

REGAL HOLDING CO., LTD.
2017 Annual General Shareholders' Meeting Minutes
(Translation)

Time and Date : June 22th, 2017 (Thursday) at 9a.m.

Place : Sigma meeting room, GIS TAIPEI TECH Convention Center
((Building Everlight, University of Taipei Technology) 3F., No.197, Sec. 3,
Zhongxiao E. Rd., Da'an Dist., Taipei City)

Total outstanding shares of the Company : 33,920,000 shares

Total shares represented by shareholders present in person or by proxy:

32,841,498 shares (inclusive of 124,655shares by e-voting).

Percentage of shares held by shareholders present in person or by proxy: 96.82%.

Directors present in person : PHACHARAPON PHAIBOONSUNTORN (Chairman) 、
LEE, TSUNG – PEI (Independent Director) 、
YEH, KUANG – CHOU (Independent Director) 、
GUAN, JYH – LIANG (Independent Director).

(Remark: The total number of directors of Regal Holding Co., Ltd. was 9 seats, the director Arianna Investment Co., Ltd. resigned on June 21st, 2017, due to corporate governance and other factors).

Others present in person : LU, LI - LY (CPA of KPMG) 、 ELLEAN Y.C. HSIEH
(Attorney at Law of J.S.International Attorneys At Law,)

Chairman : PHACHARAPON PHAIBOONSUNTORN

Recorder : HUANG, YEN-CHIEH

1. The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

2. Chairman Remarks(Omitted)

3. Report Items

Proposal (1)

Subject: 2016 Business Report (see attachment 1, Pages 14-15)

Proposal (2)

Subject: Audit Committee's Review Report (see attachment 2, Pages 16)

Proposal (3)

Subject: 2016 Employees' and Directors' Compensation Report

Descriptions:

1. Subject to the Article 14.4 of the Company's Articles of Association, if the Company has earnings for the year, the Company shall distribute not less than one percent (1%) of the profit before tax as the employees' compensation and not higher than three percent (3%) as the directors' compensation.
2. Company's earnings of 2016 before deducting the employees' and the directors' compensation will be distributed at one percent (1%) which is NT\$ 2,152,977 as employees' compensation and zero percent (0%) which is NT\$ 0 as the directors' compensation. The compensation will be distributed by cash.

Proposal (4)

Subject: Report for Amendment of the "Corporate Social Responsibility Best Practice Principles" (see attachment 3, Pages 17-18)

4. Acknowledgements

Proposal (1)

【Proposed by the Board of Directors】

Subject: Adoption of the 2016 Business Report and Financial Report

Descriptions:

1. The Company's 2016 consolidated financial statements were audited by certified public accountant ("CPA") Mrs. LU, LI - LY and Mrs. KJANG, CHUN-HSIN of KPMG.
2. Please refer to the attachment 1 (Pages 14-15) to attachment 4 (Pages 19-23) for the business report, CPA audit report and the financial report.
3. Please proceed to ratification.

Voting Results:

Shares represented at the time of voting: 32,841,498 shares

Voting Results		Percentage of the total shares represented by shareholders present in person or by proxy
Votes of favor (e-voting	31,429,500 shares 119,500 shares)	95.70%
Votes of against (e-voting	5,036 shares 5,036 shares)	0.02%
Votes Abstained (e-voting	1,406,962 shares 119 shares)	4.28%

Resolved, that the 2016 Business Report and Financial Statements be and were hereby approved as submitted.

Proposal (2)

【Proposed by the Board of Directors】

Subject: Adoption of the Proposal for Distribution of 2016 earnings

Descriptions:

1. Subject to the Company Act and the Articles of Association of the Company, the Company plans to distribute the 2016 earnings as the following table:

Unit: NTD \$

Items	Amount
Beginning retained earnings	7,863,071
Deduction : actuarial loss on defined benefit plans of 2016	(900,706)
Plus : profit after tax of 2016	188,576,963
Deduction : set aside 10% as legal reserve	(18,857,696)
Deduction : set aside special surplus reserve (Note1)	(40,892,556)
Earnings distributable for 2016	135,789,076
Deduction : Dividend to shareholders-cash (about NT \$ 3.375 per share) (Note 2)	(114,480,000)
Retained earnings at the end	21,309,076

Note 1: The special surplus reserve setting aside subject to the regulations of Taiwan competent authority for securities is due to foreign exchange differences on translation happening on December 31th, 2016.

Note 2: The abovementioned cash dividend per share is calculated on the basis of the Company's total outstanding shares 33,920,000 as of March 1st 2017 (The notification date for the Company to send out the invitation for the fourth time of the third board of directors' meeting).

Chairman  General Manager  Account Officer 

2. After the earning distribution proposal is approved by 2017 annual shareholders' meeting, it is proposed to authorize the chairman of directors to decide the reference date for earnings distribution as well as other related matters. It's also proposed to authorize the chairman of directors to take care of all the related matters if the Company has some changes in the capital stock which may directly change the numbers of the total outstanding shares thus influence the shareholders' ratio of distribution per share.

3. For those left amount less than NT\$ 1 during this time's cash dividend distribution will be listed as the Company's other revenues.

4. Please proceed to the ratification.

Voting Results:

Shares represented at the time of voting: 32,841,498 shares

Voting Results		Percentage of the total shares represented by shareholders present in person or by proxy
Votes of favor (inclusive of e-voting	31,429,500 shares 119,500 shares)	95.70%
Votes of against (inclusive of e-voting	5,036 shares 5,036 shares)	0.02%
Votes Abstained (inclusive of e-voting	1,406,962 shares 119 shares)	4.28%

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

5. Discussion and Election Items

Proposal (1)

【Proposed by the Board of Directors】

Subject: Discussion on the Amendment to the Company's "Procedures for Acquisition or Disposal of Assets"

Descriptions:

1. It's proposed to amend the Company's "Procedures for Acquisition or Disposal of Assets" subject to Taiwan Financial Supervisory Commission's Jin-Guan-Zheng NO.1060001296 letter as of February 9th, 2017. Please refer to the attachment 5 (pages 24-30) for the comparison table.
2. Please proceed to the discussion.

Voting Results:

Shares represented at the time of voting: 32,841,498 shares

Voting Results		Percentage of the total shares represented by shareholders present in person or by proxy
Votes of favor (inclusive of e-voting	31,429,500 shares 119,500 shares)	95.70%
Votes of against (inclusive of e-voting	5,036 shares 5,036 shares)	0.02%
Votes Abstained (inclusive of e-voting	1,406,962 shares 119 shares)	4.28%

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

Subject: Discussion on the Amendment to the Company’s “Articles of Association”

Descriptions:

1. It is proposed to amend the Company’s “Articles of Association” to accommodate the Company’s demand and the actual practice. Please refer to attachment 6 (Pages 31-33) for the comparison table.
2. Please proceed to the discussion.

Voting Results:

Shares represented at the time of voting: 32,841,498 shares

Voting Results	Percentage of the total shares represented by shareholders present in person or by proxy
Votes of favor 31,429,500 shares (inclusive of e-voting 119,500 shares)	95.70%
Votes of against 5,036 shares (inclusive of e-voting 5,036 shares)	0.02%
Votes Abstained 1,406,962 shares (inclusive of e-voting 119 shares)	4.28%

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

Subject: Discussion on the issuance of Restricted Stock Awards for Employees

Descriptions:

1. To retain and attract talents as well as uplift the Company's competition, growth and profitability in the future, it is proposed to issue Restricted Stock Awards ("RSA") for Employees in accordance with the Company Act and the Regulations governing the Offering and Issuance of Securities by Securities Issuer (the "Offering Regulations") released by the Financial Supervisory Commission.
2. The main terms and conditions for the issuance of Restricted Stock Awards for Employees is as following:
 - 2.1 Total amount for issuance

The number of common shares issued shall not exceed 340 thousands shares. Each share shall have a par value of NT\$ 10 for a total amount of NT\$ 3,400 thousands. It is allowed to issue the RSA once or multiple times within one year commencing from the date that the approval notice from the Competent Authority has delivered to the Company.
 - 2.2 Terms and condition for issuance
 - 2.2.1 Price for issuance

The current issue is gratuitous. The price for issuance is NT\$ 0.
 - 2.2.2 Vesting conditions

Employees' continuous employment with the Company through the reference date (vesting date) and get at least A on the annual individual's performance evaluation result as well as no violation of the Company's employee handbook are capable of receiving the RSA for employees in the following ratio respectively:
On board for one year: the ratio for RSA distribution is 0%
On board for two years: the ratio for RSA distribution is 50%
On board for three years: the ratio for RSA distribution is 50%
 - 2.2.3 Shares for distribution: The Company's common shares newly issued.
 - 2.2.4 Dealing process when the employees do not comply with the vesting conditions or inheritance occurs
 - 2.2.4.1

The Company will redeem the issued RSA for employees and cancel the full number of shares when the vesting conditions are not met.
 - 2.2.4.2

When the employees died for any cause, the legal heirs of the employees may inherit the RSA not vested and shall be deemed to reach the vesting conditions when each duration of the years has been met. The legal heirs shall follow the related articles governing inheritance in civil code and “Regulations Governing the Administration of Shareholder Services of Public Companies” to proceed the necessary procedures for transfer and provide relevant certificates to acquire the RSA after the death of the employees. 2.3 Qualification for the employees and total amount of shares capable of distribution.

2.3.1 Qualification for the employees

2.3.1.1

It's limited to the employees of the Company and its affiliates being on board before the date the Board of Directors approves the list for distributing RSA.

2.3.1.2

The granted shares shall be determined by the employees' experience, seniority, and position, working performance, total contributions, special performance and other meaningful factors in management. The results of share distribution shall be reviewed by the Chairman and obtain the approval from the meeting of the Board of Directors in accordance with the Company Act and any related regulations enacted by Taiwan's competent authority for the securities.

2.3.2 Total amount of shares capable of distribution

The sum of the cumulative number of shares granted to each employee shall not exceed the limited amount specified in Article 60-9 of the Regulations governing the offering and issuance of securities by securities issuer.

2.4 The necessity to issue the RSA for employees

To retain and attract talents needed by the Company, enhance employees' loyalty to the Company as well as to create the benefit for the Company and all shareholders.

2.5 Calculated expense amount, dilution of EPS and other factors affecting shareholders' equity

2.5.1

The Company shall value the shares' fair market value on the granted date (issuance date) and record the expense during the vesting period annually.

2.5.2 The estimated calculated expense amount and dilution of EPS per share when the full amount of RSA for employees reaches the vesting conditions are as follows:

Year	Calculated expense amount (NT\$ 1,000)	Dilution of EPS (NT\$)	Description
2017	690	0.02	estimated by two months
2018	9,333	0.28	estimated by a year
2019	17,147	0.50	estimated by a year
2020	6,350	0.19	estimated by a year
2021	276	0.01	estimated by ten months
TOTAL	33,796		

Note 1: It is estimated by the average price which is NT 99.40 per share (on April 28th, 2017) on the prior business day when the Board of Directors has the meeting (on May 9th, 2017) and sent out the meeting notice as well as the total outstanding shares are 33,920,000. The actual calculated expense amount and dilution of EPS per share will be determined by the fair market value on the date of issuance in the future.

3. Please refer to attachment 7 (Pages 34-37) for the Rules governing the first time issuance of Restricted Stock Awards for Employees in 2017.
4. After the Rules has been approved by 2017 Annual General Shareholders' Meeting, if it becomes a must to revise the Rules because of the change of law, opinions from the competent authority or the change of environment as well as other situations, it's decided to authorize the Board of Directors to revise the Rules subject to the relevant laws or opinions from the competent authority within the scope applicable by the law.
5. Please proceed to the discussion.

Voting Results:

Shares represented at the time of voting: 32,841,498 shares

Voting Results	Percentage of the total shares represented by shareholders present in person or by proxy
Votes of favor 31,429,500 shares (inclusive of e-voting 119,500 shares)	95.70%
Votes of against 5,037 shares (inclusive of e-voting 5,037 shares)	0.02%
Votes Abstained 1,406,961 shares (inclusive of e-voting 118 shares)	4.28%

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

Subject: Re-election of one director to fill the vacancy of the Board of Directors

Descriptions:

1. In order to carry out the corporate governance and enhance the operation efficiency of the board of directors as well as to comply with Taiwan Stock Exchange Corporation's Tai-Zhen-Shang-Er No. 1061700612 letter as of February 22th, 2017 regarding the approval of being listed, Arianna Investment Co., Ltd, being a juristic person and the Company's director proposes to resign as of February 28th, 2017. The resignation will take effect as of June 21th, 2017. Such being the case, it's proposed to re-elect one director during this shareholders' meeting and the re-elected director's term of office will be the same as other directors (commencing from the elected date to September 29th, 2019).
2. The Company's election of directors follows the candidate's nomination system and the list of candidate has been reviewed and approved by the board of directors' meeting as of May 9th, 2017. Please refer to the following table for the candidate's information:

Name	School	Experience	Shares owned
Ausrine Marketing Corp. (shareholder number : 9)	Not applicable		1,276,800

3. Please refer to the appendix 3 (Pages 97-98) for the Company's "Regulations Governing Election of Directors".
4. Please proceed to the election.

Result:

The newly elected director of the Company is as following:

Title	Name	Votes Received
Director	Ausrine Marketing Corp.	31,425,078

Proposal (5)**【Proposed by the Board of Directors】**

Subject: To relieve the non-compete restriction of the newly re-elected director

Descriptions:

1. Subject to Article 47.4 of the Company's Articles of Association, a director who is engaged in anything on his own account or on behalf of another person, which is within the scope of the Company's business, shall explain in shareholders' meeting the essential contents of such conduct and seek approval.
2. On the premise that there's no infringement to the Company's benefit, it is proposed to relieve the non-compete restriction of the newly elected director or its assigned representative for them to invest or operate other companies that have the same or similar business scope of the Company and be the director of the said company.

The scope of restrictions to be released was explained as below:

Name	Scope of released restrictions
Representative for juristic person Ausrine Marketing Corp. : LAI, CHIN-HO	Director of Olivine Fashion Corp.

Voting Results:

Shares represented at the time of voting: 32,841,498 shares

Voting Results	Percentage of the total shares represented by shareholders present in person or by proxy
Votes of favor 31,428,458 shares (inclusive of e-voting 118,458 shares)	95.70%
Votes of against 68 shares (inclusive of e-voting 68 shares)	0.02%
Votes Abstained 1,412,972 shares (inclusive of e-voting 6,129 shares)	4.30%

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

6. Extemporaneous Motions : None.

7. Adjournment: Meeting ended at 9.40a.m.

REGAL HOLDING CO., LTD.

2016 Business Report

The prices of jewels and luxury goods have been more friendly in recent years thus brings up the market demand for the affordable luxurious jewels. As the statistics from the international renowned institution (Euromonitor), the total retail sale amount of the global jewels and luxury goods in 2015 is about US\$ 309.8 billion. The sales for 2016 grow 4% compare to 2015. At the same time, from 2015 to 2020, the market demand will constantly grow at 5% of compound annual growth rate ("CAGR") to approximately US\$ 387.7 billion.

The Company' s operation in 2016 has been influenced by the uncertainty of the global economics, so the Company' s business revenue of 2016 is NT\$ 2,197,116 thousands which is very similar to the previous year' s NT\$ 2,259,618 thousands. Profit after tax is NT\$ 188,578 thousands which is also very close to the previous year' s NT\$ 189,441 thousands. Earnings after tax per share is NT\$ 5.80.

The operation plan of 2017 is as following:

1. Operational Policy:

- (1) To satisfy the custom-made demand in all scale and reinforce the customized craftsmanship.
- (2) To optimize the R&D team and focus in the features of design.
- (3) To be familiar with the market strategic pace and lead the fashion trend.

2. Business Goal

- (1) Fashionable products: manufacturing the ornament that may fit the fashion trend within one to two year in the form of pendants, rings, earrings, bracelets , necklaces bangles and other jewelries. Developing the changeable beads of the jewelries, jewelries in the metal design and a series of wax setting products.
- (2) Silver ornament with a series of theme products for jewels, such as earrings, necklaces, bracelets and other jewelries.
- (3) Brand cooperation: co-work with the carton brand which the customer is an agent.
- (4) Strategic cooperation: co-work with the customers with different channels to enhance the Company' s sales.

3. R&D

- (1) The Company will enhance the ability of product development to combine art and skills of craftsmanship in order to provide more unique and personalized products as well as to satisfy the one-stop service demand from a variety of customers.
- (2) The Company will reinforce the ability to design more advanced and precision mold to level up the product yield and diversity and accommodate the customers' need with advanced template equipment.

- (3) Upgrading the automation production equipment and tools for the intermediate and high level to upgrade the process of craftsmanship, shorten the production hours, enhance the product quality and lower the production cost.

4. Future development policy

The Company will constantly work on the R&D to create more down-to earth, refined, young and fashionable products. Furthermore, the Company will continue to expand its ODM business. Besides maintaining the existing customers, the Company is also very ambitious to explore the new customers and the new markets.

Looking forward, as facing the speedy changes of new products, new technologies and the market changes, all of the Company's colleagues still need to overcome all kinds of possible challenges regarding the operation and constantly strengthen our systems, process and production management as well as to develop the core technologies of jewelry design to enhance the added-value of the products thus making the Company more competitive, strong and profitable. The management team and all the employees will keep on working hard and follow the principle of "enthusiasm, achievement, responsibility, team work, inspiration" to pursue the biggest benefits of all shareholders.

Chairman :



General Manager :



Account Officer :

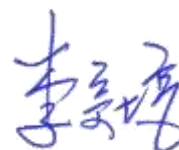


REGAL HOLDING CO., LTD.
Audit Committee's Review Report

The Board of Directors has prepared the Company's 2016 Business Report, Consolidated Financial Report and Proposal for Distribution of Earnings. The CPA firm of KPMG was retained to audit the Company's Consolidated Financial Report and has issued an audit report relating to the Financial Statements. The aforesaid Business Report, Financial Report and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To REGAL HOLDING CO., LTD.

Chairman of the Audit Committee: LEE, TSUNG-PEI



March 9th, 2017

REGAL HOLDING CO., LTD.

Comparison Table of “Corporate Social Responsibility Best Practice Principles” Before and After Revision

No.	Proposal for the Amendment	Original Articles	Description
6	<p>6. Exercise corporate governance (1)-(2) (omitted)</p> <p>(3)When exercising the corporate social responsibility, the board of directors shall <u>fully take the stakeholders</u> and the following matters into account: A-C (omitted)</p> <p>(4)-(9) (omitted)</p>	<p>6. Exercise corporate governance (1)-(2) (omitted)</p> <p>(3)When exercising the corporate social responsibility, the board of directors shall take the following matters into account: A-C (omitted)</p> <p>(4)-(9) (omitted)</p>	To conform to Taiwan Stock Exchange Corporations’ Tai-Zhen-Zhi-Li No. 1050014103 letter as of July 28th, 2016.
8	<p>8. Preserve public welfare (1)-(9) (omitted)</p> <p><u>(10)The Company shall treat their customers or consumers in a fair and reasonable manner, including but not limited to being fair and honest when entering into agreements, the due care, being real in the advertisement, the fitness of the products or services, information disclosure, the balance between remuneration and business performance, the protection of grievance, and enhance the salesmen’s professions as well as enacting the</u></p>	<p>8. Preserve public welfare (1)-(9) (omitted)</p> <p><u>(Newly added)</u></p>	To conform to Taiwan Stock Exchange Corporations’ Tai-Zhen-Zhi-Li No. 1050014103 letter as of July 28th, 2016.

No.	Proposal for the Amendment	Original Articles	Description
	<p><u>strategy and specific measures.</u></p> <p><u>(11)-(17)(Omitted)</u></p> <p><u>(18)</u>The Company shall evaluate the operation impact to the local community and hire the local resource where the Company is located to be recognized by the community.</p> <p>Furthermore, the Company may via <u>shareholding investment</u>, business activity, donation of goods and volunteer service from the Company's employees <u>etc...which aims to solve social or environmental issues by casting the resources in business mode.</u> Or participating in civil organization regarding the community development and education, charity group and activities hosted by the local government institutions to facilitate the development of the Community.</p>	<p><u>(10)-(16) (Omitted)</u></p> <p><u>(17)</u>The Company shall evaluate the operation impact to the local community and hire the local resource where the Company is located to be recognized by the community. Furthermore, the Company may via business activity, donation of goods and volunteer service from the Company's employees. Or participating in civil organization regarding the community development and education, charity group and activities hosted by the local government institutions to facilitate the development of the Community.</p>	

Independent Auditors' Report

To the Board of Directors
Regal Holding Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Regal Holding Co., Ltd. and its subsidiaries (“the Group”) as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in stockholders’ equity, and cash flows for the years ended December 31, 2016 and 2015. The Company’s management is responsible for the preparation and presentation of the consolidated financial statements. Our responsibility is to issue a report on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the “Rules Governing the Audit of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Regal Holding Co., Ltd. as of December 31, 2016 and 2015, and the results of their consolidated operations and their consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee endorsed by the Financial Supervisory Commission, R.O.C.

KPMG

Taipei, Taiwan (Republic of China)
March 9, 2017

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015			
	Amount	%	Amount	%	Amount	%	Amount	%		
Assets										
Current assets										
11xx Cash and cash equivalents	\$ 121,032	11	235,816	17	2150	Share-term borrowings	\$ 155,750	12	256,068	19
1150 Notes receivable, net	2,419	-	2,920	-	2150	Notes payable	571	-	24,626	2
1170 Accounts receivable, net	334,029	30	394,160	29	2170	Accounts payable	55,555	5	45,880	5
1200 Other receivables, net	1,888	-	4,515	-	2280	Other payables	93,552	9	110,546	8
130x Inventories	271,546	24	350,563	25	2320	Current tax liabilities	32,278	3	45,330	5
1470 Other current assets	12,084	2	13,915	1	2310	Unearned revenue	900	-	16,181	1
Total current assets	757,958	67	1,001,889	72	2399	Other current liabilities	4,618	-	11,555	1
Non-current assets						Total current liabilities	321,024	29	549,415	41
1600 Property, plant and equipment	321,620	29	338,867	25	25xx	Total non-current liabilities	34,914	3	38,928	2
1780 Intangible assets	11,870	1	13,896	1	2570	Deferred tax liabilities	16,819	2	16,470	1
1840 Deferred tax assets	19,655	2	15,652	1	2640	Net defined benefit plan liabilities	2,522	-	2,758	-
1884 Other non-current financial assets, others	7,283	1	6,088	1	2645	Guarantee deposits received	44,533	4	47,656	3
Total non-current assets	360,528	33	375,413	28	2xxx	Total liabilities	363,359	33	597,071	44
Total assets	\$ 1,108,526	100	1,377,302	100		Equity attributable to owners of parent:	339,280	31	330,000	25
					3100	Common stock	170,140	15	274,336	20
					3280	Capital surplus	214,136	19	185,703	13
					3300	Retained earnings	(60,893)	(5)	(13,898)	(2)
					3410	Foreign currency translation differences for foreign operations	682,583	62	546,201	59
					36xx	Total equity attributable to shareholders of the Company	693,384	63	746,030	54
					3xxx	Non-controlling interests	753,167	67	710,221	56
						Total equity	1,108,526	100	1,377,302	100
						Total liabilities and equity				

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2016		2015	
	Amount	%	Amount	%
4000 Net operating revenues	\$ 2,197,116	100	2,259,618	100
5000 Operating costs	1,511,050	69	1,620,810	72
5900 Gross profit	686,066	31	638,808	28
6000 Operating expenses:				
6100 Selling expenses	57,795	3	58,572	3
6200 Administrative expenses	184,982	8	181,600	8
6300 Research and development expenses	92,716	4	80,924	3
Total operating expenses	335,493	15	321,096	14
6900 Net operating profit	350,573	16	317,712	14
7000 Non-operating income and expenses:				
7010 Other income	5,099	-	5,995	-
7020 Other gains and losses	4,601	-	25,084	1
7050 Finance costs	(8,705)	-	(9,636)	-
Total non-operating income and expenses	995	-	21,443	1
7900 Income before income tax	351,568	16	339,155	15
7950 Less: income tax expense	99,264	5	119,594	5
8200 Net income	252,304	11	219,561	10
8300 Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss				
8311 Net defined benefit plans liabilities re measurement	(920)	-	(3,678)	-
8349 Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-
Total items that will not be reclassified subsequently to profit or loss	(920)	-	(3,678)	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Foreign currency translation differences for foreign operations	(8,231)	-	(35,786)	(2)
8399 Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income (loss), net of tax	(9,151)	-	(39,464)	(2)
8500 Total comprehensive income	\$ 243,153	11	180,097	8
Net income (loss) attributable to:				
8610 Shareholders of the Company	\$ 188,578	8	189,441	9
8620 Non controlling interests	63,726	3	30,120	1
Total comprehensive income attributable to:	\$ 252,304	11	219,561	10
8710 Shareholders of the Company	\$ 180,682	8	151,865	7
8720 Non controlling interests	62,471	3	28,232	1
Earnings per share (expressed in New Taiwan dollars)				
Basic earnings per share	\$ 5.80		5.96	
Diluted earnings per share	\$ 5.69		5.65	

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the Company						Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Retained earnings and Unappropriated retained earnings	Foreign currency translation of differences for foreign operations	Equity attributable to shareholders of the Company		
Balance at January 1, 2015	300,000	244,336	-	-	-	544,336	23,224	567,560
Appropriation and distribution:								
Cash dividends	-	-	-	189,441	-	-	(17,426)	(17,426)
Net income for the year	-	-	-	189,441	-	-	30,120	219,561
Other comprehensive income (loss) for the year	-	-	-	(3,678)	(33,898)	(37,576)	(1,888)	(39,464)
Total comprehensive income (loss) for the year	-	-	-	185,763	(33,898)	151,865	28,232	180,097
Capital injection	20,000	30,000	-	-	-	50,000	-	50,000
Balance at December 31, 2015	320,000	274,336	-	185,763	(33,898)	746,201	34,030	780,231
Appropriation and distribution:								
Legal reserve	-	-	18,576	(18,576)	-	-	-	-
Cash dividends	-	-	-	(159,324)	-	(159,324)	(35,917)	(195,241)
Cash dividends on ordinary shares	-	(244,336)	-	-	-	(244,336)	-	(244,336)
Net income for the year	-	-	-	188,578	-	188,578	63,726	252,304
Other comprehensive income (loss) for the year	-	-	-	(901)	(6,995)	(7,896)	(1,255)	(9,151)
Total comprehensive income (loss) for the year	-	-	-	187,677	(6,995)	180,682	62,471	243,153
Capital injection	19,200	140,160	-	-	-	159,360	-	159,360
Balance at December 31, 2016	339,200	170,160	18,576	195,540	(40,893)	682,583	60,584	743,167

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

	2016	2015
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 351,568	339,155
Adjustments for:		
Adjustments to reconcile profit:		
Depreciation expense	46,744	46,208
Amortization expense	3,974	4,265
Provision of allowance for doubtful accounts	1,390	619
Interest expense	8,705	9,636
Interest income	(575)	(416)
Loss (gain) on disposal of property, plant and equipment	301	(10)
Gain on disposal of intangible assets	-	(5)
Total adjustments	<u>60,539</u>	<u>60,297</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	501	(2,920)
Accounts receivable	58,821	(67,547)
Other receivables	2,627	(1,616)
Inventories	79,836	(55,446)
Other current assets	(3,169)	4,027
Total net changes in operating assets	<u>138,616</u>	<u>(123,502)</u>
Net changes in operating liabilities:		
Notes payable	(24,255)	(23,738)
Accounts payable	(11,534)	9,193
Other payables	(16,592)	72,674
Unearned revenue	(15,281)	(865)
Other current liabilities	(6,937)	(16,127)
Net defined benefit plan liabilities	(501)	(1,138)
Total net changes in operating liabilities	<u>(75,100)</u>	<u>39,979</u>
Total net changes in operating assets and liabilities:	<u>63,516</u>	<u>(83,523)</u>
Total adjustments	<u>124,055</u>	<u>(23,226)</u>
Cash generated from operations:	475,623	315,929
Interest income received	575	416
Interest paid	(9,107)	(10,271)
Income taxes paid	(140,333)	(45,253)
Net cash from operating activities	<u>326,758</u>	<u>260,821</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(33,467)	(41,705)
Proceeds from disposal of property, plant and equipment	300	292
Proceeds from disposal of intangible assets	-	279
Acquisition of intangible assets	(2,062)	(1,028)
Increase in other non-current financial assets	(385)	(133)
Net cash flows used in investing activities	<u>(35,614)</u>	<u>(42,295)</u>
Cash flows from financing activities:		
Decrease in short term loans	(120,338)	(82,362)
Increase in guarantee deposits received	274	158
Cash dividends paid	(439,577)	(17,426)
Capital injections	159,360	50,000
Net cash used from financing activities	<u>(400,281)</u>	<u>(49,630)</u>
Effect of exchange rate changes on cash and cash equivalents	(5,647)	(15,272)
Net increase (decrease) in cash and cash equivalents	(114,784)	153,624
Cash and cash equivalents at beginning of year	<u>235,816</u>	<u>82,192</u>
Cash and cash equivalents at end of year	<u>\$ 121,032</u>	<u>235,816</u>

REGAL HOLDING CO., LTD.

Comparison Table of “Procedures for Acquisition or Disposal of Assets” Before and After Revision

Proposal for the Amendment	Original Articles	Description
<p>Section 3 of Article 6</p> <p>In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government authority, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment 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 (matters required to be Included in the appraisal report shall be made in accordance with the competent authority's regulations) : ...(omitted...)</p>	<p>Section 3 of Article 6</p> <p>In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment 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 (matters required to be Included in the appraisal report shall be made in accordance with the competent authority's regulations) : ...(omitted...)</p>	<p>To conform to Taiwan Financial Supervisory Commission's Jin-Guan-Zheng NO.1060001296 letter as of February 9th, 2017.</p>
<p>Section 2 of Article 7</p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> of money market funds <u>issued by domestic securities investment trust enterprises</u>, the Company may not proceed to enter into a transaction contract and make a payment until the following matters have been approved by the board of directors</p>	<p>Section 2 of Article 7</p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract and make a payment until the following matters have been approved by the board of directors and recognized by the audit committee :</p>	<p>To conform to Taiwan Financial Supervisory Commission's Jin-Guan-Zheng NO.1060001296 letter as of February 9th, 2017.</p>

Proposal for the Amendment	Original Articles	Description
<p>and recognized by the audit committee :</p> <p>A~F (omitted...)</p> <p>G、Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with <u>section 2 of Article 30 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies</u> and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount. (omitted...)</p>	<p>A~F (omitted...)</p> <p>G、Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with public disclosure of information, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount.</p> <p>(omitted...)</p>	
<p>Article 8 Where the Company acquires or disposes of memberships or intangible assets and the <u>transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government authority, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	<p>Article 8 Where the Company acquires or disposes of memberships or intangible assets shall follow the procedures for acquire and dispose of real property in Article 6 and also need to follow the rules of competent authority governing the Company to do the resolution and evaluate the fairness of the terms and conditions.</p>	<p>To conform to Taiwan Financial Supervisory Commission's Jin-Guan-Zheng NO.1060001296 letter as of February 9th, 2017.</p>
<p>Article 10 The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit</p>	<p>Article 10 The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit</p>	<p>To conform to Taiwan Financial Supervisory Commission's Jin-Guan-Zheng NO.1060001296 letter as of February 9th, 2017.</p>

Proposal for the Amendment	Original Articles	Description
<p>it to the board of directors for deliberation and passage. <u>Provided however, in the cases that the Company merges a subsidiary which is a hundred percent owned in shares or capital by the Company (Totally Owned Subsidiary), or the merger between two Totally Owned Subsidiary of the Company, the requirement to engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the transaction may be waived.</u></p>	<p>it to the board of directors for deliberation and passage.</p>	
<p>Article 11 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>A、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 <u>redemption</u> of R.O.C's domestic money market funds <u>issued by securities investment trust enterprises.</u></p> <p>B、Merger, demerger, acquisition, or transfer of shares.</p> <p>C、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><u>D</u>、Where the type of asset acquired</p>	<p>Article 11 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>A、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 R.O.C's domestic money market funds.</p> <p>B、Merger, demerger, acquisition, or transfer of shares.</p> <p>C、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>To conform to Taiwan Financial Supervisory Commission's Jin-Guan-Zheng NO.1060001296 letter as of February 9th, 2017.</p>

Proposal for the Amendment	Original Articles	Description
<p>or disposed is equipment/machinery for business use, the trading counterparty is not a related party and the transaction amount has reached one of the followings:</p> <p>a. <u>A public company with paid-in capital less than NT\$10 billion and the transaction amount reaches NT\$500 million.</u></p> <p>b. <u>A public company with paid-in capital more than NT\$10 billion and the transaction amount reaches NT\$100 million.</u></p> <p><u>E</u>、Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million.</p> <p><u>F</u>、Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is more than NT\$500 million.</p> <p><u>G</u>、Where an asset transaction other than any of those referred to in the preceding <u>six</u> subsections, 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>a. Trading of government</p>	<p>D、Where an asset transaction other than any of those referred to in the preceding three subsections, 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>a. Trading of government</p>	

Proposal for the Amendment	Original Articles	Description
<p>bonds.</p> <p>b. Securities trading by investment professionals on foreign or domestic securities exchanges, over-the-counter markets, or subscription of securities by a securities firm ; <u>or normal corporate bonds and normal financial bonds not related to shareholding issued in R.O.C's domestic primary market ; the subscription of securities subject to rules of the Taipei Exchange due to the securities firms having a need for securities underwriting or the securities firms being recommended for pre-listing tutoring for the emerging companies.</u></p> <p>c. Trading of bonds under repurchase/resale agreements <u>or subscription or repurchase of domestic money market funds issued by R.O.C's domestic securities investment trust enterprises.</u></p>	<p>bonds.</p> <p>b. Securities trading by investment professionals on foreign or domestic securities exchanges, over-the-counter markets, or subscription of securities by a securities firm.</p> <p>c. Trading of bonds under repurchase/resale agreements.</p> <p>d. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>e. Acquisition or disposal by a public company in the</p>	

Proposal for the Amendment	Original Articles	Description
<p>The amount of transactions above shall be calculated as follows: A 、 The amount of any individual transaction. B 、 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. C 、 The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. D 、 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date</p>	<p>construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>f. 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 is less than NT\$500 million.</p> <p>The amount of transactions above shall be calculated as follows: A 、 The amount of any individual transaction. B 、 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. C 、 The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. D 、 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date</p>	

Proposal for the Amendment	Original Articles	Description
<p>of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p><u>The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</u></p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety <u>within 2 days when the Company awares of the errors.</u></p> <p>The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	

REGAL HOLDING CO., LTD.
Comparison Table of Articles of Association
Before and After Revision

Proposal for the Amendment	Original Articles	Description
<p>1.1 In these <u>Second</u> Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:</p>	<p>1.1 In these Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:</p>	<p>This Article was amended to reflect the version of the Articles of Association.</p>
<p>5.5 Where the Company shall issue the shares in uncertificated/scripless form, the Company shall upon the issue of such shares cause the name of the subscriber and other particulars to be entered onto the Register of Members in accordance with the Law and the Applicable Public Company Rules. <u>The Company shall deliver the uncertificated/scripless shares to the subscribers by recording the issuance of uncertificated/scripless shares on the book-entry system of the TDCC within thirty (30) days from the date such uncertificated/scripless shares may be issued pursuant to the Law, the Memorandum, the Articles, and the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such uncertificated/scripless shares pursuant to the Applicable Public Company Rules.</u></p>	<p>5.5 Where the Company shall issue the shares in uncertificated/scripless form, the Company shall upon the issue of such shares cause the name of the subscriber and other particulars to be entered onto the Register of Members in accordance with the Law and the Applicable Public Company Rules.</p>	<p>This Article was amended based on the request of the Taiwan Stock Exchange and the relevant applicable public company rules.</p>

Proposal for the Amendment	Original Articles	Description
<p>26.2 An instrument of proxy shall be in writing, be executed under the hand of the appointor, or, if the appointor is a corporation or other non-natural person, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.</p>	<p>26.2 An instrument of proxy shall be in writing, be executed under the hand of the appointor <u>or of his attorney duly authorised in writing</u>, or, if the appointor is a corporation or other non-natural person, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.</p>	<p>This Article was amended based on the request of the Taiwan Stock Exchange and the relevant applicable public company rules.</p>
<p>59. Tender Offer</p> <p>For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, <u>any public announcement in connection with any tender offer of the Company's shares shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing Public Tender Offers for Securities of Public Companies."</u></p>	<p>59. Tender Offer</p> <p>For so long as the shares are traded on the ESM or listed on the TPEx or TSE, <u>within seven (7) days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its Litigious and Non-Litigious Agent, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:</u></p> <p>(a) <u>the types and number of the shares held by the Directors and the Members holding more than ten per cent (10%) of the total issued shares in their own names or in the names of other persons.</u></p> <p>(b) <u>recommendations to the Members on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefor.</u></p> <p>(c) <u>whether there is any material change in the financial condition</u></p>	<p>This Article was amended based on the request of the Taiwan Stock Exchange and the relevant applicable public company rules.</p>

Proposal for the Amendment	Original Articles	Description
	<p><u>of the Company after the submission of the latest financial report and an explanation of the change, if any.</u></p> <p>(d) <u>the types, numbers and amount of the shares of the tender offeror or its affiliates held by the Directors and the Members holding more than ten per cent (10%) of the total number of issued shares held in their own names or in the name of other persons.</u></p>	

REGAL HOLDING CO., LTD.

Rules governing the first time issuance of Restricted Stock Awards for Employees in 2017

1. Purpose for Issuance

To retain and attract talents as well as uplift the Company's competition, growth and profitability in the future, it is proposed to enact the Rules governing the issuance of Restricted Stock Awards ("RSA") for Employees (the "Rules") in accordance with Article 267 of the Company Act and the Regulations governing the Offering and Issuance of Securities by Securities Issuer (the "Offering Regulations") released by the Financial Supervisory Commission.

2. Duration of Issuance

It is allowed to issue the RSA once or multiple times within one year commencing from the date that the approval notice from the Competent Authority has delivered to the Company. It is authorized by the Board of Directors for the Chairman to determine the actual date of issuance.

3. Qualification for Distribution of RSA

3.1 It's limited to the employees of the Company and its affiliates being on board before the date the Board of Directors approves the list for distributing RSA.

3.2 The granted shares shall be determined by the employees' experience, seniority, and position, working performance, total contributions, special performance and other meaningful factors in management. The results of share distribution shall be reviewed by the Chairman and obtain the approval from the meeting of the Board of Directors in accordance with the Company Act and any related regulations enacted by Taiwan's competent authority for the securities.

3.3 The sum of the cumulative number of shares granted to each employee by share subscription warrant in accordance with section 1 of Article 56-1 of Offering Regulations and by RSA shall not exceed the three-tenth of one percent of the total outstanding shares of the Company. The aforesaid total amount of shares plus share subscription warrant the Company granted to each employee shall not exceed one percent of the total outstanding shares of the Company. However, if the laws and regulations relieve such restrictions later, the Company may apply the revised laws and regulations.

4. Total Amount for Issuance

The number of common shares issued shall not exceed 340 thousands shares. Each share shall have a par value of NT\$ 10 for a total amount of NT\$ 3,400 thousands. It is allowed to issue the RSA once or multiple times within one year commencing from the date that the approval notice from the Competent Authority has delivered to the Company.

5. Terms and Conditions for Issuance

5.1 Price for Issuance

The current issue is gratuitous. The price for issuance is NT\$ 0.

5.2 Vesting conditions : depending on each individual's performance evaluation indicators.

Employees' continuous employment with the Company through the reference date (vesting date) and get at least A on the annual individual's performance evaluation result as well as no violation of the Company's employee handbook are capable of receiving the RSA for employees in the following ratio respectively:

On board for one year: the ratio for RSA distribution is 0%.

On board for two years: the ratio for RSA distribution is 50%.

On board for three years: the ratio for RSA distribution is 50%.

5.3 Shares for distribution: The Company's newly issued common shares.

5.4 Dealing process when the employees fail to achieve the vesting conditions

5.4.1 The Company will take back the RSA granted to employees which are not vested yet free of charge if the employees resign voluntarily within three years beginning from the granted date or the employees has been laid off, retired, leave without pay as well as transferred to the affiliates.

5.4.2 The Company will take back the RSA granted to employees which are not vested yet free of charge if the employees do not get at least A on individual's performance evaluation result in any year within three years commencing from the granted date.

5.4.3 The Company will dispatch the shares and interests free of charge during the vesting period.

5.4.4 The Company will take back the RSA granted to employees free of charge if the employees violates article 5.7 before the fulfillment of vesting conditions.

5.4.5 From the effective date of resignation, those employees who are unable to be on board due to the handicapped caused by occupational injury, for 50% of the RSA not vested shall be deemed to reach the vesting conditions when each duration of the years has been met. For the remaining 50% of the RSA not vested, the Company will take back from the employees free of charge.

5.4.6 When the employees died for any cause, the legal heirs of the employees may inherit the RSA not vested and shall be deemed to reach the vesting conditions when each duration of the years has been met. The legal heirs shall follow the related articles governing inheritance in civil code and “Regulations Governing the Administration of Shareholder Services of Public Companies” to proceed the necessary procedures for transfer and provide relevant certificates to acquire the RSA after the death of the employees.

5.5 The Company will redeem the issued RSA for employees and cancel the shares when the vesting conditions are not met.

5.6 The limited rights of RSA before being vested:

5.6.1 During the vesting period, the Company shall not sell, pledge, transfer, offer as a gift and dispose in other ways.

5.6.2 During the vesting period, the RSA shall be cancelled on a pro rata basis if the Company has a reduction in capital not relevant to legal capital reduction. If the capital reduction may return cash, the returned cash shall be deposited in a trust account and give to the employees when the vesting conditions and durations are met. However, if the vesting conditions are not fulfilled when the durations are met, the Company will take back the cash.

5.7 Other Matters:

The RSA for employees shall be deposited in a security trust account after the issuance. And before the vesting conditions are fulfilled, the employees shall not ask the trustees to return the RSA for employees with any reason or in any method. Provided that the RSA for employees may participate in distribution of share, and interest as well as rights issue subscription.

6. Signing Agreement and Keeping Confidential

6.1 After the total amount of RSA for employees, price for each share, rules for distribution and the listed of employees capable of distributing the RSA is confirmed, the organizer team shall notify the employees to sign the agreement for receiving the restricted stock awards for employees (the “Agreement”). It is deemed to give up the qualification for receiving the RSA for employees if the employees do not finish signing the Agreement.

6.2 The employees shall keep confidential after signing the Agreement regarding the related contents of the Rules and the rights he/she owns under the Agreement.

6.3 Any holder receiving the RSA for employees or its derivative right in accordance with the Rules shall be abide by the Rules and the Agreement. Any violation shall be dealt in accordance with the Company’s relevant regulations.

7. Tax

Any tax arises due to the acquisition of RSA for employees this time shall be dealt subject to the laws and regulations of R.O.C.

8. Other Important Items

8.1 The Rules has been approved by the Compensation Committee, Audit Committee, meetings of Board of Directors and Shareholders', if it becomes a must to revise the Rules because of the change of law, opinions from the competent authority or the change of environment as well as other situations, it's decided to authorize the Board of Directors to revise the Rules subject to the relevant laws or opinions from the competent authority within the scope applicable by the law.

8.2 Before the employees has achieved the vesting conditions, the attendance in a shareholder's meeting, making a proposal or speech as well as other matters enforcing the rights of a shareholder shall be done by a trust custody institution acting as a proxy.

8.3 For the matters not stipulated in the Rules shall be dealt in accordance with the relevant laws and regulations.

COMPANIES LAW (REVISED)

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

REGAL HOLDING CO., LTD.

(Adopted by a special resolution passed on 20 May, 2016)

THE COMPANIES LAW (REVISED)

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

REGAL HOLDING CO., LTD.

(Adopted by a special resolution passed on 20 May, 2016)

1. The name of the Company is Regal Holding Co., Ltd.
2. The Company's registered office will be situated at the office of Portcullis TrustNet (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, or at such other place in the Cayman Islands as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (Revised).
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by Section 27 (2) of the Companies Law (Revised).
5. Nothing in the preceding sections shall permit the Company to carry on the business of a bank or trust company without being licensed in that behalf under the Banks and Trust Companies Law (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 (Revised) or to carry on the business of company management without being licensed in that behalf under the Companies Management Law (Revised).
6. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands, but nothing in this paragraph shall be so construed as to prevent the Company effecting and concluding contracts in the Cayman Islands and exercising in the Cayman Islands any of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
8. The authorised share capital of the Company is New Taiwan Dollars 600,000,000 divided

into 60,000,000 ordinary shares of a par value of New Taiwan Dollars 10.00 each provided always that subject to the provisions of the Companies Law (as amended) and the Articles of Association the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided

9. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Law (as amended).
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.

COMPANIES LAW (REVISED)

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

REGAL HOLDING CO., LTD.

(Adopted by a special resolution passed on 20 May, 2016)

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THE COMPANIES LAW (REVISED)

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

REGAL HOLDING CO., LTD.

(Adopted by a special resolution passed on 20 May, 2016)

Table A

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

INTERPRETATION

1. Definitions

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

- | | |
|--------------------------------------|---|
| (i) Applicable Law | the Applicable Public Company Rules, the Law or such other rules or legislation applicable to the Company; |
| (ii) Applicable Public Company Rules | the ROC laws, rules and regulations (including, without limitation, the Company Law of the ROC, the Securities and Exchange Law of the ROC, the rules and regulations promulgated by the FSC, the rules and regulations promulgated by the TPEX and the rules and regulations promulgated by the TSE, as amended from time to time) affecting public reporting companies or companies listed on any |

	ROC stock exchange or securities market that from time to time are required by the relevant regulator as applicable to the Company;
(iii) Articles	the Articles of Association as altered from time to time;
(iv) Audit Committee	the audit committee of the Board, which shall comprise solely of all the Independent Directors of the Company;
(v) Board	the board of directors appointed or elected pursuant to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles;
(vi) Capital Reserve	for the purpose of the Articles only, comprises of the premium paid on the issuance of any share and income from endowments received by the Company under the Law;
(vii) Chairman	the Director elected amongst all the Directors as the chairman of the Board;
(viii) Company	Regal Holding Co., Ltd.;
(ix) Compensation Committee	a committee of the Board, which shall be comprised of professional individuals and having the functions, in each case, prescribed by the Applicable Public Company Rules;
(x) Cumulative Voting	the voting mechanism for an election of Directors as described in Article 35.2 hereof;
(xi) Directors	the directors for the time being of the Company and shall include any and all Independent Director(s);
(xii) Electronic Record	has the same meaning as in the Electronic Transactions Law;
(xiii) Electronic Transactions Law	the Electronic Transactions Law (2003 Revision) of the Cayman Islands;
(xiv) ESM	the emerging stock market of the ROC;

- (xv) Family Relationship within Second Degree of Kinship in respect of a person, means another person who is related to the first person either by blood or by marriage of a member of the family and within the second degree shall include the parents, siblings, grandparents, children and grandchildren of the first person as well as the parents, siblings and grandparents of the first person's spouse;
- (xvi) FSC the Financial Supervisory Commission of the ROC;
- (xvii) Independent Directors the Directors who are elected as "Independent Directors" in accordance with the Applicable Public Company Rules or the Articles;
- (xviii) Joint Operation Contract a contract between the Company and one or more person(s) or entit(ies) where the parties thereto agree to pursue the same business venture and jointly bear losses and enjoy profits arising out of such business venture in accordance with the terms thereof;
- (xix) Law The Companies Law (as amended) of the Cayman Islands and every modification, reenactment or revision thereof for the time being in force;
- (xx) Lease Contract a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) lease or rent from the Company the necessary means and assets to operate the whole business of the Company in the name of such person, and as consideration, the Company receives a pre-determined compensation from such person;
- (xxi) Litigious and Non-Litigious Agent a person appointed by the Company pursuant to the Applicable Law as the Company's process agent for purposes of service of documents in the relevant

	jurisdiction and the Company's responsible person in the ROC under the Securities and Exchange Law of the ROC;
(xxii) Management Contract	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) manage and operate the business of the Company in the name of and for the benefit of the Company, and as consideration, such person(s) receive a pre-determined compensation from the Company while the Company continues to be entitled to the profits (or losses) of such business;
(xxiii) Market Observation Post System	the public company reporting system maintained by the TSE;
(xxiv) Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
(xxv) Memorandum	the memorandum of association of the Company;
(xxvi) Merger	means : (a) a "merger" or "consolidation" as defined under the Law ; or (b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Applicable Public Company Rules;
(xxvii) month	calendar month;
(xxviii) Notice	written notice as further provided in the Articles unless otherwise specifically stated;
(xxix) Officer	any person appointed by the Board to

(xxx) Ordinary Resolution	hold an office in the Company; a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by not less than a simple majority of the votes cast;
(xxxix) Preferred Shares	has the meaning given thereto in Article 6;
(xxxvii) Private Placement	means, for so long as the shares are traded on the ESM or listed on the TPEX or TSE, the private placement by the Company of shares or other securities of the Company as permitted by the Applicable Public Company Rules;
(xxxviii) Register of Directors and Officers	the register of directors and officers referred to in Article 42 hereof;
(xxxix) Register of Members	the register of members of the Company maintained in accordance with the Law and (as long as the shares of the Company are traded on the ESM or listed on the TPEX or TSE) the Applicable Public Company Rules;
(xl) Registered Office	the registered office for the time being of the Company;
(xli) Related Parties	has the meaning as set out in No. 24 of the International Accounting Standard;
(xlii) Restricted Shares	has the meaning given thereto in Article 2.5;
(xliiii) ROC	Taiwan, the Republic of China;
(xliv) Seal	the common seal or any official or duplicate seal of the Company;
(xlv) Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;

- (xli) share(s) share(s) of par value New Taiwan Dollars 10.00 each in the Company;
- (xlii) Special Resolution Subject to the Law, means a resolution passed at a general meeting of the Company by a majority of at least two-thirds of the votes cast by such Members who, being entitled to do so, vote in person or by their proxies, or, in the case of Members that are corporations or other non-natural person, by their duly authorised representatives by computing the number of votes to which each Member is entitled;
- (xliii) Subsidiary with respect to any company, (1) the entity, more than one half of whose total number of the issued voting shares or the total amount of the share capital are directly or indirectly held by such company; or (2) the entity that such company has a direct or indirect control over its personnel, financial or business operation;
- (xliv) Supermajority Resolution a resolution passed by a majority vote of the Members present at a general meeting attended by Members who represent two-thirds or more of the total issued shares or, if the total number of shares represented by the Members present at the general meeting is less than two-thirds of the total issued shares, but more than one half of the total issued shares, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting;
- (xlv) Treasury Shares means shares of the Company held in treasury pursuant to the Law and the Articles;
- (xlvi) TDCC the Taiwan Depository & Clearing

	Corporation;
(xlvii) TPEX	the Taipei Exchange;
(xlviii) TSE	the Taiwan Stock Exchange Corporation; and
(xlix) year	calendar year.

1.2 In the Articles, where not inconsistent with the context:

- (a) words denoting the plural number include the singular number and vice versa;
- (b) words denoting the masculine gender include the feminine and neuter genders;
- (c) words importing persons include companies, associations or bodies of persons whether corporate or not;
- (d) the words:-
 - (i) "may" shall be construed as permissive; and
 - (ii) "shall" shall be construed as imperative;
- (e) "written" and "in writing" include all modes of representing or reproducing words in visible form, including the form of an Electronic Record;
- (f) a reference to statutory provision shall be deemed to include any amendment or re-enactment thereof;
- (g) unless otherwise provided herein, words or expressions defined in the Law shall bear the same meaning in the Articles; and
- (h) Section 8 of the Electronic Transactions Law shall not apply to the extent that it imposes obligations or requirements in addition to those set out in the Articles.

1.3 In the Articles expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

1.4 Headings used in the Articles are for convenience only and are not to be used or relied upon in the construction hereof.

SHARES

2. Power to Issue Shares

2.1 Subject to the Applicable Law, Articles and any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the

holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares of the Company on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the Members prescribe, provided that no share shall be issued at a discount except in accordance with the Law and the Applicable Public Company Rules.

- 2.2** Unless otherwise provided in the Articles, the issue of new shares of the Company shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new shares shall at all times be subject to the sufficiency of the authorized capital of the Company.
- 2.3** For so long as the shares are traded on the ESM or listed on the TPEX or TSE, where the Company increases its issued share capital by issuing new shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new shares to be issued, for offering in the ROC to the public ("**Public Offering Portion**") unless it is not necessary or appropriate, as determined by the FSC or the TPEX or TSE (as the case may be) for the Company to conduct the aforementioned public offering or otherwise provided by Applicable Law. However, if a percentage higher than the aforementioned 10% is resolved by the Members in a general meeting by Ordinary Resolution to be offered, the percentage determined by such resolution shall prevail and shares corresponding to such percentage shall be reserved as Public Offering Portion. The Company may also reserve 10% to 15% of such new shares for subscription by the employees of the Company and its Subsidiaries (the "**Employee Subscription Portion**"). The Company may prohibit such employees from transferring the shares so subscribed within a certain period; provided, however, that such a period cannot be more than two years.
- 2.4** Unless otherwise resolved by the Members in general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new shares for cash consideration pursuant to Article 2.3 hereof, after allocation of the Public Offering Portion, including, for the avoidance of doubt, any percentage in excess of 10% of the total amount of the new shares to be issued for offering in the ROC to the public as resolved by the Members in general meeting be offered pursuant to Article 2.3, and the Employee Subscription Portion pursuant to Article 2.3 hereof, the Company shall make a public announcement and notify each Member in writing that he is entitled to exercise a pre-emptive right to purchase

his pro rata portion of the remaining new shares, to be issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members the procedures for exercising such pre-emptive rights and that if any Member fails to purchase his pro rata portion of such remaining newly-issued shares within the prescribed period, such Member shall be deemed to forfeit his pre-emptive right to purchase such newly-issued shares. Where an exercise of the pre-emptive right may result in fractional entitlement of a Member, the entitlements (including fractional entitlements) of two or more Members may be combined to jointly subscribe for one or more whole new shares in the name of a single Member, subject to compliance with such directions and terms and conditions as determined by the Board and the Applicable Public Company Rules. If the total number of the new shares to be issued has not been fully subscribed for by the Members within the prescribed period, the Company may consolidate such shares into the public offering tranche or offer any un-subscribed new shares to a specific person or persons in such manner as is consistent with the Applicable Public Company Rules.

- 2.5** Subject to the Applicable Law, the Company may issue new shares with restricted rights ("**Restricted Shares**") to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution provided that Article 2.3 hereof shall not apply in respect of the issue of such shares. For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the terms of issue of Restricted Shares, including but not limited to the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.
- 2.6** The pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes:
- (a) in connection with a Merger, spin-off, or pursuant to any reorganization of the Company;
 - (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.11 hereof;
 - (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;
 - (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
 - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; or
 - (f) in connection with Private Placement of the securities issued by the Company.

- 2.7** The Company shall not issue any unpaid shares or partly paid-up shares.
- 2.8** Notwithstanding Article 2.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more employee incentive programmes and may issue shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries, and for the avoidance of doubt, resolution of the Members is not required.
- 2.9** Options, warrants or other similar instruments issued in accordance with Article 2.8 above are not transferable save by inheritance.
- 2.10** Directors of the Company and its Subsidiaries shall not be eligible for Restricted Shares pursuant to Article 2.5 hereof or the incentive programmes pursuant to Article 2.8 hereof, provided that directors who are also employees of the Company or its Subsidiaries may subscribe for Restricted Shares or participate in an incentive programme in their capacity as an employee and not as a director of the Company or its Subsidiaries.
- 2.11** The Company may enter into agreements with employees of the Company and/or the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 2.8 above, whereby employees may subscribe for, within a specific period, a specific number of the shares. The terms and conditions of such agreements shall be no less restrictive on the relevant employee than the terms specified in the applicable incentive programme.

3. Redemption and Purchase of Shares

- 3.1** Subject to the Law and Applicable Public Company Rules, the Company is authorised to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member.
- 3.2** Subject to the Applicable Public Company Rules, the Company is authorised to make payments in respect of the redemption of its shares out of capital or out of any other account or fund authorised for this purpose in accordance with the Law.
- 3.3** The redemption price of a redeemable share, or the method of calculation thereof, shall be fixed by the Board at or before the time of issue.
- 3.4** Every share certificate relating to redeemable share shall indicate that the share is redeemable.
- 3.5** Subject to the Applicable Law and the Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the

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

Upon approval by Members by way of an Ordinary Resolution to repurchase and cancel shares of the Company, the repurchase price may be paid in any manner authorized by the Law, including in cash or in kind, provided that where any repurchase price is to be paid in kind, the monetary equivalent value of such payment in kind shall be (a) assessed by an ROC certified public accountant before being submitted by the Board to the Members for approval as part of the Ordinary Resolution authorising the repurchase and cancellation of shares of the Company; and (b) agreed to individually by each Member who will be receiving the repurchase price in kind. Without prejudice to this Article 3.5, in the case of a repurchase of shares by the Company for purposes of changing the currency denomination of share capital of the Company, consent of the holders of the shares subject to such repurchase shall not be required.

- 3.6** In the event that the Company proposes to purchase any share traded on the ESM or listed on the TPEX or TSE pursuant to the preceding Article, the resolution of the Board approving such proposal and the implementation thereof should be reported to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase its shares traded on the ESM or listed on the TPEX or TSE for any reason.
- 3.7** For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the Company is authorised to purchase any share traded on the ESM or listed on the TPEX or TSE in accordance with the following manner of purchase:
- (a) the total price of the shares purchased by the Company shall not exceed the sum of retained earnings minus earnings distribution resolved by the Board or the general meeting, plus the following realized capital reserve:
 - (i) the premium received from the disposal of assets that has not been booked as retained earnings;

- (ii) the premium paid on the issuance of any share and income from endowments received by the Company provided however that income from the shares shall not be included before such shares have been transferred to others;
 - (b) the maximum number of shares purchased by the Company shall not exceed ten percent of the total number of issued and outstanding shares of the Company; and
 - (c) the purchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in its sole discretion provided however that:
 - (i) such purchase transactions shall be in accordance with the laws and regulations of the ROC relating to securities transactions and Applicable Public Company Rules; and
 - (ii) such purchase transactions shall be in accordance with the Law.
- 3.8** Subject to Article 3.5 and the Applicable Public Company Rules, the redemption or repurchase price may be paid in any manner permissible under the Law as determined by the Board.
- 3.9** A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due enquiry, estimate to be representative of the rates being offered by banks holding “A” licenses (as defined in the Banks and Trust Companies Law (Revised) of the Cayman Islands) in the Cayman Islands for thirty day deposits in the same currency.
- 3.10** The Directors may exercise as they think fit the powers conferred on the Company by Section 37(5) of the Law (payment out of capital) but only if and to the extent that the redemption could not otherwise be made (or not without making a fresh issue of shares for this purpose).
- 3.11** Subject as aforesaid, the Directors may determine, as they think fit all questions that may arise concerning the manner in which the redemption of the shares shall or may be effected.
- 3.12** No share may be redeemed unless it is fully paid-up.
- 3.13** The Board may designate as Treasury Shares any of its shares that it purchases or redeems, or any shares surrendered to it, in accordance with the Applicable Law.
- 3.14** No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up of the Company) may be made to the Company in

respect of a Treasury Share.

3.15 The Company shall be entered in the Register of Members as the holder of the Treasury Shares provided that:

- (d) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
- (e) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the Articles or the Law.

3.16 After the Company purchases the shares traded on the ESM or listed on the TPEx or TSE, any proposal to transfer the Treasury Shares to the employees of the Company and its Subsidiaries at a price below the average actual repurchase price must be approved by Special Resolution in the next general meeting and the items required by the Applicable Public Company Rules shall be specified in the notice of the general meeting and may not be proposed as an extemporaneous motion. The aggregate number of Treasury Shares resolved at all general meetings and transferred to the employees of the Company and its Subsidiaries shall not exceed 5% of the total issued shares, and each employee may not subscribe for more than 0.5% of the total issued shares in aggregate. The Company may prohibit such employees from transferring such Treasury Shares within a certain period; provided, however, that such a period cannot be more than two years.

3.17 Subject to Article 3.16 and the Applicable Public Company Rules, Treasury Shares may be disposed of by the Company on such terms and conditions in accordance with the Applicable Law as determined by the Directors.

4. Rights Attaching to Shares

Subject to Article 2.1, the Memorandum and the Articles, other contractual obligations or restrictions that the Company is bound by and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the share capital of the Company shall be divided into shares of a single class the holders of which shall, subject to the provisions of the Articles:

- (a) be entitled to one vote per share;
- (b) be entitled to such dividends as recommended by the Board and approved by the Members at general meeting;
- (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

- (d) generally be entitled to enjoy all of the rights attaching to shares.

5. Share Certificates

- 5.1** The Company may issue shares in uncertificated/scripless form or issue share certificates. Where share certificates are issued, every Member shall be entitled to a certificate issued under the Seal (or a facsimile thereof), which shall be affixed or imprinted with the authority of the Board, specifying the number and, where appropriate, the class of shares held by such Member. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means. For so long as the shares are traded on the ESM or listed on the TPEx or TSE, shares of the Company shall be issued in uncertificated/scripless form unless the issuance of share certificates is required by the provisions of the Applicable Public Company Rules.
- 5.2** If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.
- 5.3** Share may not be issued in bearer form.
- 5.4** When the Company shall issue share certificates pursuant to Article 5.1 hereof, the Company shall deliver the share certificates to the subscribers within thirty (30) days from the date such share certificates may be issued pursuant to the Law, the Memorandum, the Articles, and the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules.
- 5.5** Where the Company shall issue the shares in uncertificated/scripless form, the Company shall upon the issue of such shares cause the name of the subscriber and other particulars to be entered onto the Register of Members in accordance with the Law and the Applicable Public Company Rules.

6. Preferred Shares

- 6.1** The Company may by Special Resolution designate one or more classes of shares with preferred or other special rights as the Company, by Special Resolution, may determine (shares with such preferred or other special rights, the "Preferred Shares"), and cause to be set forth in the Articles.
- 6.2** For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the rights and obligations of Preferred Shares may include (but not limited to) the following terms and shall be consistent with the Applicable Public Company

Rules:

- (a) the order of priority and fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
- (b) the order of priority and fixed amount or fixed ratio of allocation of surplus assets of the Company;
- (c) the order of priority for or restriction on the voting right(s) (including declaring no voting rights whatsoever) of the Members holding the Preferred Shares;
- (d) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
- (e) other matters concerning rights and obligations incidental to Preferred Shares.

REGISTRATION OF SHARES

7. Register of Members

- (a) For so long as shares are traded on the ESM or listed on the TPEX or TSE, the Board shall cause to be kept a Register of Members which may be kept outside the Cayman Islands at such place as the Directors shall appoint and which shall be maintained in accordance with the Law and the Applicable Public Company Rules.
- (b) In the event that the Company has shares that are not traded on the ESM or listed on the TPEX or TSE, the Company shall also cause to be kept a register of such shares in accordance with Section 40 of the Law.

8. Registered Holder Absolute Owner

Except as required by law:

- (a) no person shall be recognised by the Company as holding any share on any trust; and
- (b) no person other than the Member shall be recognised by the Company as having any right in a share.

9. Transfer of Registered Shares

- 9.1** Title to shares traded on the ESM or listed on the TPEX or TSE may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules (including through the book-entry system of the TDCC).
- 9.2** All transfers of shares which are in certificated form may be effected by an instrument of transfer in writing in any usual form or in any other form which the

Board may approve and shall be executed by or on behalf of the transferor and, if the Board so requires, by or on behalf of the transferee. Without prejudice to the foregoing, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. Notwithstanding the foregoing, an instrument of transfer shall not be required for a repurchase of shares by the Company for purposes of changing the currency of share capital of the Company.

- 9.3** The Board may refuse to recognise any instrument of transfer in respect of shares in certificated form unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- 9.4** The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.
- 9.5** The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share in certificated form in the event such registration of transfer would (i) conflict with the Applicable Law; or (ii) conflict with the Memorandum and/or the Articles. If the Board refuses to register a transfer of any share, the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

10. Transmission of Registered Shares

- 10.1** In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.
- 10.2** Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be

registered as a transferee of such share.

- 10.3** On the presentation of the evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration or refuse registration as stipulated in Article 9.3 hereof as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.
- 10.4** Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

ORDINARY RESOLUTION, SPECIAL RESOLUTION AND SUPERMAJORITY RESOLUTION

11. Alteration of Capital

- 11.1** The Company may from time to time by Ordinary Resolution alter the conditions of its Memorandum to:
- (a) increase its share capital by new shares of such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
 - (b) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
 - (c) convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination;
 - (d) sub-divide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares; or
 - (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
- 11.2** The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares

representing fractions and the distribution of the new proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

12. Special Resolution and Supermajority Resolution

12.1 Subject to the Law and the Articles, the Company may from time to time by Special Resolution:

- (a) change its name;
- (b) alter or add to the Articles;
- (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein;
- (d) reduce its share capital and any capital redemption reserve fund; or
- (e) effect a Merger under the Law.

12.2 Subject to the Law, the Company may, by Special Resolution, issue securities by way of Private Placement within the territory of the ROC in accordance with Applicable Public Company Rules; provided that, for issuance of corporate bonds which do not involve the grant of a warrant, option, or right of conversion or otherwise grant the holders of the bonds the right to acquire equity or similar rights by way of Private Placement within the territory of the ROC, the Company may do so by resolution of the Board in different tranches within one year from the date of the resolution of the Board in accordance with Applicable Public Company Rules.

12.3 Subject to the Law and Article 12.4 hereof, the following actions by the Company shall require the approval of the Members by a Supermajority Resolution:

- (a) effecting any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 17 hereof;
- (b) effecting any Merger (except for any Merger which falls within the definition of "merger" and/or "consolidation" under the Law, which requires the approval of the Company by Special Resolution only) or spin-off of the Company;
- (c) entering into, amend, or terminate any Lease Contract, Management Contract or Joint Operation Contract;

- (d) the transferring of the whole or any essential part of the business or assets of the Company; or
- (e) acquiring or assuming the whole business or assets of another person, which has a material effect on the Company's operation.

12.4 Subject to the Law and Applicable Public Company Rules, the Company may be wound up voluntarily:

- (a) if the Company resolves by Ordinary Resolution that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
- (b) if the Company resolves by Special Resolution that it be wound up voluntarily for reasons other than set out in Article 12.4(a) above.

12.5 Subject to the Applicable Law, the Company may by Supermajority Resolution, distribute its Capital Reserve, in whole or in part, by issuing new shares which shall be distributed as bonus shares to its existing Members in proportion to the number of shares being held by each of them or by cash.

13. Variation of Rights Attaching to Shares

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the sanction of a Special Resolution passed at a general meeting of the holders of the shares of the class. Notwithstanding the foregoing, if any modification or alteration in the Articles is prejudicial to the preferential rights of any class of shares, such modification or alteration shall be adopted by a Special Resolution and shall also be adopted by a Special Resolution passed at a separate meeting of Members of that class of shares. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith. To any such meeting all the provisions of the Articles relating to general meetings shall apply *mutatis mutandis*.

DIVIDENDS AND CAPITALISATION

14. Dividends

14.1 The Board may, subject to approval by the Members by way of Ordinary Resolution or, in the case of Article 12.3(a), Supermajority Resolution and subject to the Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members in proportion to the number of shares held by them, and such dividend may be paid in cash or shares.

14.2 Subject to the Applicable Law, no dividends or other distribution shall be paid except out of profits of the Company, realised or unrealised, out of share

premium account or any reserve, fund or account as otherwise permitted by the Law. Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the number of the shares that a Member holds. If any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividends accordingly.

- 14.3** Subject to the Law and this Article and except as otherwise provided by the rights attached to any shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in annual general meetings.
- 14.4** If there is surplus profit for the year, the Company shall set aside no less than one per cent (1%) of the pre-tax profit as employee compensation and no more than three per cent (3%) of the pre-tax profit as compensation for the Directors. However, if the Company has accumulated losses in previous years, it shall reserve an amount of the pre-tax profit for offsetting the accumulated losses. The employee compensation referred to in this Article 14.4 shall be distributed in the form of stock or cash and may be distributed to employees of the Company's Subsidiaries, if such employees satisfy certain qualifications as may be resolved by the Board from time to time.
- 14.5** The Company operates in a market for specific demands and customized products and is in the growth stage. The Board shall prepare the dividend proposal by taking into account the profit of the year, overall development, financial plans, capital need, projection of the industry and the Company's prospects and so on and submit the proposal for the Members' approval. For so long as the shares are traded on the ESM or listed on the TPEx or TSE, if there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) ten per cent (10%) as reserve ("Statutory Reserve"); and (iv) a special surplus reserve as required by the applicable securities authority of the ROC under the Applicable Public Company Rules. If there should be any remaining profits, subject to the discretion of the Directors, after combining all or part of the accumulated undistributed profits in the previous years and the reversed special surplus reserve, the combined amount shall be allocated as dividends to the Members in proportion to their shareholdings. Subject to the Law and the Applicable Public Company Rules and unless otherwise resolved by the Board and the Members, and after having considered the financial, business and operational factors of the Company, the dividends shall not be less than fifty per cent (50%) of profit after tax of the relevant year. The distribution may be made by way of cash dividends or by way of stock dividends or a combination

thereof, provided that, the cash dividends shall not be less than thirty per cent (30%) of the total amount of dividends payable.

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

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

14.8 No unpaid dividend shall bear interest as against the Company.

15. Capital Reserve and Power to Set Aside Profits

15.1 The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such sum as it thinks proper as a reserve to be used to meet contingencies or for meeting the deficiencies for implementing dividend distribution plans or for any other purpose to which those funds may be properly applied. Pending application, such sums may be in the absolute discretion of the Directors either be employed in the business of the Company or invested in such investment as Directors may from time to time think fit, and need not be kept separate from other assets of the Company. The Directors may also, without placing the same to reserve, carry forward any profit which they decide not to distribute.

15.2 Subject to any direction from the Company in general meeting, the Directors may on behalf of the Company exercise all the powers and options conferred on the Company by the Law in regard to the Capital Reserve.

16. Method of Payment

16.1 Any dividend, interest, or other monies payable in cash in respect of the shares may be paid by wire transfer to the Member's designated account or by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the holder may in writing direct.

16.2 In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the holder may in writing direct. If two or more persons are registered as joint holders of any shares any one

can give an effectual receipt for any dividend paid in respect of such shares.

- 16.3** For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the payment of any dividend shall comply with the Applicable Public Company Rules and the Law.

17. Capitalisation

Subject to the Applicable Law and Article 12.3(a), the Board may capitalise any sum for the time being standing to the credit of the Capital Reserve or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

MEETINGS OF MEMBERS

18. Annual General Meetings

- 18.1** The Company shall hold a general meeting as its annual general meeting within six months following the end of each fiscal year, which shall be called by the Board.

- 18.2** Subject to Article 18.1, the annual general meeting of the Company may be held at such time and place as the Board shall determine. For so long as the shares are traded on the ESM or listed on the TPEX or TSE, unless otherwise provided by the Law, the general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall apply for the approval of the TPEX or TSE (as the case may be) within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members).

19. Extraordinary General Meetings

- 19.1** General meetings other than annual general meetings shall be called extraordinary general meetings.
- 19.2** The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or is desirable.
- 19.3** For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the Board shall on a Member's requisition as defined in Article 19.4 forthwith proceed to convene an extraordinary general meeting of the Company.

- 19.4** A Member's requisition set forth in Article 19.3 is a requisition of one or more Members of the Company holding in the aggregate at the date of deposit of the requisition not less than three per cent (3%) of the total number of issued shares of the Company which as at that date have been held by such Member(s) for at least one year.
- 19.5** The Member's requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor.
- 19.6** If the Board does not within fifteen (15) days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Board. If it is proposed that the extraordinary general meeting be held outside the ROC, an application shall be submitted by such requisitionists to the TPEX or TSE (as the case may be) for its prior approval.

20. Notice

- 20.1** Before the shares are traded on the ESM or listed on the TPEX or TSE, at least five days' notice of a general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of business to be conducted at the meeting.
- 20.2** For so long as the shares are traded on the ESM or listed on the TPEX or TSE, at least thirty days' notice of an annual general meeting, and at least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of the business to be considered at the meeting. The notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior written consent from the recipient(s) thereof.
- 20.3** Prior to the shares being traded on the ESM or listed on the TPEX or TSE, the accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting. For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person shall be handled in accordance with Article 23.4.
- 20.4** For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly

in accordance with Applicable Public Company Rules.

- 20.5** For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the general meetings, including but not limited to, election or discharge of Directors, in accordance with Article 20.2 hereof, and shall transmit the same via the Market Observation Post System in accordance with Applicable Public Company Rules. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Article 20.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be made available to all Members and shall be transmitted to the Market Observation Post System in accordance with the Applicable Public Company Rules twenty-one (21) days prior to the annual general meetings or, in the case of extraordinary general meetings, fifteen (15) days prior to such meeting.
- 20.6** For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:
- (a) election or discharge of Directors,
 - (b) alteration of the Memorandum or Articles,
 - (c) (i) dissolution, Merger, share swap or spin-off, (ii) entering into, amending, or terminating any Lease Contract, Management Contract or Joint Operation Contract, (iii) transfer of the whole or any essential part of the business or assets of the Company, and (iv) acquisition or assumption of the whole of the business or assets of another person, which has a material effect on the operations of the Company,
 - (d) ratification of an action by Director(s) who engage(s) in business for himself or on behalf of another person that is within the scope of the Company's business (including but not limited to lifting Directors' and Officers' non-compete obligations),
 - (e) distribution of the whole or part of the surplus profit of the Company in the form of new shares, capitalization of Capital Reserve and any other amount in accordance with Article 17,
 - (f) making distributions of new shares or cash out of the Statutory Reserve, the premium received on the issuance of any shares and income from endowments received by the Company to its Members, and

(g) Private Placement of any equity-related securities to be issued by the Company.

20.7 For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the Board shall keep the Memorandum and Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the Registered Office (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.

20.8 For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the Company shall make available all the statements and records prepared by the Board and the report prepared by the Audit Committee which will be submitted to the Members at the annual general meeting at the Registered Office (if applicable) and its stock affairs agent located in the ROC ten (10) days prior to such annual general meeting in accordance with Applicable Public Company Rules. Members may inspect and review the foregoing documents from time to time and may be accompanied by their lawyers or certified public accountants for the purpose of such inspection and review.

21. Giving Notice

21.1 Any Notice or document, whether or not to be given or issued under the Articles from the Company to a Member, shall be in writing either by delivering it to such Member in person or by sending it by letter mail or courier service to such Member at his registered address as appearing in the Register of Members or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address. For the purposes of this Article, a notice may be sent via electronic means if so agreed to by the shareholder in writing.

21.2 Any Notice or other document shall be deemed to be effective when it is sent in accordance with Articles 20 and 21 of these Articles. Any Notice or document may be given to a Member either in the Chinese language or the English language, subject to due compliance with all Applicable Law, rules and regulations. This Article shall apply *mutatis mutandis* to the service of any document by a Member on the Company under the Articles.

22. Postponement of General Meeting

The Board may postpone any general meeting called in accordance with the provisions of the Articles provided that notice of postponement is given to each Member before the

time for such meeting. A notice stating the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of the Articles provided that in the event that the Members resolve to postpone the general meeting to a specified date which is not more than five days, Articles 20.1, 20.2, 20.3, 20.4, 20.5 and 21 do not apply and notice of the adjournment shall not be required.

23 Quorum and Proceedings at General Meetings

- 23.1** No resolutions shall be adopted unless a quorum is present. Unless otherwise provided for in the Articles, Members present in person or by proxy or in the case of a corporate Member, by corporate representative, representing more than one-half of the total issued shares of the Company entitled to vote, shall constitute a quorum for any general meeting.
- 23.2** For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members in a manner consistent with the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies of or announce to the public the ratified financial statements and the Company's resolutions on distribution of profits or allocation of losses, to each Member or otherwise make the same available to the Members in accordance with the Applicable Public Company Rules.
- 23.3** Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll.
- 23.4** For so long as the shares are traded on the ESM or listed on the TPEX or TSE, if and to the extent permitted under the Law, nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the convening of any general meeting or the passage of any resolution in violation of applicable laws or regulations or the Articles within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court for adjudicating any disputes arising out of the foregoing.
- 23.5** Unless otherwise expressly required by the Law, the Memorandum or the Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Members at any general meeting may be passed by an Ordinary Resolution.
- 23.6** For so long as the shares are traded on the ESM or listed on the TPEX or TSE, member(s) holding one per cent (1%) or more of the Company's total issued shares immediately prior to the relevant book close period, during which the Company

closed its Register of Members, may propose to the Company in writing one matter for discussion at an annual general meeting. The Company shall give a public notice in such manner and at such time as permitted by Applicable Law specifying the place and a period of not less than ten (10) days for Members to submit proposals. Proposals submitted for discussion at an annual general meeting shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than one cent (1%) of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).

23.7 The rules and procedures of general meetings shall be established by the Board and approved by an Ordinary Resolution, and such rules and procedures shall be in accordance with the Law, these Articles and the Applicable Public Company Rules.

24. Chairman to Preside

24.1 In the event that the general meeting is convened by the Board, the Chairman shall act as chairman at all meetings of the Members at which such person is present. In his absence the Directors who are present at the meeting of Members shall elect one from among themselves to act as the chairman at such meeting in lieu of the Chairman.

24.2 For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the chairman at all meetings of the Members shall be appointed or elected in accordance with the Applicable Public Company Rules.

25. Voting on Resolutions

25.1 Subject to any rights, privileges or restrictions attached to any share, every Member who (being an individual) is present in person or by proxy or (in the case of a corporation or other non-natural person) by duly authorized corporate representative(s) or by proxy shall have one vote for every share of which he is the holder. A Member who holds shares for benefit of others, need not use all his votes or cast all the votes he holds in the same way as he uses his votes in respect of shares he holds for himself. The qualifications, scope, methods of exercise, operating procedures and other matters with respect to exercising voting power separately shall comply with the Applicable Public Company Rules.

25.2 No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of shares unless he is registered as a Member on the record date for such meeting nor unless he has paid all the calls on all shares held by such Member.

- 25.3** Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.
- 25.4** Subject to the Law, for so long as the shares are traded on the ESM or listed on the TPEx or TSE, the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two (2) days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman of the general meeting as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the said general meeting. For the purpose of clarification, such Members voting in such manner shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.
- 25.5** In the event any Member who intended to exercise his voting power by way of a written ballot or electronic transmission and has served his voting decision on the Company pursuant to Article 25.4 hereof later intends to attend the general meetings in person, he shall, at least two (2) days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous voting decision. Such separate notice shall be sent to the Company in the same manner (e.g., by courier, registered mail or electronic transmission, as applicable) as the previous voting decision under Article 25.4 was given to the Company. Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke his voting decision before the prescribed time.
- 25.6** A Member who has served the Company with his voting decision in accordance with Article 25.4 for the purpose of exercising his voting power by way of a written ballot or by way of electronic transmission may appoint a person as his proxy to

attend the meeting in accordance with the Articles, in which case the vote cast by such proxy shall be deemed to have revoked his previous voting decision served on the Company and the Company shall only count the vote(s) cast by such expressly appointed proxy at the meeting.

26. Proxies

- 26.1** The instrument of proxy shall be in the form approved by the Board from time to time and be expressed to be for a particular meeting only. The form of proxy shall include at least the following information: (a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Member, proxy and the solicitor (if any). The form of proxy shall be provided to the Members together with the relevant notice for the relevant general meeting, and such notice and proxy materials shall be distributed to all Members on the same day.
- 26.2** An instrument of proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
- 26.3** For so long as the shares are traded on the ESM or listed on the TPEX or TSE, subject to the Applicable Public Company Rules, except for an ROC trust enterprise or stock affair agents approved pursuant to Applicable Public Company Rules, save with respect to the Chairman being deemed appointed as proxy under Article 25.4, in the event a person acts as the proxy for two or more Members, the total number of issued and voting shares entitled to be voted as represented by such proxy shall be no more than three per cent (3%) of the total number of issued and voting shares of the Company immediately prior to the relevant book closed period, during which the Company close its Register of Member; any vote in respect of the portion in excess of such three per cent (3%) threshold shall not be counted.
- 26.4** In the event that a Member exercises his voting power by way of a written ballot or electronic transmission and has also authorised a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (2) days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.
- 26.5** The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified

for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company not less than five (5) days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, save with respect to the Chairman being deemed appointed as proxy under Article 25.4. Where more than one instrument to vote are received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.

27. Proxy Solicitation

For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the use and solicitation of proxies shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

28. Dissenting Member's Appraisal Right

28.1 Subject to compliance with the Law, in the event any of the following resolutions is passed at general meetings, any Member who has notified the Company in writing of his objection to such matter prior to the meeting and has raised again his objection at the meeting, may request the Company to purchase all of his shares at the then prevailing fair price:

- (a) the Company proposes to enter into, amend, or terminate any Lease Contract, Management Contract or Joint Operation Contract;
- (b) the Company transfers the whole or an essential part of its business or assets, provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or
- (c) acquires or assumes the whole business or assets of another person, which has a material effect on the operation of the Company.

28.2 In the event any part of the Company's business is spun off or involved in any Merger, any Member, who has abstained from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting approving such spin off or Merger, may request the Company to purchase all of his shares at the then prevailing fair price.

29. Shares that May Not be Voted

29.1 Shares held:

- (a) by the Company itself;
- (b) by any entity in which the Company owns, legally or beneficially, more than fifty per cent (50%) of its total issued and voting share or share capital; or
- (c) by any entity in which the Company, together with (i) the holding company of the Company and/or (ii) any Subsidiary of (a) the holding company of the

Company or (b) the Company owns, legally or beneficially, directly or indirectly, more than fifty per cent (50%) of its issued and voting share or share capital.

shall not carry any voting rights nor be counted in the total number of issued shares at any given time but only for so long as the circumstances as set out in sub-paragraphs (a) to (c) (as applicable) above continue.

29.2 A Member who has a personal interest in any motion discussed at a general meeting, which interest may be in conflict with and impair those of the Company, shall abstain from voting such Member's shares in regard to such motion and such shares shall not be counted in determining the number of votes of the Members present at the said meeting. However, such shares may be counted in determining the number of shares of the Members present at such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member.

29.3 For so long as the shares are traded on the ESM or listed on the TPEX or TSE, if the number of shares pledged by a Director at any time amounts to more than 50% of the total shares held by such Director at the time of his latest appointment, such pledged shares exceeding 50% of the total shares held by such Director at the time of his latest appointment, up to 50% of the total number of shares held by the Director at the time of his latest appointment, shall not carry any voting rights and such above-threshold shares shall not be counted in determining the number of votes of the Members present at a general meeting but shall be counted towards the quorum of the general meeting.

30. Voting by Joint Holders of Shares

In the case of joint holders, the joint holders should appoint among themselves one person to exercise the rights of a shareholder pursuant to the Applicable Public Company Rules. In case no agreement is reached among the joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

31. Representation of Corporate Member

31.1 A corporation or non-natural person which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting of the Members and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation or such non-natural person which such person represents as that corporation or non-natural person could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or

representatives.

31.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation or non-natural person which is a Member.

32. Adjournment of General Meeting

The chairman of a general meeting may, with the consent of a majority in number of the Members present at any general meeting at which a quorum is present, and shall if so directed, adjourn the meeting. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned and the meeting is adjourned for more than five (5) days, a notice stating the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with the provisions of the Articles.

33. Directors Attendance at General Meetings

The Directors of the Company shall be entitled to receive notice of, attend and be heard at any general meeting.

DIRECTORS AND OFFICERS

34. Number and Term of Office of Directors

34.1 The number of Directors shall be no less than seven (7) and no more than eleven (11). The term of office for each Director shall not exceed a period of three (3) years provided that in the event the expiration of the term of office of such Directors would otherwise leave the Company with no Directors, the term of office of such Directors shall be extended automatically to the date of the general meeting next following the expiration of such term, at which new Directors will be elected to assume office. Directors may be eligible for re-election. The Company may from time to time by Special Resolution increase or reduce the number of Directors, subject to the foregoing and the Applicable Law.

34.2 For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the number of Directors having a spousal relationship or familial relationship within the second degree of kinship with any other Directors shall be less than half of the total number of Directors.

34.3 In the event that the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 34.2 hereof, the non-qualifying Director(s) who was elected with the fewest number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 34.2 hereof. Any person who has already served as a Director but is in violation of the

aforementioned requirements shall be automatically discharged from his office effective from such violation without any action required on behalf of the Company.

- 34.4** For so long as the shares traded on the ESM or listed on the TPEX or TSE, unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the ROC and at least one of them shall have accounting or financial expertise. Before the shares are traded on the ESM or listed on the TPEX or TSE, the Board may resolve that the Company shall hold an election of Independent Director(s) at the general meeting.
- 34.5** Prior to the shares being traded on the ESM or listed on the TPEX or TSE, the Directors (including Independent Directors) may be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules provided that the Directors (including Independent Directors) shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules for so long as the shares are traded on the ESM or listed on the TPEX or TSE.
- 34.6** Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be consistent with the Applicable Public Company Rules.

35. Election of Directors

- 35.1** The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 35.2 below. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to elect one or more Directors.
- 35.2** The Director(s) shall be elected by Members upon a poll vote by way of cumulative voting (the manner of voting described in this Article to be referred to as "**Cumulative Voting**") in the following manner:
- (a) on an election of Directors, the numbers of votes attached to each voting share held by a Member shall be cumulative and correspond to the number of Directors nominated for appointment at the general meeting;
 - (b) the Member(s) may vote all or part of their cumulated votes in respect of one or more Director candidates;
 - (c) such number of Director candidates receiving the highest number of votes in the same category (namely, independent or non-independent) of Directors to

be elected shall be appointed; and

- (d) where two or more Director candidates in the same category receive the same number of votes and as a result the total number of new Directors in such category intended to be appointed is exceeded, there shall be a draw by such Director candidates receiving the same number of votes to determine who shall be appointed; the chairman of the meeting shall draw for a Director nominated for appointment who is not present at the general meeting.

35.3 For so long as the shares are traded on the ESM or listed on the TPEX or TSE, if the number of Independent Directors is less than three (3) persons due to the resignation or removal of such Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the Board shall hold, within sixty (60) days from the date of resignation or removal of last Independent Director, a general meeting to elect succeeding Independent Directors to fill the vacancies.

35.4 For so long as the shares are traded on the ESM or listed on the TPEX or TSE, if the number of Directors is less than six (6) persons due to the vacancy of Director(s) for any reason, the Company shall call an election of Director(s) at the next following general meeting to fill the vacancies. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty (60) days from the date of the occurrence of vacancies, a general meeting to elect succeeding Directors to fill the vacancies.

35.5 Any corporation (or other legal entity) which is a Member shall be entitled to appoint such person or persons as its representative to be elected as a Director (the "**Appointed Representative**"). The election of an Appointed Representative as a Director is subject to the approval of Members in accordance with the provisions of this Article 35.

35.6 Where the Appointed Representative has been elected as a Director of the Company, the corporation (or other legal entity) which is a Member which has appointed the Appointed Representative to be elected as a Director, may at any time, serve notice on the Company giving notice to replace the Appointed Representative with another person. Such replacement of the Appointed Representative as a Director (the "**Replacement**") shall take effect from the date specified in the notice or in the absence of such date, from the date on which the notice was served on the Company, and will not require any shareholders' approval. Accordingly, Articles 35.1, 35.2 and 35.5 do not apply in respect of the Replacement.

36. Removal of Directors

36.1 The Company may from time to time by Supermajority Resolution remove any Director from office. Where re-election of all Directors is effected by a resolution

adopted at a general meeting prior to the expiration of the term of office of existing Directors, the term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their present term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors.

36.2 For so long as the shares are traded on the ESM or listed on the TPEX or TSE, in case a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or is in serious violation of applicable laws, regulations and/or the Articles, but has not been removed by a Supermajority Resolution, the Member(s) holding three per cent (3%) or more of the total number of issued shares of the Company may, within thirty (30) days after such general meeting, to the extent permissible under Applicable Law, institute a lawsuit to remove such Director. The Taiwan Taipei District Court, ROC, may be the court for this matter.

37. Vacation of Office of Director

37.1 The office of Director shall be vacated:

- (a) if the Director is removed from office pursuant to the Articles;
- (b) if the Director dies;
- (c) if the Director is automatically discharged from his office in accordance with Article 34.3;
- (d) if the Director resigns his office by notice in writing to the Company;
- (e) if the Director is the subject of a court order for his removal in accordance with Article 36.2; or
- (f) with immediate effect without any action required on behalf of the Company if
 - (i) the Director has been adjudicated bankrupt, and has not been reinstated to his rights and privileges;
 - (ii) an order is made by any competent court or official on the grounds that the Director has no legal capacity, or his legal capacity is restricted according to Applicable Law;
 - (iii) the Director has committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently has been adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of the sentence is less than five years;
 - (iv) the Director has committed an offence in terms of fraud, breach of trust or

misappropriation and subsequently has been punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;

(v) the Director has been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years; or

(vi) the Director has been dishonored for use of credit instruments, and the term of such sanction has not expired yet.

In the event that any of the foregoing events specified in Article 37.1(f) has occurred in relation to a candidate for election of Director, such person shall be disqualified from being elected as a Director.

37.2 In case a Director has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him at the time he is elected, he shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required.

37.3 If any Director has, after having been elected as a Director and before his inauguration of the office of director, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, then he shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has transferred more than one half of the Company's shares then being held by him within the share transfer prohibition period prior to a shareholders' meeting according to the Applicable Public Company Rules, then he shall immediately cease to be a Director and no shareholders' approval shall be required.

38. Compensation of Directors

38.1 For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the Board shall, in accordance with the Applicable Public Company Rules, establish a Compensation Committee comprised of at least three members, one of whom shall be an Independent Director. The professional qualifications of the members of the Compensation Committee, the responsibilities, powers and other related matters of the Compensation Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Compensation Committee, the Board shall, by a resolution, adopt a charter for the Compensation Committee the provisions of which shall be consistent with the Applicable Public Company Rules. Before the shares are traded on the ESM or listed on the TPEX or TSE, the Board may resolve to establish a Compensation Committee.

38.2 The compensation referred in the preceding Article shall include the compensation,

stock option and other incentive payments of Directors and managers of the Company.

38.3 The compensation of the Directors may be decided by the Board by reference to recommendation made by the Compensation Committee, the standard generally adopted by other enterprises in the same industry, and shall be paid in cash only. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to distribution of profits of the Company if permitted by the Law, the Applicable Public Company Rules, the service agreement or other similar contract that he/she has entered into with the Company.

39. Defect in Election of Director

Subject to Article 23.4 and the Applicable Law, all acts done in good faith by the Board or by a committee of the Board or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly elected and was qualified to be a Director.

40. Directors to Manage Business

The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Law or by the Articles, required to be exercised by the Company in general meeting subject, nevertheless, to the Articles, the provisions of the Law, and to such directions as may be prescribed by the Company in general meeting.

41. Powers of the Board of Directors

Without limiting the generality of Article 40 and subject to the Applicable Law, the Board may:

- (a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their compensation and determine their duties;
- (b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;
- (c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise

and administer all of the general business and affairs of the Company;

- (d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;
- (e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney. Such attorney may, if so authorised, execute any deed or instrument in any manner permitted by the Law;
- (f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;
- (g) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board and every such committee shall conform to such directions as the Board shall impose on them. Subject to any directions or regulations made by the Directors for this purpose, the meetings and proceedings of any such committee shall be governed by the provisions of the Articles regulating the meetings and proceedings of the Board;
- (h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board sees fit;
- (i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;
- (j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and
- (k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any agreement, document or instrument on behalf of the Company.

42. Register of Directors and Officers

42.1 The Board shall cause to be kept in one or more books at the Registered Office a Register of Directors and Officers in accordance with the Law and shall enter therein the following particulars with respect to each Director and Officer:

- (a) first name and surname; and
- (b) address.

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

- (a) any change among its Directors and Officers; or
- (b) any change in the particulars contained in the Register of Directors and Officers,

cause to be entered on the Register of Directors and Officers the particulars of such change and the date on which such change occurred, and shall notify the Registrar of Companies in accordance with the Law.

43. Officers

The Officers shall consist of a Secretary and such additional Officers as the Board may determine all of whom shall be deemed to be Officers for the purposes of the Articles.

44. Appointment of Officers

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

45. Duties of Officers

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

46. Compensation of Officers

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

47. Conflicts of Interest

47.1 Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to compensation as if such Director were not a Director; provided that this Article 47.1 shall not apply to Independent Directors.

47.2 Notwithstanding anything to the contrary contained in this Article 47, a Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract or arrangement with the Company shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors as required by the Applicable Law.

47.3 Notwithstanding anything to the contrary contained in this Article 47, a Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall

not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.

47.4 Notwithstanding anything to the contrary contained in this Article 47, a Director who is engaged in anything on his own account or on behalf of another person, which is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek their approval by Supermajority Resolution.

48. Indemnification and Exculpation of Directors and Officers

48.1 The Directors and Officers of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, officer or trustee and their respective heirs, executors, administrators, and personal representatives (each of which persons being referred to in this Article as an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud, dishonesty or breach of duties provided under Article 48.4 which may attach to any of the said persons.

48.2 The Company may purchase and maintain insurance for the benefit of any Director or Officer of the Company against any liability incurred by him in his capacity as a Director or Officer of the Company or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any Subsidiary thereof.

48.3 To the extent permitted under the laws of the Cayman Islands, Members continuously holding three per cent (3%) or more of the total issued shares of the Company for a year or longer may:

- (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or
- (b) request in writing any Independent Director of the Audit Committee to file a petition for and on behalf of the Company against any of the Directors; the petition may be filed with the Taipei District Court, ROC as the court of the first instance; or

the Member(s) may, to the extent permitted under the laws of the Cayman Islands, file a petition with the Taipei District Court, ROC for and on behalf of the Company against the relevant Directors within thirty (30) days after such Member(s) having made the request under the preceding clause (a) or (b) if (i) in the case of clause (a), the Board fails to make such authorisation or the Independent Director of the Audit Committee having been authorised by the Board fails to file such petition, or (ii) in the case of clause (b), the Independent Director of the Audit Committee fails to file such petition.

- 48.4** Without prejudice and subject to the general directors' duties that a Director owe to the Company and its shareholders under common law principals and the laws of the Cayman Islands, a Director shall perform his fiduciary duties of loyalty and due care of a good administrator in the course of conducting the Company's business, and shall indemnify the Company, to the maximum extent legally permissible, from any loss incurred or suffered by the Company arising from breach of his fiduciary duties. If a Director has made any profit for the benefit of himself or any third party as a result of any breach of his fiduciary duties, the Company shall, if so resolved by the Members by way of an Ordinary Resolution, take all such actions and steps as may be appropriate and to the maximum extent legally permissible to seek to recover such profit from such relevant Director. If a Director has, in the course of conducting the Company's business, violated any laws or regulations that causes the Company to become liable for any compensation or damages to any person, such Director shall become jointly and severally liable for such compensation or damages with the Company and if any reason such Director is not made jointly and severally liable with the Company, such Director shall indemnify the Company for any loss incurred or suffered by the Company caused by a breach of duties by such Director. The Officers, in the course of performing their duties to the Company, shall assume such duties and obligations to indemnify the Company in the same manner as if they are Directors.

MEETINGS OF THE BOARD OF DIRECTORS

49. Board Meetings

- 49.1** Board meetings shall be convened by the Chairman, and the Board may meet for

the transaction of business, adjourn and otherwise regulate its meetings as it sees fit.

49.2 For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the Company shall hold regular meetings of the Board at least on a quarterly basis and such meetings shall be held in compliance with the Applicable Public Company Rules.

49.3 A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

50. Notice of Board Meetings

50.1 The Chairman may, and the Secretary on the requisition of the Chairman shall, at any time summon a meeting of the Board.

50.2 Before the shares are traded on the ESM or listed on the TPEX or TSE, at least 48 hours prior notice shall be given for any meeting of the Board provided that in the case of urgent circumstances, a meeting of the Board may be convened on short notice, or be held anytime after notice has been given to every Director or be convened without prior notice if all Directors agree. For so long as the shares are traded on the ESM or listed on the TPEX or TSE, to convene a meeting of the Board, a notice setting forth therein the matters to be considered and if appropriate, approved at the meeting shall be given to each Director no later than seven (7) days prior to the scheduled meeting date. However, in the case of urgent circumstances, the meeting may be convened with a shorter notice period in a manner consistent with the Applicable Public Company Rules. For the purposes of this Article, a notice may be sent via electronic means if so agreed to by the Directors.

51. Participation in Meetings by Video Conference

Directors may participate in any meeting of the Board by means of video conference or other communication facilities, as permitted by the Applicable Law, where all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

52. Quorum at Board Meetings

The quorum for a meeting of the Board shall be more than one-half of the total number of the Directors.

53. Board to Continue in the Event of Vacancy

The Board may act notwithstanding any vacancy in its number.

54. Chairman to Preside

The Chairman, if there be one, shall act as chairman at all meetings of the Board at which such person is present. In his absence a chairman shall be appointed or elected in accordance with the Applicable Public Company Rules.

55. Validity of Prior Acts of the Board

No regulation or alteration to the Articles made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

CORPORATE RECORDS

56. Minutes

The Board shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all elections and appointments of Officers;
- (b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and
- (c) of all resolutions and proceedings of general meetings of the Members, meetings of the Board, meetings of managers and meetings of committees appointed by the Board.

57. Register of Mortgages and Charges

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

57.2 The Register of Mortgages and Charges shall be open to inspection by Members and creditors in accordance with the Law, at the Registered Office on every business day in the Cayman Islands, subject to such reasonable restrictions as the Board may impose, so that not less than two (2) hours in each such business day be allowed for inspection.

58. Form and Use of Seal

58.1 The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf; and, until otherwise determined by the Directors, the Seal shall be affixed in the presence of a Director or the Secretary or an assistant secretary or some other person authorised for this purpose by the Directors or the committee of Directors.

58.2 Notwithstanding the foregoing, the Seal may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of

Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.

- 58.3** The Company may have one or more duplicate Seals, as permitted by the Law; and, if the Directors think fit, a duplicate Seal may bear on its face of the name of the country, territory, district or place where it is to be issued.

TENDER OFFER AND ACCOUNTS

59. Tender Offer

For so long as the shares are traded on the ESM or listed on the TPEX or TSE, within seven (7) days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its Litigious and Non-Litigious Agent, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:

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

60. Books of Account

60.1 The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;
- (b) all sales and purchases of goods by the Company; and
- (c) all assets and liabilities of the Company.

Such books of account shall be kept for at least five (5) years from the date they are prepared.

60.2 Such records of account shall be kept and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept, at such place as the Board thinks fit, such books as are necessary to give a true and fair

view of the state of the Company's affairs and to explain its transactions.

60.3 The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant rules and regulations shall be kept for at least one (1) year. However, if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information mentioned herein, they shall be kept until the conclusion of the litigation if longer than one (1) year.

61. Financial Year End

Unless the Directors otherwise specify, the financial year of the Company:

- (a) shall end on 31st December in the year of its incorporation and each following year; and
- (b) shall begin when it was incorporated and on 1st January each following year.

AUDIT COMMITTEE

62. Number of Committee Members

For so long as the shares are listed on the TPEX or TSE, the Board shall set up an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and all Independent Directors shall be members of the Audit Committee. The number of committee members shall not be less than three (3). One of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members.

63. Powers of Audit Committee

63.1 The Audit Committee (if established) shall have the responsibilities and powers as specified under the Applicable Public Company Rules. Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the Board for resolution:

- (a) adoption of or amendment to an internal control system;
- (b) assessment of the effectiveness of the internal control system;
- (c) adoption of or amendment to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others;
- (d) any matter relating to the personal interest of the Directors;
- (e) a material asset or derivatives transaction;

- (f) a material monetary loan, endorsement, or provision of guarantee;
- (g) the offering, issuance, or Private Placement of any equity-related securities;
- (h) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
- (i) the appointment or discharge of a financial, accounting, or internal auditing officer;
- (j) approval of annual and semi-annual financial reports (if applicable under the Applicable Public Company Rules); and
- (k) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

With the exception of item (j), any other matter that has not been approved with the consent of one-half or more of all Audit Committee members may be undertaken upon the consent of two-thirds or more of the members of the Board, and the resolution of the Audit Committee shall be recorded in the minutes of the Directors meeting.

63.2 Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Independent Directors of the Audit Committee shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, examine the accounting books and documents, and request the Board or officers to report on matters referred to above. Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Board may authorise any Independent Director of the Audit Committee to appoint on behalf of the Company, a practicing lawyer and independent auditors to conduct the examination.

63.3 The Audit Committee shall audit the various financial statements and records prepared by the Board for submission to the general meeting, and shall report their findings and opinions at such meeting.

VOLUNTARY DISSOLUTION AND WINDING-UP

64. Voluntary Dissolution and Winding-Up

64.1 The Company may be voluntarily wound-up in accordance with Article 12.4.

64.2 If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members

subject to the Applicable Law. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO CONSTITUTION

65. Changes to Articles

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

LITIGIOUS AND NON-LITIGIOUS AGENT

66. Appointment of Litigious and Non-Litigious Agent

For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the Company shall appoint a Litigious and Non-Litigious Agent pursuant to the Applicable Law to act as the Company's responsible person in the ROC under the Securities and Exchange Law of the ROC to handle matters stipulated in the Securities and Exchange Law of the ROC and the relevant rules and regulations thereto. The Litigious and Non-Litigious Agent shall be an individual who has a residence or domicile in the ROC.

OTHERS

67. ROC Securities Laws and Regulations

For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the qualifications, composition, appointment, removal, exercise of functions and other matters with respect to the Directors, Independent Directors, Compensation Committee and Audit Committee which are required to be followed by the Company shall comply with the applicable ROC securities laws and regulations.

REGAL HOLDING CO., LTD.

Regulations Governing Shareholders' Meeting Proceedings

Article 1. Law Basis

Unless otherwise prescribed by the laws or regulations for the listed companies, the company's ("Company") shareholders' meetings ("Shareholder Meeting") shall be processed in accordance with rules of procedure for shareholders' meetings (the "Rules").

Article 2. Attendance and Sign-in

- (1) The Company shall specify in its Shareholder Meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
- (2) The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least thirty 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.
- (3) Shareholders and their proxies (collectively, "Shareholders") shall attend Shareholder Meeting based on attendance cards, sign-in cards or other certificates of attendance. People who soliciting proxy forms shall also bring identification documents for verification.
- (4) The Company 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.
- (5) The Company 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/and Supervisors (if any), pre-printed ballots shall also be furnished.
- (6) Unless otherwise specified by the laws and rules for Taipei exchange listed companies or other relevant acts, a juristic person shall obey the Company's Amended and Restated Memorandum of Association and Amended and Restated Articles of Association (collectively, "Memorandum and Articles of Association") for attending a Shareholder Meeting.

Article 3. Calculation of the Shares in Attendance

Attendance at Shareholder Meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed.

Article 4. Meeting time and Venue

Subject to the laws and regulations for the listed companies, the venue for a

Shareholder Meeting shall be a place easily accessible to shareholders and suitable for a Shareholder Meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5. Attendance of Non-voting Participants and Identification of Staff

The Company may appoint its legal counsel, certified public accountants or related persons retained by it to attend a Shareholder Meeting in a non-voting capacity. Staff handling administrative affairs of Shareholder Meeting shall wear identification cards or arm bands.

Article 6. Audio and Video Recording During the Meeting

The Company, 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 Shareholder Meeting, and the voting and vote counting procedures. The recorded materials shall be retained for at least 1 year. Provided, however, a shareholder files a lawsuit pursuant to the laws or regulations for the listed companies, the recording shall be retained until the conclusion of the litigation.

Article 7. Chair and Proxy for the Chair

- (1) Unless otherwise prescribed by the laws or regulations for the listed companies If a Shareholder Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson of the Board. When the Chairperson of the Board is on leave or for any reason unable to exercise the powers of the Chairperson, the Chairperson shall appoint one of the Directors to act as chair. Where the Chairperson does not make such a designation, the Directors shall select from among themselves one person to serve as chair.
- (2) When a Managing Director or a Director serves as chair, as referred to in the preceding section, the Managing Director or Director shall be one who has held that position for 6 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.
- (3) If a Shareholder 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.
- (4) Before the Company is listed, the Company shall notify the shareholder at least 7 days before the date of a Shareholder Meeting in accordance with Article 47 of Articles of Association of the Company. After the Company is listed, the Company shall notify the shareholders who have the right for attendance and voting 30 days before the date of a general Shareholder Meeting or 15 days before the date of a special Shareholder Meeting. The meeting notice shall specify the date, time, venue and reasons for the meeting. The Company shall prepare electronic versions of the Shareholder 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, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a general Shareholder Meeting or 15 days before the date of a special Shareholder Meeting. The Company shall prepare electronic versions of the Shareholder Meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of a general Shareholder Meeting or 15 days before the date of a Special Shareholder Meeting. In addition, 15 days before the date of the Shareholder Meeting, the Company shall also prepare the Shareholder 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 the Company and the shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

Article 8. Call the Meeting to Order

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not reach the quorum (which is a majority of the total number of issued shares represented by shareholders with voting rights or their proxies), the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one 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, tentative resolution can be made subject to the laws and regulations for the listed companies. 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 Shareholder Meeting pursuant to the laws and regulations for the listed companies.

Article 9. Discussion of Proposals

- (1) It is advisable the Shareholder Meetings convened by the Board of Directors be attended by a majority of the Directors.
- (2) The agenda of the Shareholder Meeting shall be scheduled by the Board of Directors if that Shareholder Meeting is convened by the Board of Directors, and that Shareholder Meeting shall process as scheduled except by a resolution of the Shareholder Meeting.
- (3) The provisions of the preceding section apply to a Shareholders Meeting convened by a party with the power to convene that is not the Board of Directors.
- (4) The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two sections, except by a resolution of the Shareholder Meeting or regulated in Article 17 of the Rules. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. Shareholders are not allowed to elect a new chair at the current venue or resume the meeting

at another venue after the meeting adjourned; provided if the chair declare the meeting adjourned in violation of the Rules, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

- (5) The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments put forward by the shareholders; when the chair is of the opinion that a proposal is in accordance with the laws and regulations for the listed companies and the Company's Articles of Association as well as has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 10. Shareholder Speech

- (1) 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 shareholder account name. The order in which shareholders speak will be set by the chair.
- (2) 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.
- (3) 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 five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- (4) 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.
- (5) When a juristic person shareholder appoints two or more representatives to attend a Shareholder Meeting, only one of the representatives so appointed may speak on the same proposal.
- (6) After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 11. Proposals by Shareholders

After the Company is listed, a shareholder holding one percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a Shareholder Meeting in accordance with the laws and regulations for the listed companies and the Company's Articles of Association.

Article 12. Calculation of Voting Rights

- (1) Voting at a Shareholder Meeting shall be calculated based on the number of shares.
- (2) The number of shares in attendance shall be calculated according to the

shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

- (3) On the day of a Shareholder Meeting, the Company shall compile in the prescribed format pursuant to the laws and regulations for the listed companies 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.
- (4) With respect to resolutions of Shareholder Meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- (5) Within the scope required by the laws and regulations for the listed companies and subject to the Company's Articles of Association, 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 the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder or as representative for juristic person shareholder.
- (6) 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.
- (7) With the exception of trust enterprises or institutions for shareholder services agent approved by the R.O.C 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 three 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.
- (8) Subject to the laws and regulations for the listed companies, if a shareholder holds shares for others, such shareholder may exercise his/her/its voting power separately. Regulations governing the qualifications, scope, methods of exercise, operating procedures and other matters for compliance with respect to exercising voting power separately in this section shall be prescribed by the Financial Supervisory Commission of the ROC.

Article 13. Principles for the Voting Power

- (1) Unless otherwise specified in the Articles of Association of the Company or the shares owned are restricted or added with other rights, a shareholder present at a Shareholder Meeting or a proxy on behalf of shareholders shall be entitled to one vote for each share held when voting.
- (2) The shareholders shall vote on each proposal and on the same date of the closing of the shareholders' meeting, the Company shall upload the result of the shareholders' consent, objection or waiver on each proposal to the MOPS.
- (3) In case a Director or/and a Supervisor (if any) of the Company whose shares has created a pledge on the Company's shares ("Pledging of Shares") exceeding more than half of the Company's shares being held by him/her/it at the time he/she/it is elected, the voting power of the excessive portion of

shares (which are pledged exceeding more than half of the Company's shares being held by him/her/it at the time he/she/it is elected) shall not be exercised and counted in the number of votes of shareholders present at the meeting.

Article 14. Resolution for the Proposals

- (1) Unless otherwise specified by the laws and regulations for the listed companies and the Articles of Association of the Company, the resolution of a proposal shall be approved by a majority of vote of the shareholders present, who represent more than one-half of the total number of voting shares.
- (2) The election of Directors or/and Supervisors (if any) at a Shareholder Meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as Directors or/and Supervisors (if any) and the numbers of votes with which they were elected.
- (3) The ballots for the election of Directors 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 the laws and regulations for the listed companies, the ballots shall be retained until the conclusion of the litigation.

Article 15. Vote Monitoring and Counting

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 the Company. Vote counting for Shareholder Meeting proposals or elections shall be conducted in public at the place of the Shareholder 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 shall be made of the vote.

Article 16. Meeting Minutes

- (1) Matters relating to the resolutions of a Shareholder 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.
- (2) During the period the Company is listed, the Company may distribute the meeting minutes of the preceding section by means of a public announcement made through the MOPS.
- (3) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.
- (4) The voting result of a resolution (including the number of votes for and against the resolution) and the total number of the votes shall be specified in a meeting minutes.

- (5) If matters put to a resolution at a Shareholder Meeting constitute material information under applicable laws and regulations for the listed companies, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17. Recess and Resumption of Shareholders' Meeting

- (1) 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.
- (2) If the meeting venue is no longer available for continued use and not all of the items on the meeting agenda have been addressed, the Shareholder Meeting may adopt a resolution to resume the meeting at another venue. And if necessary, the Shareholder Meeting may be announced to postponement if resolved by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. (It shall be deemed a must to postpone if required by the Shareholder Meeting.)
- (3) A resolution may be adopted at a Shareholders Meeting to defer or resume the meeting within 5 days in accordance with the laws and regulations for the listed companies.

Article 18. Maintaining Order at the Meeting Place

- (1) 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 armband bearing the word "Proctor."
- (2) 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.
- (3) At the place of a Shareholder Meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

Article 19. Enforcement and Revision

Enforcement and amendment to these Guidelines shall be subject to approval of the Board of Directors and which shall be further approved by Ordinary Resolution at a Shareholders' Meeting.

REGAL HOLDING CO., LTD.

Regulations Governing Election of Directors

- Article 1** To establish a well-functioning election system for the Directors of the Company, Regulations Governing Election of Directors (the “Regulations”) are enacted in accordance with laws and rules for Taipei exchange listed companies
The capitalized terms in the Regulations shall have the same meaning as prescribed in the Articles of Association of the Company, inclusive of the revised or updated versions (collectively hereinafter “the Articles of Association”)
- Article 2** In the election of the Directors of the Company, the number of votes exercisable in respect of one share shall be the same as the number of Directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.
- Article 3** The Board shall prepare the ballots, each of which carries the number of votes equal to the number of Directors to be elected, and distribute them to the attending Members in a Member meeting (“Member Meeting”).
- Article 4** Prior to the commencement of an election, the chairman shall appoint several ballot examiners and ballot counters to perform related duties.
- Article 5** The Board shall set up a ballot box for the election of Directors to be inspected by the ballot examiners in front of the public prior to the casting of ballots.
- Article 6** Where a candidate is also a Member, the person casting the vote shall specify the account name and the Member number on the ballot in the column entitled “Candidate”. If the candidate is not a Member, the person casting the vote shall specify the name and identification number of the candidate in the said column. Provided, however, if the candidate is a Member and a government entity or a juristic person, the person casting the vote shall specify the name of the government entity or jurisdiction person and may in addition specify the name of the representative of the government entity or juristic person. The names of the representatives shall also be specified in when there is a plural number of such representatives. Where a juristic person acts as a Member of the Company, its authorized representative may be elected as a director or supervisor of the Company (if any); If there is a plural number of such authorized representatives, each of them may be so elected, but such authorized representatives may not concurrently be selected or serve as the director or supervisor of the Company.

- Article 7** The election of Independent Directors and non-Independent Directors shall be held together but the ballots shall be calculated separately for Independent and non-Independent Director positions.
- Article 7-1** For so long as the Company's shares are traded on the ESM or listed on the TPEX or TSE, the election of Independent Directors shall satisfy the requirements stipulated in Articles 5, 6, 7, 8 and 9 of the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies.
- Article 8** The ballot shall be null and invalid upon occurrence of one of the following
1. The ballot was not prepared in accordance with the Regulations
 2. Blank ballots which are cast into the ballot box;
 3. Scribbled and unidentifiable writing or writing which has been altered;
 4. A candidate who is also a Member whose account name and Member number are inconsistent with the information recorded in the Register of Members; where a candidate who is not a Member, the name and identification number provided are inconsistent upon further verification.
 5. Writing other than the name of the candidate or Member number (identification number) and the number of votes entitled.
 6. No Member number or identification number is provided.
 7. The name of two or more than two candidates is provided in one ballot.
- Article 9** The Directors of the Company shall be persons of legal ability elected in the Member Meeting. The number of Directors will be as specified in the Articles, with voting powers separately calculated for Independent and non-Independent Director positions. If two or more candidates receive an equal number of votes, a draw shall take place between these candidates to determine who shall be elected. Where a candidate is not present, the chairman shall draw on behalf of the candidate.
- When the candidate has been the Director subject to section one, he/she shall decide to be a Director. When the elected Directors' personal information is inconsistent with the reality or is null and invalid subject to TWSE, the vacancy shall be made up by the candidate who gets the most ballots among the candidates not elected in that Member Meeting.
- The Company does not elect supervisors since there is an Audit Committee of the Company.
- Article 10** Ballots shall be counted upon completion of the voting procedures and the result of the ballot counting shall be announced by the chairman on the spot.
- Article 11** The election shall be null and invalid upon occurrence of section 3 and 4 of Article 26-3 of Taiwan's Securities and Exchange Act.
- Article 12** The Board shall send each elected Director a notice of appointment.
- Article 13** Enforcement and amendment to these Guidelines shall be subject to approval of the Board of directors and which shall be further approved by Ordinary Resolution at a Shareholders' Meeting.

REGAL HOLDING CO., LTD.

Current Shareholding of All Directors

As of April 24th, 2017, the cut-off date of the shareholders' meeting, the shareholding of the individual directors specified in the shareholders roster and their aggregate shareholdings are as following:

Title	Name	Date Elected	Shareholding owned when Elected		Shareholding owned Currently	
			shares	% (Note1)	shares	% (Note 2)
Chairman	Representative of SOLAR JEWELERS GROUP Corp : PHACHARAPON PHAIBOONSUNTORN	2016.09.30	13,760,000	40.57%	13,760,000	40.57%
Director	CDIB VENTURE CAPITAL Corp.		2,200,000	6.49%	2,200,000	6.49%
Director	ARIANNA INVESTMENT Co., Ltd.		2,648,559	7.81%	2,648,559	7.81%
Director	HYPERION TRADING Co., Ltd.		1,563,682	4.61%	1,563,682	4.61%
Director	ORLOG GLOBAL Co., Ltd.		989,117	2.91%	989,117	2.91%
Director	UNIQUE GLOBAL INVESTMENT Inc.		512,000	1.51%	512,000	1.51%
Independent Director	LEE, TSUNG-PEI		-	-	-	-
Independent Director	YEH, KUANG-CHOU		-	-	-	-
Independent Director	GUAN, JYH-LIANG		-	-	-	-
Shareholding of all Directors			Total	21,673,358	63..90%	21,673,358

Note 1: The number of issued shares as of September 30th, 2016 is 33,920,000 shares.

Note 2: The number of issued shares as of April 24th, 2017 is 33,920,000 shares.

Note3 : Article 26 of the Securities and Exchange Act is inapplicable to the Company.

REGAL HOLDING CO., LTD.

The related information regarding proposals by the shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company

1. Subject to article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to a company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and 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 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.
2. The period for shareholders to submit proposals to be discussed at the meeting this year is from April 17th, 2017 to April 27th, 2017. The proposals have to be sent to the Company before April 27th, 2017 5pm. The aforesaid information has been publicly announced on the Market Observation Post System.
3. None of the shareholders propose to the Company during this year's period for proposals.