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.
91. 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. Where the spouse, a blood relative within the second degree of kinship of a Director as defined under the Civil Code of R.O.C., or any company which has a controlling or subordinate relation with a Director bear any interest in the matter under discussion at a Board meeting, 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.
92. Subject to these Articles, the continuing Directors may act notwithstanding any vacancy in their body.
93. 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 email, telex or 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.
94. 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 Public Companies of the R.O.C.).

## **RESERVES AND CAPITALISATION**

95. 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 (iii) a Statutory Reserve in accordance with the Applicable Listing Rules, and after the aforesaid sums as set aside from the profits for such relevant financial year for any purpose to which the profits of the Company may be properly applied, the Board shall, before recommending any dividend or bonuses, set aside the remaining profits of the Company in whole or in part for the relevant financial year as a special reserve or reserves in accordance with the order from the Commission, and the Company may also, under these Articles or by Special Resolution of the general meeting, set aside another sum as a special reserve or reserves (collectively, the "**Special Reserve**") .
96. Unless otherwise provided in the Law, the Applicable Listing Rules and these Articles, neither the Statutory Reserve nor the Capital Reserve shall be used except for offsetting the losses of the Company. The Company shall not use the Capital Reserve to offset its capital losses unless the Statutory Reserve and Special Reserve set aside for purposes of loss offset is insufficient to offset such losses.
97. (1) During the Relevant Period, subject to the Law, where the Company incurs no loss, it may, by a Special Resolution, distribute its Statutory 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//bonus 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.
98. Where any difficulty arises in regard to any declaration of share dividends or share bonuses or other similar 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.

## **COMPENSATION, DIVIDENDS AND BONUSES**

99. 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/bonuses (including interim dividends/bonuses), and other distributions to the Members by issuing new, fully paid Shares and/or by cash in proportion to the number of Shares held by them respectively and authorise payment of the same out of the funds of the Company lawfully available therefore. The Directors may, before declaring any dividends, bonuses or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business or investments of the Company.

- 100.(1) As the Company is in the growing stage, the dividend/bonuses of the Company may be distributed in the form of cash dividends/bonuses and/or stock dividends/bonuses. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development needs in assessing the amount of dividends/bonuses the Company wish to distribute.
- (2) During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than zero point five percent (0.5%) and not more than eight percent (8%) of the profits for such year to the Employees as the Employees' compensation in the form of shares and/or in cash and may distribute not more than five percent (5%) hereof to the Directors as the Directors' compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. A report of such distribution of Employee and Directors' compensation shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensation shall not be paid in the form of shares. The term "annual profits" as used herein shall mean the annual profits for such year before tax without deducting the amount of compensation distributed to the Employees and Directors as prescribed in this Paragraph (2) of this Article.
- (3) 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, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total paid-in capital), and setting aside the Special Reserve (if any), the Company may distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the Special Reserve) (the "**Distributable Profit**"), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an Ordinary Resolution passed at an annual general meeting of the Company duly convened and held in accordance with these Articles to the Members as dividends/bonuses in proportion to the number of Shares held by them respectively pursuant to these Articles, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to Members. If the Distributable Profit is less than one percent (1%) of the paid-in capital of the Company, as determined by an Ordinary Resolution, the

Company may not distribute dividends/bonuses to the Members in accordance with this Paragraph in such year (i.e., no or less dividends/bonuses are paid).

- (4) During the Relevant Period, unless otherwise resolved by the general meeting of the Company, the Employees and Directors' compensations and dividends, bonuses or other forms of distributions payable to the Members shall be declared in NTD.
  - (5) The Board may deduct from the dividends, bonuses or any other amount payable to the Member in respect of the Share any amount (if any) due by such Member to the Company on account of calls or otherwise in relation to the Share.
  - (6) Any dividend, bonus or other monies payable on or in respect of the Share may be paid by wire transfer to the bank account nominated by the Member or by cheque or warrant sent through a post to the registered address of the Member, or to such Person and to such address as the holder may nominate in writing. In the case of joint Members, any of them may give a valid receipt for the dividend, bonus or other monies payable on or in respect of the Share.
  - (7) Subject to the Law and the Applicable Listing Rules, any Special Reserve may be reversed to undistributed profits of the Company.
101. 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 or bonuses to the Members declared in accordance with the preceding Article by way of applying such sum in paying up in full unissued Shares for allocation and distribution to the Employees, the Directors and/or the Members.
102. 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**

103. 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.
104. 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.

105. 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.
106. 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.
107. During the Relevant Period, 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 inspecting, transcribing and making copies of the above documents; the Company shall make Shareholder Service Agent provide the above documents.
108. 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**

109. Subject to the Law and the Applicable Listing Rules, during the Relevant Period, within fifteen (15) days after receipt of the copy of the public tender offer report form, the public tender offer prospectus, and relevant documents, the Company shall make a public announcement of the following:
  - (a) the types, number and amount of Shares held by the Directors and any Member holding more than ten percent (10%) of the total issued and outstanding Shares;
  - (b) the recommendations made by the Board to the Members on such tender offer, which shall set forth the identity and financial status of the tender offeror, fairness of the tender offer conditions, verification on rationality of source of fund for tender offer, and the names of the Directors who abstain or object to the tender offer 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 the contents of such change, if any;
  - (d) the types, number and amount of the shares of the tender offeror or its affiliates held by the Directors and the Members holding more than ten percent (10%) of the total issued and outstanding Shares; and
  - (e) other relevant significant information.
- 109.1(1) Subject to the Law and the Applicable Listing Rules, during the Relevant Period, upon receipt of the copy of the public tender offer report form, the public tender offer prospectus, and relevant documents, the Company shall promptly form a review

committee and publicly announce the results of the review as well as the documentation showing that the members of the review committee meet the requirements set forth under Paragraph (2) of this Article within fifteen (15) days. The review committee shall investigate and review the identity and financial conditions of the offeror, fairness of tender offer conditions and reasonableness of the sources of the tender offer funds, and make recommendations to the Members with respect to such said tender offer.

- (2) The constitution, qualifications of the members, power, authority and other requirements for the review committee, which are not covered by these Articles, shall be in compliance with the Applicable Listing Rules.

## **WINDING UP**

110. 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.
111. 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.
112. 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**

113. 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 TPEX 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.

114. 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.
115. 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.
116. 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**

117. 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**

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

#### **SEAL**

119. The Company shall adopt a Seal by resolution of the Board and, subject to the Law, the Company may also have a duplicate Seal or Seals for use in any place or places outside of the Cayman Islands. The use and management of the Seal (or duplicate Seals) may be determined by the Board from time to time pursuant to the adoption of any regulation governing the use and management of seals of the Company in accordance with the Applicable Listing Rules.

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

- 120.(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**

121. 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.

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## HORNG SHIUE HOLDING CO., LTD.

## Shareholdings of All Directors

The numbers of shares held by the directors thereof as recorded in the shareholders' register as of the book closure date for that shareholders' meeting:

The closure date of the shareholder's meeting: 2019.04.29

| Title                | Name                                         | Date of election | Recorded shares held | Shareholding ratio |
|----------------------|----------------------------------------------|------------------|----------------------|--------------------|
| Chairman             | 維元 Co.,Ltd.<br>Representative: Lin Wei-yuan  | 2016.09.18       | 6,225,000            | 14.24%             |
| Director             | 維元 Co.,Ltd.<br>Representative: Xiao Wen-zhou | 2016.09.18       | 6,225,000            |                    |
| Director             | 思源 Co.,Ltd.<br>Representative: Lin Mei-ying  | 2016.09.18       | 6,000,000            | 13.72%             |
| Director             | 思源 Co.,Ltd.<br>Representative: Lin Xian-ping | 2016.09.18       | 6,000,000            |                    |
| Independent director | Wang Shu-cai                                 | 2016.09.18       | -                    | -                  |
| Independent director | Cai Jin-long                                 | 2016.09.18       | -                    | -                  |
| Independent director | Chen Fu-cheng                                | 2016.09.18       | -                    | -                  |

Note 1. The paid-in capital was NT\$437,185,290 and the number of issued shares was 43,718,529.