



REGAL HOLDING CO., LTD.

Annual General Shareholders' Meeting 2021

Meeting Handbook

Time: June 22nd, 2021 (Tuesday) at 9 a.m.

**Venue: (Building Everlight) 2F., No. 1, Sec. 3, Zhongxiao E. Rd.,
Da'an Dist., Taipei City 106, Taiwan R.O.C.**

PDF files of the Handbook is available at:
Market Observation Post System <http://newmops.twse.com.tw>

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REGAL HOLDING CO., LTD

Agenda for 2021 Annual General Shareholders' Meeting

Time : June 22nd, 2021 (Thursday) at 9 a.m.

**Venue : (Building Everlight) 2F., No. 1, Sec. 3, Zhongxiao E. Rd., Da'an Dist.,
Taipei City 106, Taiwan R.O.C.**

Agenda :

1. Call the Meeting to Order

2. Chairman Remarks

3. Report Items

- (1) 2020 Business Report
- (2) Audit Committee's Review Report
- (3) 2020 Employees' and Directors' Compensation Report
- (4) Revision of the "Rules of Procedures for Directors' Meetings" Report
- (5) Revision of the "Codes of Ethical Conduct for directors and managerial officers" Report
- (6) Report on the Company's Issuance of the First Unsecured Convertible Corporate Bonds in the R.O.C.

4. Ratifications

- (1) 2020 Business Report and Financial Report
- (2) 2020 Earnings Distribution Proposal

5. Discussion Items

- (1) Amendments to certain regulations in "Rules of Election of Directors"
- (2) Amendments to certain regulations in "Rules of Procedures for Shareholders' Meetings"
- (3) Amendments to certain regulations in "Guideline for Loaning Funds to Others"
- (4) Amendments to certain regulations in "Regulations Governing Acquisition or Disposal of Assets"

6. Extemporary Motions

7. Adjournment

Report Items

Proposal (1)

Subject : 2020 Business Report

Descriptions :

1. Please refer to attachment 1 (Page 11-12) for the company's 2020 Business Report
2. Please review.

Proposal (2)

Subject : Audit Committee's Review Report

Descriptions :

1. Please refer to attachment 2 (Page 13) for Audit Committee's Review Report.
2. Please review.

Proposal (3)

Subject : 2020 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. The company's pre-tax net profit for 2020 after audited by accountants is NTD 96,965,283. As shown in the figure below, after making up for the previous period's accumulated losses and the actuarial gains or losses in 2020, there is a balance of NTD 7,499,111. The surplus distribution proposal passed by the Board of Directors on March 19th, 2021 has a reversal of special surplus reserve of NTD 28,480,721, so the profit that can be withdrawn is NTD 35,979,832. According to the company's articles of association, 1% and 0% are set as employees' and directors' compensation respectively, which are NTD 359,798 and 0. The compensation will be distributed in cash, subject to a resolution of the board of directors on March 19th, 2021.
3. Please review.

Year 2020 Currency : NTD \$	
Net profit before tax for the current period	96,965,283
deduction: Undistributed surplus at the beginning of the period	-81,256,691
deduction: Actuarial profit or loss for 2020	-8,209,481
Subtotal	7,499,111
plus: Reversal of special surplus reserve	28,480,721
Profit after pre-reserving the compensation amount	35,979,832
1%	
Estimated amount of employee compensation	359,798

Proposal (4)

Subject : Revision of the “Rules of Procedures for Directors’ Meetings” Report

Descriptions :

1. The Company has amended the Company’s “Rules of Procedures for Directors’ Meetings” in accordance with regulations. Please refer to the attachment 3 (Page 14-20) for the comparison table.
2. Please review.

Proposal (5)

Subject : Revision of the “Codes of Ethical Conduct for directors and managerial officers” Report

Descriptions :

1. The Company has amended the Company’s “Codes of Ethical Conduct for directors and managerial officers” in accordance with regulations. Please refer to the attachment 4 (Page 21-28) for the comparison table.
2. Please review.

Proposal (6)

Subject : Report on the Company’s Issuance of the First Unsecured Convertible Corporate Bonds in R.O.C.

Descriptions :

1. In order to repay bank loans and enrich working capital, save interest

expenses, increase long-term financial stability, and facilitate the company's long-term operation and development, the company issued the first unsecured convertible corporate bond in R.O.C. on December 2nd, 2021. The project is still under implementation.

2. The following table is for the handling situation of the first unsecured convertible corporate bonds of the company in R.O.C., 2021.
3. Please review.

Situation of Corporate Bonds

Types of Corporate Bonds (Note 2)	the first unsecured convertible corporate bonds (Note 5)
Issue (processing) Date	2020/12/02
Face Value	100,000 NTD
Issuance and Trading Location (Note 3)	Not applicable
Issue Price	100.5(Issues at Premium)
Total amount	251,250 (NTD thousands)
Interest Rate	0%
Duration	3 years, Maturity Date:2020/12/02-2023/12/02
Guarantee agency	No
Trustee	Taishin International Bank Co. Ltd.
Underwriting agency	Taishin Securities Co.,Ltd.
Attesting lawyer	CHIU, YA-WEN
Attesting CPA	LU, LI-LY 、 KUAN, CHUN-HSIU
Repayment method	repaid in cash according to face value of the bond at maturity
Outstanding principal	250,000 (NTD thousands)

Redemption or Prepayment clause		handle in accordance with the company's "Issuance and Conversion Measures of Convertible Corporate Bond"
Restriction clause (Note 4)		No
Name of the credit rating Agency, Rating date, Results of corporate bond rating		No
Other Rights	Amount of converted (exchange or subscription) ordinary shares, overseas depositary receipts or other securities as of the publication date of the annual report	No conversion as of the publication date of the annual report on April 19 th , 2021
	Issuance and conversion (exchange or subscription) method	refer to the issuance and conversion measure of the first unsecured convertible corporate bonds in R.O.C.
Issuance and conversion, exchange or subscription methods, possible dilution of equity and the impact on existing shareholders' equity due to issuance conditions		according to current conversion price of 30.5 NTD, if all the bonds are converted into ordinary shares, 8,196,721 shares need to be issued, and impact on shareholders is still limited.
Exchange subjects, Entrusted custody, Institution name		Not applicable

Note 1 : The handling of corporate bonds includes public and private corporate bonds in the process of handling. Public company bonds under processing refer to those that have become effective (approved) by the meeting; private company bonds under processing refer to those that have been approved by the Board of Directors.

Note 2 : The number of fields will be adjusted according to the actual number of transactions.

Note 3 : For those who belong to overseas corporate bonds

Note 4 : Such as restricting the distribution of cash dividends, foreign investment or requiring the maintenance of certain assets, etc.

Note 5 : If it is a private placement, it should be marked in a prominent way.

Note 6 : For those belong to convertible corporate bonds, exchangeable corporate bonds, corporate bonds under shelf registration or corporate bonds with warrants, they should be disclosed in a tabular format according to characteristics and then disclose relative information.

Data of Convertible Bond

Types of Corporate Bonds (Note 1)		the first unsecured convertible corporate bonds	
Items	Year	Year 2020	Current year until April 19 th , 2020 (Note 4)
Price of Convertible Corporate Bonds (Note 2)	Highest	106.95	101.95
	Lowest	100.5	95
	Average	102.73	97.72
Conversion price		30.5	30.5
Issuance (transaction) date and conversion price at the time of issuance		Issued date : December 2 nd , 2020 Conversion price when issued : 30.5 NTD	

Method of fulfilling the conversion obligation (Note 3)	by issuing new stocks	by issuing new stocks
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Note 1 : The number of fields will be adjusted according to the actual number of transactions.

Note 2 : If there are multiple trading locations for overseas corporate bonds, they will be listed separately according to the trading locations.

Note 3 : Delivery of issued shares or issuance of new shares

Note 4 : The data for the current year as of the publication date of the annual report should be filled in.

3. Situation about preference stocks : None

4. Situation about overseas depositary receipts : None

5. Situation about employee stock options : None

Ratifications

Proposal (1)

【Proposed by the Board of Directors】

Subject : 2020 Business Report and Financial Report

Descriptions :

1. The Company's 2020 consolidated financial statements were audited by certified public accountant ("CPA") Mrs. LU, LI - LY and Mrs. CHANG, CHUN-YI of KPMG.
2. Please refer to the attachment 1 (Page 11-12) and attachment 5 (Page 29-36) for the business report, CPA audit report and the financial report.
3. Please proceed to the ratification.

Resolutions :

Proposal (2)

【Proposed by the Board of Directors】

Subject : 2020 Earnings Distribution Proposal

Descriptions :

1. The company's net profit after tax in 2020 is NTD 88,343,113, and the loss to be made up is NT\$81,256,691. The undistributed surplus is listed in the following table:

Unit : NTD \$

Items	Amount
Beginning retained earnings	(81,256,691)
deduction : Actuarial gain on defined benefit plans of 2020	(8,209,481)
plus : Special surplus reserve set aside from "reversed equity deduction" (Note 1)	28,480,721
plus : Net profit after tax of 2020	88,343,113
Earnings distributable for 2020	27,357,662
deduction : Shareholders dividend-Cash (NT\$ 0.5 per share) 38,386,000 in total (Note 2)	(19,193,000)
Retained earnings at the end	8,164,662
Note 1 : The special surplus reserve is stipulated by Financial Supervisory Commission on April 6, 2012 (Ref. 1010012865). While distributing the distributable surplus, the Company shall provide a special surplus reserve of current period earnings and undistributed prior period earnings from current year's net loss of shareholders' equity. However, the special reserve amounts for prior years' accumulated shareholders' equity contra accounts should only be provided from prior years' unappropriated earnings. If a reversal of shareholders' equity contra account occurs, the reversed portion of the special reserve could be distributed as dividends	
Note 2 : The above-mentioned cash dividend per share for shareholders is calculated based on the 38,386,000 outstanding shares of the company as of February 27, 2021 (the date when the company sent the notice of the sixth meeting of the fifth board of directors).	

Chairman  General Manager  Account Officer 

2. After the earning distribution proposal is approved by 2021 annual shareholder's meeting, it is proposed to authorize the chairman of directors to decide the reference date for interest distribution and earnings distribution as well as other related matters. It's also proposed to authorize the chairman of directors to deal with the related matters if the company has some changes in the capital stock which may directly change the numbers of the total shares outstanding, and thus influence the distribution ratio of per share to shareholders.
3. For those amounts less than NT\$ 1 during the cash dividend distribution this time will be listed as the company's other income.
4. Please proceed to the ratification.

Resolutions :

Discussion Items

Proposal (1)

【Proposed by the Board of Directors】

Subject : Amendments to certain regulations in “Rules of Election of Directors”

Descriptions :

1. It is proposed to amend the company’s “Rules of Election of Directors” in accordance with regulations. Please refer to the attachment 6 (Page 37-45) for the comparison table.
2. Please proceed to the discussion.

Resolutions :

Proposal (2)

【Proposed by the Board of Directors】

Subject : Amendments to certain regulations in “Rules of Procedures for Shareholders” Meetings”

Descriptions :

1. It is proposed to amend the company’s “Rules of Procedures for Shareholders” in accordance with regulations. Please refer to the attachment 7 (Page 46-48) for the comparison table.
2. Please proceed to the discussion.

Resolutions :

Proposal (3)

【Proposed by the Board of Directors】

Subject : Amendments to certain regulations in “Guideline for Loaning Funds to Others”

Descriptions :

1. It is proposed to amend some rules in the company’s “Guideline for Loaning Funds to Others”. Please refer to the attachment 8 (Page 49-56) for the comparison table.
2. Please proceed to the discussion.

Resolutions :

Proposal (4)

【Proposed by the Board of Directors】

Subject : Amendments to certain regulations in “Regulations Governing Acquisition or Disposal of Assets”

Descriptions :

1. It is proposed to amend the company’s “Regulations Governing Acquisition or Disposal of Assets”. Please refer to the attachment 9 (Page 57-60) for the comparison table.
2. Please proceed to the discussion.

Resolutions :

Extemporaneous motions

Adjournment

REGAL HOLDING CO., LTD.

2020 Business Report

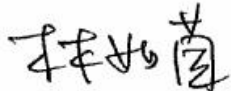
The spread of the new coronavirus in 2020 caused a huge tsunami-like wave on the economies of various countries. The global jewelry industry and terminal consumption patterns have also undergone significant changes. As a global luxury jewelry manufacturer, Regal Holdings faces many unfavorable impact of external factors, as a trial for company's team, with the efforts of all the colleagues, we deepen the cooperation with Omni-channel customers externally, strengthen employees' hygiene and safety education internally, and gradually optimize the production process to reduce costs, while focusing on the improvement of product quality and the research and development of high-level skills. Profits for the whole year turn from loss to profit. Although there are still many uncertainties in the global market in 2021, we believe that Regal Holdings can still maintain in good condition and create new successes to provide customers and global consumers with higher quality products.

The consolidated operating income of Regal Holdings for 2020 was NT 1,765,557 thousand dollars, a year-on-year decrease of 2.42%; the consolidated net profit after tax was NT 97,648 thousand dollars, and the surplus per share was NT\$2.31. From the perspective of the jewelry processing income portfolio, metalworking revenue increased by approximately 14.23% annually, and plating revenue decreased by approximately 15.15% annually. In addition, the gross profit margin of metalworking processing increased from 10.69% in the previous year to 25.52% in 2020, mainly due to cost control. However, the gross profit margin of plating processing decreased from 17.21% in the previous year to 10.80%. This is mainly due to the continuous increase in the price of precious metals in 2020 and therefore dilute the gross profit margin.

In order to effectively increase profitability, in addition to strengthening the monthly production line manpower estimation and adjustment mechanism, Regal Holdings has introduced small and medium-sized production lines to obtain more orders for a small number but high-margin products from Z generation. In addition, through A-Team's cross-departmental teamwork, the success rate of new product development in 2020 has been effectively increased by more than 50%, and the overall operating expense rate has also been reduced by 13.17% under strict control. Furthermore, in response to the continuous easing of monetary policies in various countries, the exchange rate and the price of precious metals fluctuate sharply. Regal Holdings will continue to use a conservative hedging strategy to dynamically adjust to the most appropriate position for risk management and control, and hope to reduce the uncertainty caused by financial costs to profits to its lowest level.

On behalf of the Board of Directors and the management team, I sincerely thank all the shareholders of Regal Holdings for their trust under many challenges. In 2021, we will continue to lead the company forward and strive to create new growth opportunities for the company and customers. We also hope that all shareholders will continue giving support and encouragement, thank you.

Chairman 

General Manager 

Account Officer 

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

The Board of Directors has prepared the Company's 2020 Business Report, Consolidated Financial Report and proposal for allocation of profits. 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 Reports and profit allocation 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 19th, 2021

REGAL HOLDING CO., LTD.

Comparison Table of “Rules of Procedure for Board of Directors’ Meetings” Before and After Revision

Proposal For The Amendment (Version 6.0)	Original Articles (Version 5.0)	Description
5. Principles For Determining The Place And Time Of Board Meeting The premises and business hours of convening the Board Meeting shall be located at <u>the Company’s premise and within business hours</u> or at places and times convenient for Board Members to attend.	5. Principles For Determining The Place And Time Of A Board Meeting The premises and business hours of convening the Board Meeting shall be located at places and times convenient for Board Members to attend.	Amendment referencing to Clause 6 of [Sample Template for Rules of Procedure for Board of Directors Meetings] published by Taiwan Stock Exchange Market 3 rd June 3 rd June 2020.
6. Chair And Acting Chair Of Board Meeting (1) <u>In the event that the Company’s</u> Board Meeting should be convened by the chairperson, <u>it shall then be chaired by the chairperson.</u> However, <u>in the event that</u> the first Board Meeting of the newly elected Board of Directors should be called by the director receiving the most votes under cumulative voting system, it should also be chaired such director.; if two or more directors are so entitled to convene the	6. Chair And Acting Chair Of Board Meeting (1) <u>Except stated otherwise in Articles Of Associations,</u> Board Meeting should be convened <u>and</u> chaired by the chairperson. However, the first Board Meeting of the newly elected Board of Directors should be called by the director receiving the most votes under cumulative voting system, it should also be chaired such director.; if two or more directors are so entitled to convene the meeting, they shall select	Amendment referencing to Clause 10 of [Regulations Governing Procedure for Board of Directors Meetings of Public Companies] published by Taiwan Stock Exchange Market 15th January 2020.

meeting, they shall select from among themselves one director to serve as chair. Below Ignored.	from among themselves one director to serve as chair. Below Ignored.	
11. Matters Requiring Discussion At Board Meeting (1) The matters listed below as they relate to the Company shall be raised for discussion at a Board Meeting: A. Ignored. B. Annual financial report and <u>in case necessary, the second quarter's financial report shall also</u> be audited and attested by a certified public accountant (CPA). Below Ignored.	11. Matters Requiring Discussion At Board Meeting (1) The matters listed below as they relate to the Company shall be raised for discussion at a Board Meeting: A. Ignored. B. Annual and <u>semi-annual</u> financial reports. <u>However, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</u> Below Ignored.	Amendment referencing to Clause 14 of [Securities and Exchange Act] published by Taiwan Stock Exchange Market 27th January 2021.
13. Voting-II And Methods For Vote Monitoring And Counting (1) Except where otherwise stated in <u>Securities and Exchange Act and the Companies Act</u>, the passage of a proposal at a Board Meeting shall require the approval of a majority of the directors in attendance at a Board of Directors meeting	13. Voting-II And Methods For Vote Monitoring And Counting (1) Except where otherwise stated in <u>Laws or Articles Of Association</u>, the passage of a proposal at a Board Meeting shall require the approval of a majority of the directors in attendance at a Board of Directors meeting	Amendment referencing to Clause 14 of [Sample Template for Rules of Procedure for Board of Directors Meetings] published by Taiwan Stock Exchange Market 3rd June 3rd June 2020.

attended by a majority of all directors. (2) When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together and the original proposal in correct voting sequence. If anyone among them is passed, the other proposals shall then be deemed rejected and no further voting on them shall be required. Below Ignored.	attended by a majority of all directors. (2) When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together and the original proposal in correct voting sequence <u>within the scopes permitted by laws</u>. If anyone among them is passed, the other proposals shall then be deemed rejected and no further voting on them shall be required. Below Ignored.	
14. Board of Directors' Conflict of Interest Mitigation (1) Ignored. (2) In the event that the spouse or any second-degree relatives of the Board of Director, or any legal entity which <u>has controlling relationship with</u> the Director himself/herself should have any conflict of interest with meeting agenda, the Director in question shall deemed having such conflict of interest himself/herself. (3) Where a director is	14. Board of Directors' Conflict of Interest Mitigation (1) Ignored. (2) In the event that the spouse or any second-degree relatives of the Board of Director, or any legal entity which <u>is either controlled by or subordinated by</u> the Director himself/herself should have any conflict of interest with meeting agenda <u>requiring Board resolution</u>, the Director in question shall deemed having such conflict of interest	Amendment referencing to Clause 15 of [Sample Template for Rules of Procedure for Board of Directors Meetings] published by Taiwan Stock Exchange Market 3rd June 3rd June 2020.

prohibited by the requirements from exercising voting rights with respect to a resolution at a Board Meeting, the provisions of Article 180, Paragraph 2 of the Companies Act apply mutatis mutandis in accordance with Article 206, Paragraph 4 of the same Act.	himself/herself. (3) Where a director is prohibited by the requirements <u>of the two preceding Paragraph</u> from exercising voting rights with respect to a resolution at a Board Meeting, the provisions of Article 180, Paragraph 2 of the Companies Act apply mutatis mutandis in accordance with Article 206, Paragraph 4 of the same Act.	
15. Meeting Minutes And Signing Matters (1) Discussions at a Board Meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below : A to F ignored. G. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as prescribed in <u>Paragraph (1) of preceding Clause</u>, an explanation of the	15. Meeting Minutes And Signing Matters (1) Discussions at a Board Meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below : A to F ignored. G. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as prescribed in preceding Clause, an explanation of the important aspects of the relationship of	Amendment referencing to Clause 16 of [Sample Template for Rules of Procedure for Board of Directors Meetings] published by Taiwan Stock Exchange Market 3rd June 3rd June 2020.

important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Clause <u>11</u> Paragraph <u>4</u>. H. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, expert, or other person; the name of any director that is an interested party as prescribed in <u>Paragraph 1</u> of preceding Clause, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter	interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Clause <u>eleven</u> Paragraph <u>four</u>. H. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, expert, or other person; the name of any director that is an interested party as prescribed in preceding Clause, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; their	
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recusal, and the status of their recusal; <u>and</u> their objections or reservations and any recorded or written statements. I. Ignored. (2) The occurrence of any of the following circumstances, with respect to a resolution passed at a Board Meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting : A. Ignored. B. Resolution that is adopted with the approval of two-thirds or more of all directors, <u>though</u> without having been passed by the Audit Committee of the Company. Below Ignored.	objections or reservations and any recorded or written statements. I. Ignored. (2) The occurrence of any of the following circumstances, with respect to a resolution passed at a Board Meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting : A. Ignored. B. Resolution that is adopted with the approval of two-thirds or more of all directors, <u>if</u> without having been passed by the Audit Committee of the Company. Below Ignored.	
17. Supplementary Provisions The resolution to <u>enact</u> such Rules of Procedure shall be agreed by the	17. Supplementary Provisions The resolution to <u>amend</u> such Rules of Procedure shall be agreed by <u>Audit</u>	Amendment referencing to Clause 19 of [Sample Template for Rules of Procedure for Board of

Board and shall also report in Shareholders Meeting. <u>The Board may be authorized to pass any resolution of amending such Rules of Procedure subsequent to the enactment.</u>	<u>Committee and passed by the Board, and shall also report in shareholders meeting, including any future amendments.</u>	Directors Meetings] published by Taiwan Stock Exchange Market 3 rd June 2020.
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REGAL HOLDING CO., LTD.

Comparison Table of “Codes of Ethical Conduct for Board Members And Executive Management” Before and After Revision

Proposal For The Amendment (Version 2.0)	Original Articles (Version 1.0)	Description
Guidelines for the Adoption of Codes of Ethical Conduct for Regal Holding Co Ltd’s Board of Directors And Executive Managers	Guidelines for the Adoption of Codes of Ethical Conduct for Regal Holding Co Ltd’s Board of Directors, Supervisory Committee, and Executive Managers	Amended of title in accordance to the publication by Taiwan Stock Exchange Market 3 rd June 3 rd June 2020.

Proposal For The Amendment (Version 2.0)	Original Articles (Version 1.0)	Description
1. Enactment And Reference Purpose Of And Basis For Adoption : In recognition of the necessity to establish the codes of ethical conduct, such Guidelines are adopted for the purpose of encouraging directors and managerial officers of the Company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of <u>the</u> Company) to act in line with ethical standards, and to help <u>the</u> Company’s interested	1. Enactment And Reference Purpose Of And Basis For Adoption : In recognition of the necessity to establish the codes of ethical conduct, such Guidelines are adopted for the purpose of encouraging directors and managerial officers of the Company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Company) to act in line with ethical standards, and to help Company’s interested parties	Amended in accordance to the historical amendment records of [Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies] published by Taiwan Stock Exchange Market 3 rd June 3 rd June 2020.

parties better understand the ethical standards of <u>the</u> Company. Reference : <u>The Company's</u> Enactment of such guidelines is referencing to the Correspondence 0930005101 dated at 28th October Year ROC 93 issued by <u>Taiwan Securities & Futures Bureau</u> and correspondence <u>0930028186</u> dated at <u>11th</u> November Year ROC 93. The Company may also develop respective codes of ethical conduct for different managerial officers.	better understand the ethical standards of Company. Reference : Enactment of such guidelines is referencing to the Correspondence 0930005101 dated at 28th October Year ROC 93 issued by <u>Gre Tai Securities Market</u> and correspondence <u>34855</u> dated at <u>18th</u> November Year ROC 93. Company may also develop respective codes of ethical conduct for different managerial officers.	
2. Scopes The Company takes its individual circumstances and needs into consideration to adopt a code of ethical conduct that addresses at least the following eight matters: (1) Prevention Of Conflicts Of Interest: Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of <u>the</u> Company, as for example when a director or managerial officer of <u>the</u> Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their	2. Scopes <u>Scopes including</u> The Company takes its individual circumstances and needs into consideration to adopt a code of ethical conduct that addresses at least the following eight matters: (1) Prevention Of Conflicts Of Interest: Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of Company, as for example when a director or managerial officer of Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes	Amended due to the fact that second class relatives shall include parents and children.

position in <u>the</u> Company to obtain improper benefits for either themselves or their spouse, parents or relatives within the second degree of kinship. <u>The</u> Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director or managerial officer works. <u>The</u> Company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors and managerial officers to voluntarily explain whether there is any potential conflict between them and <u>the</u> Company. (2) Minimizing Incentives To Pursue Personal Gain: <u>The</u> Company shall prevent its directors or managerial officers from engaging in any of the following activities: A. Seeking an opportunity to pursue personal gain by using <u>the</u> Company's property or information or taking advantage of their positions. B. Obtaining personal gain	advantage of their position in Company to obtain improper benefits for either themselves or their spouse, <u>parents, children,</u> or relatives within the second degree of kinship. Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director or managerial officer works. Company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors and managerial officers to voluntarily explain whether there is any potential conflict between them and Company. (2) Minimizing Incentives To Pursue Personal Gain: Company shall prevent its directors or managerial officers from engaging in any of the following activities: A. Seeking an opportunity to pursue personal gain by using Company's property or information or taking advantage of their positions. B. Obtaining personal gain	
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by using <u>the</u> Company's property or information or taking advantage of their positions. C. Competing with <u>the</u> Company. When <u>the</u> Company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by <u>the</u> Company. (3) Confidentiality: The directors and managerial officers of <u>the</u> Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to <u>the</u> Company or the suppliers and customers. (4) Fair Trade: Directors and managerial officers shall treat all suppliers and customers, competitors, and	by using Company's property or information or taking advantage of their positions. C. Competing with Company. When Company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by Company. (3) Confidentiality: The directors and managerial officers of Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to Company or the suppliers and customers. (4) Fair Trade: Directors and managerial officers shall treat all suppliers and customers, competitors, and	Amendment referencing to Clause 23 of [Corporate Governance Guidelines for TWSE/GTSM Listed Companies] published by Taiwan Stock Exchange Market 3rd June 3rd June 2020 and Clause 2 of [Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies] published by Taiwan Stock Exchange Market 3rd June 3rd June 2020.
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employees of <u>the</u> Company fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices. (5) Safeguarding And Proper Use Of <u>The</u> Company's Assets: All directors and managerial officers have the responsibility to safeguard <u>the</u> Company's assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact <u>the</u> Company's profitability. (6) Legal Compliance: <u>The</u> Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws. (7) Encouraging Reporting On Illegal Or Unethical Activities: <u>The</u> Company shall raise	employees of Company fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices. (5) Safeguarding And Proper Use Of Company Assets: All directors and managerial officers have the responsibility to safeguard Company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact Company's profitability. (6) Legal Compliance: Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws. (7) Encouraging Reporting On Illegal Or Unethical Activities: Company shall raise awareness of ethics internally and encourage employees to report to Audit	
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awareness of ethics internally and encourage employees to report to Audit Committee, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, <u>the Company shall establish a concrete and anonymous whistle-blowing system and make employees aware that the Company will use its best efforts to ensure the safety of whistle blowers and protect them from reprisals.</u> (8) Disciplinary measures: When a director or managerial officer violates the code of ethical conduct, <u>the Company shall handle the matter in question according to the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the</u>	Committee, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the Company <u>has established a concrete whistle-blowing system and make employees aware that Company will use its best efforts to ensure the safety of informants and protect them from reprisals.</u> (8) Disciplinary measures: When a director or managerial officer violates the code of ethical conduct, Company shall handle the matter according to <u>related regulations</u>, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. <u>The defendant may appeal through related regulations against the penalties imposed.</u>	
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<u>Company establish a relevant complaint system to provide the violator with remedies.</u>		
3. Procedures for exemption The code of ethical conduct adopted by <u>the</u> Company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the Board of Directors, and that information on the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the Board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of <u>the</u> Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.	3. Procedures for exemption The code of ethical conduct adopted by Company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the Board of Directors, and that information on the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the Board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.	Amendment of sentence structure.
4. Method of disclosure <u>The</u> Company shall	4. Method of disclosure Company shall disclose the	Amendment of sentence structure.

disclose the code of ethical conduct it has adopted, and any amendments to it, on its Company website, in its annual reports and prospectuses and on the MOPS.	code of ethical conduct it has adopted, and any amendments to it, on its Company website, in its annual reports and prospectuses and on the MOPS.	
5. Enforcement <u>Such Code including its amendment shall be effective effective after it has been approved by Audit Committee, Board of Directors, and Shareholders Meeting.</u>	5. Enforcement <u>Company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the Board of Directors, delivered to Audit Committee, and submitted to a shareholders meeting.</u>	Amendment of sentence structure.



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of

Regal Holding Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Regal Holding Co., Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of balance sheets as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretation developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

Please refer to Note 4(m) and Note 6(r) of the consolidated financial statement for the related disclosures on revenue recognition.

Description of key audit matter:

Revenue is one of the key performance indicators for evaluating the financial and operational performance of the Group and draws public attention. Therefore, the revenue recognition was considered one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our audit procedures included:

Assessing and testing the design, as well as the effectiveness of the operation on internal controls over sales and collection cycle; conducting trend analysis on revenues generated from top ten customers to assess the existence of any significant exception; performing tests of detail on sales transactions to assess the existence of the transactions and the accuracy of the recognized sales as well as the timing of the recognition; performing sales cut-off test over a period prior and post to the balance sheet date by vouching related documents of sales transactions to determine whether revenue have been recognized in proper period.

2. Subsequent measurement of inventories

Please refer to Note 4(h), Note 5 and Note 6(e) for the related disclosures on subsequent measurement of inventories.

Description of key audit matter:

The inventory of the Group comprises gems, jewelry and raw materials. Since fashion and trends keep changing rapidly and constantly, inventories might become out of date and difficult to meet market demand resulting in the risk that net realizable value of inventories is likely to be lower than costs.

The inventories are measured and recognized subsequently by the Group's management based on both internal and external evidence. Therefore, the subsequent measurement of inventories is considered one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our audit procedures included:

Assessing the reasonableness of accounting policies for subsequent measurement of inventories; obtaining aging analysis of inventories and analyzing changes in inventory age categories to verify the appropriateness of the changes; obtaining details of subsequent measurement of inventories and understanding the reasonableness of selling prices adopted; verifying net realizable value of inventories by vouching the source documents of samples and determining whether related subsequent measurement of inventories has been appropriately disclosed.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Chun I Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(expressed in thousands of New Taiwan Dollars)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REGAL HOLDING CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019
(expressed in thousands of New Taiwan Dollars, except earnings per share)

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenues (note 6(r))	\$ 1,765,557	100	1,809,297	100
5000	Operating costs (notes 6(e), 6(g), 6(h), 6(i), 6(l), 6(m) and 12)	1,363,969	77	1,583,125	87
5900	Gross profit	401,588	23	226,172	13
6000	Operating expenses (notes 6(c), 6(g), 6(h), 6(i), 6(l), 6(m), 6(p), 6(s), 7 and 12):				
6100	Selling expenses	69,764	4	68,965	4
6200	Administrative expenses	166,382	9	180,582	10
6300	Research and development expenses	60,775	3	70,286	4
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(10,228)	-	10,337	-
	Total operating expenses	286,693	16	330,170	18
6900	Operating income (losses)	114,895	7	(103,998)	(5)
7000	Non-operating income and expenses (notes 6(k), 6(l) and 6(t)):				
7100	Interest income	643	-	3,399	-
7010	Other income	7,238	-	9,179	-
7020	Other gains and losses	10,196	-	(15,200)	(1)
7050	Finance costs	(8,678)	-	(4,228)	-
	Total non-operating income and expenses	9,399	-	(6,850)	(1)
7900	Profit (losses) before income tax	124,294	7	(110,848)	(6)
7950	Less: income tax expenses (note 6(n))	26,646	2	7,522	-
8200	Profit (losses) for the period	97,648	5	(118,370)	(6)
8300	Other comprehensive income (notes 6(m) and 6(v)):				
8310	Components of other comprehensive income that will not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(8,175)	-	9,240	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(11,318)	(1)	-	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified subsequently to profit or loss	(19,493)	(1)	9,240	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(55,965)	(3)	68,969	4
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified subsequently to profit or loss	(55,965)	(3)	68,969	4
8300	Other comprehensive income	(75,458)	(4)	78,209	4
8500	Total comprehensive income	\$ 22,190	1	(40,161)	(2)
8600	Profit (losses) attributable to (note 6(f)):				
8610	Owners of the Company	\$ 88,343	5	(146,304)	(8)
8620	Non-controlling interests	9,305	-	27,934	2
		\$ 97,648	5	(118,370)	(6)
	Comprehensive income attributable to (note 6(f)):				
8710	Owners of the Company	\$ 21,411	1	(79,151)	(4)
8720	Non-controlling interests	779	-	38,990	2
		\$ 22,190	1	(40,161)	(2)
	Earnings (losses) per share (New Taiwan dollars) (note 6(q))				
9750	Basic earnings (losses) per share	\$ 2.31		(3.83)	
9850	Diluted earnings (losses) per share	\$ 2.29		(3.83)	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

REGAL HOLDING CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of the Company							Other equity		Total equity		
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized losses on financial assets measured at fair value through other comprehensive income	Non-controlling interests				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficits)				Total retained earnings			
\$	385,000	433,262	50,135	28,481	230,640	309,256	7,984	-	(17,248)	1,118,254	261,378	1,379,632
Balance at January 1, 2019												
Appropriation and distribution of retained earnings:												
	-	-	20,639	-	(20,639)	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	(154,000)	(154,000)	-	-	-	(154,000)	(143,531)	(297,531)
Cash dividends	-	-	-	-	(146,304)	(146,304)	-	-	-	(146,304)	27,934	(118,370)
Profit (losses) for the period	-	-	-	-	9,046	9,046	38,107	-	-	67,153	11,056	78,209
Other comprehensive income	-	-	-	-	-	-	38,107	-	-	-	-	-
Total comprehensive income	-	-	-	-	(137,258)	(137,258)	38,107	-	-	(79,151)	38,990	(40,161)
Adjustments for restricted shares to employees	(300)	(5,080)	-	-	-	-	-	-	5,380	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	5,073	-	-	5,073
Balance at December 31, 2019	384,700	428,182	70,774	28,481	(81,257)	17,998	66,091	-	(6,795)	890,176	156,837	1,047,013
Equity component of convertible bonds issued	-	10,767	-	-	-	-	-	-	-	10,767	-	10,767
Profit for the period	-	-	-	-	88,343	88,343	-	-	-	88,343	9,305	97,648
Other comprehensive income	-	-	-	-	(8,209)	(8,209)	(47,405)	(11,318)	-	(66,932)	(8,526)	(75,458)
Total comprehensive income	-	-	-	-	80,134	80,134	(47,405)	(11,318)	-	21,411	778	22,190
Adjustments for restricted shares to employees	(840)	87	-	-	-	-	-	-	753	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	4,292	-	-	4,292
Balance at December 31, 2020	\$ 383,860	439,036	70,774	28,481	(1,123)	98,132	18,686	(11,318)	(1,750)	926,646	157,616	1,084,262

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 124,294	(110,848)
Adjustments:		
Adjustments to reconcile profit (losses):		
Depreciation expenses	51,731	54,308
Amortization expenses	3,094	5,544
Expected credit losses (gains)	(10,228)	10,337
Interest expenses	8,678	4,228
Interest income	(643)	(3,399)
Share-based payments	4,292	5,073
Losses (gains) on disposal of property, plant and equipment	(219)	1,568
Losses on disposal of intangible assets	33	-
Gains on lease modification	(17)	-
Reversal of impairment loss on financial assets	200	-
Unrealized foreign exchange losses (gains)	390	(476)
Expense arising from derecognition of intangible assets	11,131	-
Transaction cost of issuance of convertible bonds related to derivative instruments	17	-
Total adjustments to reconcile profit	68,459	77,183
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	-	100,524
Trade receivables	226,324	(329,372)
Other receivables	(3,008)	1,228
Inventories	(65,424)	38,196
Other current assets	3,266	(8,392)
Total changes in operating assets	161,158	(197,816)
Notes payables	207	(52)
Trade payables	(23,249)	4,341
Other payables	21,917	(86,106)
Other current liabilities	613	3,492
Net defined benefit liabilities	(9,859)	5,760
Total changes in operating liabilities	(10,371)	(72,565)
Total changes in operating assets and liabilities	150,787	(270,381)
Total adjustments	219,246	(193,198)
Cash inflows generated from (used in) operations	343,540	(304,046)
Interest received	643	3,399
Interest paid	(7,340)	(3,547)
Income taxes paid	(8,555)	(59,648)
Net cash flows from (used in) operating activities	328,288	(363,842)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(12,200)
Acquisition of property, plant and equipment	(48,060)	(35,553)
Proceeds from disposal of property, plant and equipment	496	731
Acquisition of intangible assets	(7,753)	(10,303)
Increase in other financial assets — non-current	90	(417)
Net cash flows used in investing activities	(55,227)	(57,742)
Cash flows from (used in) financing activities:		
Increase (decrease) in short term loans	(286,317)	687,305
Proceeds from bond issuance	245,930	-
Increase in guarantee deposits received	190	33
Payments of lease liabilities	(1,042)	(1,584)
Cash dividends paid	-	(297,531)
Net cash flows from (used in) financing activities	(41,239)	388,223
Effect of exchange rate changes on cash and cash equivalents	(20,324)	14,943
Net increase (decrease) in cash and cash equivalents	211,498	(18,418)
Cash and cash equivalents at the beginning of period	462,759	481,177
Cash and cash equivalents at the end of period	\$ 674,257	462,759

See accompanying notes to consolidated financial statements.

REGAL HOLDING CO., LTD.

Comparison Table of “Procedures for the Election of Board of Directors” Before and After Revision

Proposal For The Amendment (Version 2.0)	Original Articles (Version 1.0)	Description
Regal Holding Co Ltd's Procedures for the <u>Election</u> of The Board of Directors.	Regal Holding Co Ltd's Procedures for the <u>Appointment</u> of The Board of Directors.	Amendment of procedure's title in accordance to the Correspondence 1090009468 dated at 3rd June Year ROC 109 issued by Taiwan Stock Exchange Market and referencing to Sample Template Of Procedures For The Election of The Board of Directors.

Proposal For The Amendment (Version 2.0)	Original Articles (Version 1.0)	Description
Clause 1 The Company would like to enact such procedure according to the rules and regulations of Taiwan Stock Exchange Market aiming to establish a sound system for the election of Board of Directors. <u>Except as otherwise provided by law and regulation or by the Company's Articles Of Associations, elections of directors shall be conducted in accordance with such Procedures.</u>	Clause 1 The Company would like to enact such procedure according to the rules and regulations of Taiwan Stock Exchange Market aiming to establish a sound system for the election of Board of Directors. <u>Except stated otherwise in such procedures, the definition of any large alphabet in such procedures shall share the same meaning as stated in the Company's Articles of Association (including any of its amended or renewed</u>	Amendment referencing to Clause 2 of [Sample Template for Procedures of Election of Directors] published by Taiwan Stock Exchange Market 3 rd June 3 rd June 2020.

	version; and shall be named <u>[The Articles of Association]</u> in subsequent clauses below.	
Clause 2 The election of the Company's Board of Directors <u>shall base on cumulative voting method, and</u> each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.	Clause 2 <u>Upon</u> the election of the Company's Board of Directors, each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.	Amendment referencing to Clause 6 of [Sample Template for Procedures of Election of Directors] published by Taiwan Stock Exchange Market 3 rd June 3 rd June 2020.
Clause 2.1 <u>The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</u> (1) <u>Basic requirements and values: Gender, age, nationality, and culture.</u> (2) <u>Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing,</u>	<u>Newly Added Clause</u>	

<u>technology), professional skills, and industry experience.</u> <u>Each Board Members shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the Board as a whole are as follows:</u> <u>(1) The ability to make judgments about operations.</u> <u>(2) Accounting and financial analysis ability.</u> <u>(3) Business management ability.</u> <u>(4) Crisis management ability.</u> <u>(5) Knowledge of the industry.</u> <u>(6)An international market perspective.</u> <u>(7) Leadership ability.</u> <u>(8) Decision-making ability.</u> <u>More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.</u> <u>The Board of Directors of the Company shall consider adjusting its composition based on the results of performance evaluation.</u>		
Clause 2.2 <u>Elections of directors at the Company shall be conducted in accordance with the candidate nomination system</u>	<u>Newly Added Clause</u>	Amendment referencing to Clause 192.1 of ROC Companies Act and amendment in

<u>and procedures set out in Clause 192-1 of the Companies Act.</u> <u>When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next Shareholders Meeting. When the number of directors falls short by one third of the total number prescribed in the Company's Articles Of Associations, the Company shall call a special Shareholders Meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</u> <u>When the number of independent directors falls below that required under the proviso of Clause 14-2, Paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next Shareholders Meeting to fill the vacancy. When the independent directors are dismissed en masse, a special Shareholders Meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</u>		accordance to the requirement of Correspondence 1070345233 dated at 19th December Year ROC 107 issued by Taiwan Stock Exchange Market that all public listed companies in ROC must appoint independent directors.
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Clause 3 The Board of Directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the Shareholders Meeting. <u>Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.</u>	Clause 3 The Board of Directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the Shareholders Meeting.	Amendment referencing to Clause 7 of [Sample Template for Procedures of Election of Directors] published by Taiwan Stock Exchange Market 3rd June 3rd June 2020.
Clause 4 Before the election begins, the chair shall appoint a number of persons <u>with shareholder status</u> to perform the respective duties of vote monitoring and counting personnel.	Clause 4 Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.	Amendment referencing to Clause 9 of [Sample Template for Procedures of Election of Directors] published by Taiwan Stock Exchange Market 3rd June 3rd June 2020.
Clause 5 The ballot boxes shall be <u>prepared</u> by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.	Clause 5 The ballot boxes shall be <u>set</u> by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.	Amendment referencing to Clause 9 of [Sample Template for Procedures of Election of Directors] published by Taiwan Stock Exchange Market 3rd June 3rd June 2020.

<u>Clause 6</u> <u>Clause Removed</u>	<u>Clause 6</u> <u>In the event that the nominee is a shareholder, the voter must state the nominee account name and account number in the "nominee" column of the ballot;</u> <u>If the nominee is a non-shareholder, the voter shall state the nominee's name and personal identity card number. However, in the event that the shareholder is a government authority or a legal entity or, the voter shall state the name of the government authority or legal entity or their representative.</u> <u>When there is more than one representative, then the name of each representative should be stated separately.</u> <u>When the shareholder is a legal entity, its representative may be elected as a member of the Board of Directors or a member of Supervisory Committee (if applicable).</u> <u>When there is more than one representative, they may each be elected, though they must not be elected simultaneously as both a member of the Board of Directors and a member of Supervisory Committee (if applicable).</u>	Amendment in accordance to the Correspondence 1080311451 dated at 25th April Year ROC 108 issued by Taiwan Stock Exchange Market stipulating nomination becomes compulsory for all public listed companies in Taiwan Stock Exchange Market. Shareholders may review the names, qualification, and information of nominees through the list of nominees prior to Shareholders Meeting. Identification of each nominee through shareholder's account number or national identification card has since become unnecessary and thus remove this clause.
<u>Clause 6</u>	<u>Clause 7</u>	Amendment of clause number.

Clause 7 Over the period when the Company is listed in Taiwan Emerging Market or Taiwan Stock Exchange Market, <u>the qualifications for the independent directors of the Company shall comply with Clause 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</u> The election of independent directors of the Company shall comply with Clause 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, <u>and shall be conducted in accordance with Clause 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.</u>	Clause 7.1 Over the period when the Company is listed in Taiwan Emerging Market or Taiwan Stock Exchange Market, the election of independent directors of the Company shall comply with Clause 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	1. Amendment of clause number. 2. Amendment referencing to Clause 4 of [Sample Template for Procedures of Election of Directors] published by Taiwan Stock Exchange Market 3rd June 3rd June 2020.
Clause 8 A ballot is invalid under any of the following circumstances : (1) The ballot was not prepared <u>by the authorized person with the right to convene meeting.</u> (2) and (3) Ignored (4) The stated nominee in ballot is inconsistent with the approved list__of	Clause 8 A ballot is invalid under any of the following circumstances : (1) The ballot was not prepared <u>according to such procedures.</u> (2) and (3) Ignored (4) The stated nominee in ballot is <u>a shareholder and his/her account's name and number is inconsistent with the approved list of</u>	Amendment of the first Paragraph in this Clause referencing to Clause 173 of Companies Act, shareholders may under specific circumstances such as (when the Board rejects the Notice of Shareholders Meeting) upon obtaining the approval of regulators, convene Shareholders

<u>nominees.</u> (5) Other words or marks are entered in addition to the number of voting rights allotted. <u>Paragraph removed</u> <u>Paragraph removed</u>	<u>shareholders, or when the stated nominee is a non-shareholder, his/her name and national identification card is incorrect.</u> (5) Other words or marks are entered in addition to the number of voting rights allotted, <u>names, and shareholder's number (identification card number)</u> (6) <u>The nominee's name or his/her shareholders number (identification number) has not been written.</u> (7) <u>Two or more nominees have been stated in one ballot.</u>	Meeting himself/herself. And Amendment of Subparagraph 1, Subparagraph 4, Subparagraph 5 in this Clause and remove Subparagraph 6 and Subparagraph 7 in accordance to Correspondence 1080311451 dated at 25th April Year ROC 108 issued by Taiwan Stock Exchange Market stipulating nomination becomes compulsory for all public listed companies in Taiwan Stock Exchange Market, stipulating shareholders may elect Board Members according to the list of nominees.
Clause 9 The Company's Board of Directors is elected according to their expertise and knowledge by the Company's Shareholders Meeting. The number of directors will be as specified in <u>Company's</u> Articles Of Association, with voting rights calculated separately for independent, non-independent director positions. Those receiving ballots representing the	Clause 9 The Company's Board of Directors is elected according to their expertise and knowledge by the Company's Shareholders Meeting. The number of directors will be as specified in <u>the</u> Articles Of Association, with <u>number</u> voting rights calculated separately for independent <u>or</u> non-independent director positions. Those receiving ballots representing the highest	

highest numbers of voting rights will be elected sequentially according to their respective numbers of votes, when <u>there is more than two persons shall receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, which the chair shall draw on behalf in the event of absentee.</u> Below Ignored.	numbers of voting rights will be elected sequentially according to their respective numbers of votes. <u>When the number of votes received by two or more persons become tally with each other, thus exceeding the specified number of positions, they shall draw lots to determine the winner, which the chair shall draw on behalf of the nominee in the event of missing the meeting.</u> Below Ignored.	
Clause 10 The voting rights shall be calculated on site immediately after the end of the poll, <u>and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.</u> <u>The ballots for the election shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Clause 189 of the Companies Act, the ballots shall be retained until the conclusion of the litigation.</u>	Clause 10 The voting rights shall be calculated on site immediately after the end of the poll.	Amendment referencing to Clause 11 of [Sample Template for Procedures of Election of Directors] published by Taiwan Stock Exchange Market 3rd June 3rd June 2020.

REGAL HOLDING CO., LTD.

Comparison Table of “Rules of Procedure for Shareholders Meeting” Before and After Revision

Proposal For The Amendment (Version 6.0)	Original Articles (Version 5.0)	Description
7. The Chair And Its Proxy (1) To (6) Ignored (7) Election or dismissal of directors, amendments to the Articles Of Associations, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Clause 185, Paragraph 1 of the Companies Act, Clause 26-1 and 43-6 of the Securities Exchange Act, Clause 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters	7. The Chair And Its Proxy (1) To (6) Ignored. (7) Election or dismissal of directors, amendments to the Articles Of Associations, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the company, or any matter under Clause 185, Paragraph 1 of the Companies Act, Clause 26-1 and 43-6 of the Securities Exchange Act, Clause 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the Shareholders Meeting. None of the above matters may be raised by an extraordinary motion ; and	Referencing to Clause 3 Paragraph 4 of [Sample Template for Rules of Procedure for Shareholders Meeting] as published by Taiwan Stock Exchange Market at 3 rd June Year ROC 109, therefore hereby amend announcement method as mentioned in Clause 7 Paragraph (7) of such Rules.

may be raised by an extraordinary motion. (8) Ignored.	<u>its main contents may be displayed at the website designated by regulators or the company, and the address of such webpage must be stipulated at the notice of Shareholders Meeting.</u> (8) Ignored.	
8. The Convention Of Meeting (1) The chair shall call the meeting to order at the appointed meeting time <u>and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. (2) To (3) Ignored.	8. The Convention Of Meeting (1) The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 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, the chair shall declare the meeting adjourned. (2) To (3) Ignored.	Referencing to Clause 9 Paragraph 2 of [Sample Template for Rules of Procedure for Shareholders Meeting] as published by Taiwan Stock Exchange Market at 3rd June Year ROC 109 and to enhance the Company's Corporate Governance and to protect shareholders' interests, therefore hereby amend the contents of Clause 8 Paragraph (1) of such Rules.

14. Voting Of Agenda (1) Ignored. (2) The election of directors or at a Shareholders 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 and the numbers of votes with which they were elected, <u>and the names of directors and not elected and number of votes they received.</u> (3) Ignored.	14. Voting Of Agenda (1) Ignored. (2) The election of directors or at a Shareholders 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 and the numbers of votes with which they were elected. (3) Ignored.	Referencing to Clause 14 Paragraph 1 of [Sample Template for Rules of Procedure for Shareholders Meeting] as published by Taiwan Stock Exchange Market at 3rd June Year ROC 109 and to enhance the Company's Corporate Governance and protect shareholders' interests, therefore hereby amend Clause 16 Paragraph (2) of such Rules.
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REGAL HOLDING CO., LTD.

Comparison Table of “Regulations Governing Loaning Of Funds and Making of Endorsements/Guarantees” Before and After Revision

Proposal For The Amendment (Version 3.0)	Original Articles (Version 2.0)	Description
Clause 2 The Amount Restrictions Of Loan To Others And The Conditions of Borrowers (1) Under Clause 15 of the Companies Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances : A. Where an inter-company or inter-firm business transaction calls for a loan arrangement; where business transactions shall mean any purchase or selling activities. B. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth ; where the definition of inter-company or	Clause 2 The Amount Restrictions Of Loan To Others And The Conditions of Borrowers (1) Under Clause 15 of the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances : A. Where an inter-company or inter-firm business transaction calls for a loan arrangement; where business transactions shall mean any purchase or selling activities. B. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth ; where the definition of inter-company or	Amendment in accordance to the Company's resolution in loaning of funds to its subsidiary Regal Jewelry Manufacture and to comply with [Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies], therefore hereby increases the loan limit to individual entity from 20% to 40% of the Company's net book value. Amendment of sentence structure.

inter-firm means Regal Holding shall hold at least 20% of common stocks in these companies. (2) The term "short-term" means one year, or when <u>the</u> Company's operating cycle exceeds one year, one operating cycle. The term "financing amount" means the cumulative balance of the Company's short-term financing. (3) The restriction in <u>such</u> <u>Clause</u> Paragraph <u>(1)</u> Subparagraph <u>B</u> shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly 100% of the voting shares, nor to loan of fund to <u>the</u> Company by any overseas Company in which <u>the</u> Company holds, directly or indirectly, 100% of the voting shares. However, the Company shall still comply with Clause 2 Paragraph <u>(5)</u> and Clause 3 of such Rules. <u>Clause Removed</u>	inter-firm means Regal Holding shall hold at least 20% of common stocks in these companies. (2) The term "short-term" means one year, or when Company's operating cycle exceeds one year, one operating cycle. The term "financing amount" means the cumulative balance of the Company's short-term financing. (3) The restriction in Paragraph <u>one</u> Subparagraph <u>two</u> shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly 100% of the voting shares, nor to loan of fund to <u>public</u> Company by any overseas Company in which <u>public</u> Company holds, directly or indirectly 100% of the voting shares. However, the Company shall still comply with Clause 2 Paragraph <u>6</u> and Clause 3 of such Rules. (4) <u>If a public Company has paid-in capital of not less than NT\$1 billion and it furthermore has joined a leasing association and stated that it will comply</u>	Amendment of sentence structure. Amend the existing Subparagraph (5) to (4) of such clause due to the deletion of existing clause (4) and to amend
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(4) When the responsible person(s) of <u>the</u> Company violates such Clause Paragraph (1) or the proviso of the preceding Paragraph, the responsible person shall bear joint and several liabilities with the borrower for repayment; if <u>the</u> Company suffers damage, the responsible person also shall be liable for damages. (5) The Limitation of Total Financing Amount And Single Financing Amount A. Where an inter-company or inter-firm business transaction calls for a loan arrangement; the total financing amount shall not exceed 40 percent of the lender's net worth, and the single financing amount shall not exceed the amount of purchase or selling transactions between both parties. B. Where an inter-company or inter-firm short-term	<u>with the self-regulatory rules, and has complied with the requirements of Clause 4 Paragraph 1 Subparagraph 4, the restriction in Clause 4 Paragraph 1 Subparagraph 2 shall not apply to its provision of short-term financing, provided, however, that the amount loaned by it may not exceed 100 percent of its net worth.</u> (5) When the responsible person(s) of <u>a</u> Company violates such Clause Paragraph <u>one</u> or the preceding Paragraph, the responsible person shall bear joint and several liabilities with the borrower for repayment; if Company suffers damage, the responsible person also shall be liable for damages. (6) The Limitation of Total Financing Amount And Single Financing Amount A. Where an inter-company or inter-firm business transaction calls for a loan arrangement; the total financing amount shall not exceed 40 percent of the lender's	sentence structure. Amend the existing Subparagraph (6) to (5) of such clause due to the deletion of existing clause (4) and to increase the loan limit to individual entity from 20% to 40% of the Company's net book value.
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financing facility is necessary, provided that the total financing amount or the single financing amount shall not exceed <u>forty</u> percent of the lender's net worth.	net worth, and the single financing amount shall not exceed the amount of purchase or selling transactions between both parties. B. Where an inter-company or inter-firm short-term financing facility is necessary, provided that the total financing amount or the single financing amount shall not exceed <u>twenty</u> percent of the lender's net worth.	
Clause 3 Term of Loan And Interest On Loan Calculation (1) <u>In the event that the Company should provide short term working capital loan to others and its term of loan has expired by one year tenure, it must not be repaid by borrower in any other forms but cash, and the term of loan must not be extended by Board Meeting.</u> Below Ignored.	Clause 3 Term of Loan And Interest On Loan Calculation (1) <u>The term of loan shall expire within one year or one operating cycle (whichever is longer) starting from the day when the loan is released to the borrower, and shall be extended upon the approval of Board Meeting.</u> Below Ignored.	Amendment in accordance to the Company's resolution in loaning of funds to its subsidiary Regal Jewelry Manufacture and to comply with regulations of short term loan tenure as mentioned in Clause 3 of [Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies], therefore hereby amend Clause 3 Paragraph (1) of such Regulation.
Clause 6 Filing And Custodian <u>The</u> Company shall prepare a	Clause 6 Filing And Custodian Company shall prepare a memorandum book for its	Amendment of sentence structure.

memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated according to such Regulations.	fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated according to such Regulations.	
Clause 7 Other Terms & Conditions of Loan To Others (1) and (2) Ignored (3) Except for The "certain monetary limit" mentioned in Clause two Paragraph (5), the loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending Company. (4) to (6) Ignored (7) While the Company loans to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall	Clause 7 Other Terms & Conditions of Loan To Others (1) and (2) Ignored. (3) Except for The "certain monetary limit" mentioned in Clause two Paragraph <u>six</u>, the loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending Company. (4) to (6) Ignored. (7) <u>In the event that there are independent directors within the Company</u> while the Company loans to others, it shall take into full consideration each independent director's opinions; independent directors' opinions	Amendment in accordance to the removal of Clause 2 Paragraph (4) of existing Regulations, therefore hereby amend the sentence structure of such clause Paragraph (3). Amendment of sentence structure.

be included in the minutes of the Board of Directors' meeting.	specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.	
Clause 9 Disclosure Paragraph (1) Ignored. (2) When Company's loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence. "Date of occurrence" in such Regulations means the date of contract signing, date of payment, dates of Board of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier. Subparagraph A and B Ignored. C. The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as	Clause 9 Disclosure Paragraph (1) Ignored. (2) When the Company's loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence. "Date of occurrence" in such Regulations means the date of contract signing, date of payment, dates of Board of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier. Subparagraph A and B Ignored. C. The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its	Amendment of sentence structure.

stated in its latest financial statement. (3) The Company shall announce and report on behalf of any subsidiary thereof that is not a public Company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph <u>C</u> of the preceding Paragraph. (4) The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing <u>procedures</u>.	latest financial statement. (3) The Company shall announce and report on behalf of any subsidiary thereof that is not a public Company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph <u>three</u> of the preceding Paragraph. (4) The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing <u>principles</u>.	
Clause 11 Enactment And Amendment (1) Ignored. (2) When the Company submits its Operational Procedures for Lending Funds to Others for discussion by the Board of Directors under the preceding Paragraph, the Board of Directors shall	Clause 11 Enactment And Amendment (1) Ignored. (2) <u>Besides, in the event that there are independent directors within the Company</u> when it submits its Operational Procedures for Lending Funds to Others for discussion by	Amendment of sentence structure.

take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the Board of Directors meeting. (3) When the Company adopts or amends its Operational Procedures for Loaning Funds to Others, the procedures or amended procedures shall require the approval of one-half or more of all Audit Committee members, and furthermore shall be submitted for a resolution by the Board of Directors, and the Paragraph <u>(2)</u> of such clause shall not apply. Below Ignored.	the Board of Directors under the preceding Paragraph, the Board of Directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the Board of Directors meeting. (3) When the Company adopts or amends its Operational Procedures for Loaning Funds to Others, the procedures or amended procedures shall require the approval of one-half or more of all Audit Committee Members, and furthermore shall be submitted for a resolution by the Board of Directors, and the provisions of Paragraph <u>two</u> shall not apply. Below Ignored.	
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REGAL HOLDING CO., LTD.

Comparison Table of “Regulations Governing the Acquisition and Disposal of Assets” Before and After Revision

Proposal For The Amendment (Version 4.0)	Original Articles (Version 3.0)	Description
Clause 3 Definitions 1) To 9) Ignored. <u>10) Substantial Subsidiary: A subsidiary that meets the conditions of Clause 2-1 of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants or Clause 5 of the Relevant Regulations Governing the Auditing and Attestation of Financial Statements of Financial Institutions by Engaged Certified Public Accountants.</u>	Clause 3 Definitions 1) To 9) Ignored. <u>Newly Added Paragraph</u>	Referencing to the amendment of Clause 6 in such Regulations, thereby adding the definition of Substantial Subsidiary in Paragraph 10) of such Clause.
Clause 5 Evaluation In The Acquisition And Disposal Of Securities 1) Evaluation Process A To B Ignored. C. In the event that the Company acquires or disposes securities, it shall prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period,	Clause 5 Evaluation In The Acquisition And Disposal Of Securities 1) Evaluation Process A To B Ignored. C. In the event that the Company acquires or disposes securities, it shall prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period,	Correction of punctuations marks.

certified or reviewed by a certified public accountant for taking reference in the appraisal of transaction price, and should also take into account the requirements stipulated in Clause 6 Paragraph 3. Below Ignored.	certified or reviewed by a certified public accountant for taking reference in the appraisal of transaction price, and should also take into account the requirements stipulated in Clause 6 Paragraph 3. Below Ignored.	
Clause 6 Evaluation In The Acquisition And Disposal Of Property, Plant, And Equipment 1) Ignored. 2) Standard Operating Procedures A. Authorization Limit & Level <u>In the event that the Company and its substantial subsidiaries acquires or disposes any property, plant, and equipment below NT\$ 25,000,000, they should be approved according to the Company's Authorization Policy. For any transactions that fall between NT\$ 10,000,000 to NT \$25,000,000, it should be subsequently reported to the most current Board Meeting from the transaction date. In the event of transactions exceeding NT \$25,000,000, they should be approved in advance by Board Meeting.</u>	Clause 6 Evaluation In The Acquisition And Disposal Of Property, Plant, And Equipment 1) Ignored. 2) Standard Operating Procedures A. Authorization Limit & Level <u>In the event that the Company and its substantial subsidiaries acquires or disposes any property, plant, and equipment above NT\$ 10,000,000, they should be approved by Board Meeting in advance. For any transactions below NT\$ 10,000,000, they should be approved by Chief Executive Officer and</u>	In order to enhance the operation effectiveness and Corporate Governance of the Company's substantial subsidiaries, therefore referencing to the acquisition amount of material properties, plants, and equipment by the Company's substantial subsidiaries, hereby amending the amount of assets acquisition that needs to be approved in advance by Board Meeting, increasing from NT# 10,000,000 to NT# 25,000,000 for the Company and its substantial

<u>When non substantial subsidiaries acquire or dispose any Property, Plant, And Equipment below NT\$ 10,000,000, they should be approved according to the Company's Authorization Policy, and for any transactions exceeding NT\$ 10,000,000, they should be approved in advance by Board Meeting.</u> Below Ignored.	<u>Chairman.</u> Below Ignored.	subsidiaries.
Clause 8 Evaluation In The Acquisition Of Memberships Or Intangible Assets <u>1) In the event that the Company acquires or disposes any Memberships or Intangible Assets below NT\$ 10,000,000, they should be approved according to the Company's Authorization Policy. For any transactions exceeding NT\$ 10,000,000, they should be approved in advance by Board Meeting.</u> <u>2) In the event that the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions</u>	Clause 8 Evaluation In The Acquisition Of Memberships Or Intangible Assets <u>Newly Added Paragraph</u> In the event that the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a	Amendment referencing to the definitions of assets as stipulated in Clause 3 of [Regulations Governing the Acquisition and Disposal of Assets by Public Companies], and to enhance the operation effectiveness and Corporate Governance of the Company's substantial subsidiary, thereby adding Paragraph 1) in such Clause stipulating the amount of acquisition or disposals of

with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	intangible assets that needs to be approved in advance by Board Meeting.
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REGAL HOLDING CO., LTD.

The Company's "Rules of Procedures for Directors' Meetings"

1. Purposes

To establish a strong governance system and sound supervisory capabilities for the Company's Board of Directors and to strengthen management capabilities, such Rules are adopted pursuant to [Regulations Governing Procedure for Board of Directors Meetings of Public Companies].

2. Scopes

With respect to the Board of Directors meetings ("Board Meetings") of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of such Rules.

3. Meeting Notification and Meeting Materials

- (1) The Board of Directors shall meet at least quarterly.
- (2) Before the shares are traded on the ESM or listed on the TPEX or TSE, at least 48 hours' notice in advance shall be given for any meeting of the Board provided that in the case of urgent circumstances, Board Meeting may be convened with shorter meeting notice, or either upon notifying each Board Members or upon the approval of each Board Members, the Board Meeting may be convened without meeting notice. When the shares are traded on the ESM or listed on the TPEX or TSE, a meeting notice should be furnished to each Board Member seven (7) days in advance prior to the scheduled meeting date. However, in the case of urgent circumstances, Board Meeting may be convened with shorter notice by complying with the Applicable Public Company Rules. A notice may be sent via electronic means if it has been agreed by Board Members.
- (3) All matters set forth under Clause 11 Paragraph 1 of such Rules shall be specified in the notice of the reasons for convening a Board Meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.
- (4) The designated unit responsible for the Board Meetings of the Company shall be the Secretary of Board
- (5) The unit responsible for Board Meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.
- (6) A director who is of the opinion that the meeting materials provided is insufficient may request their supplementation by the unit responsible for Board Meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the Board of Directors.

4. Preparation of Attendance Book, Board of Directors, And Other Documents

- (1) When Board Meeting is held, an attendance book shall be provided for signing-in by

attending directors, which shall be made available for future reference.

- (2) Directors shall attend Board Meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with the Company's Articles of Association. Attendance by videoconference will be deemed attendance in person.
- (3) A director who appoints another director to attend a Board Meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.
- (4) The proxy referred to in Paragraph (2) may be the appointed proxy of only one person.

5. Principles for Determining The Place And Time Of Board Meeting

The premises and business hours of convening the Board Meeting shall be located at the Company's premise and within business hours or at places and times convenient for Board Members to attend.

6. The Chair and Proxy

- (1) In the event that the Company's Board Meetings should be convened by the chairperson, it shall then be chaired by the chairperson. However, in the event that the first Board Meeting of the newly elected Board of Directors should be called by the director receiving the most votes under cumulative voting system, it should also be chaired such director.; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.
- (2) Where the Board Meeting is convened by a majority of directors on their own initiative in accordance with Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Companies Act, the directors shall choose one person by and from among themselves to chair the meeting.
- (3) When the chairperson of the Board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.

7. Reference Materials, Non-Voting Participants, and Holding Board Meetings

- (1) When a Board Meeting is held, the management (or the designated unit responsible for the Board Meetings) shall furnish the attending directors with relevant materials for ready reference.
- (2) Depending on content of a proposal to be put forward at a Board Meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants.
- (3) The chair shall call the Board Meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.
- (4) If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such

postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with Clause 3 Paragraph 2 of such Rules.

- (5) The number of "all directors," as used in the preceding Paragraph and in Clause 15 Paragraph 2 Subparagraph 2, shall be counted as the number of directors that actually in office.

8. Documentation of a Board Meeting By Audio Or Video

- (1) Proceedings of a Board Meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.
- (2) If any litigation arises with respect to a resolution of a Board Meeting before the end of the retention period of the preceding Paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.
- (3) Where a Board Meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

9. Meeting Agenda

Agenda for regular Board Meeting of the Company shall include at least the following:

- (1) Matters to be reported:
 - A. Minutes of the last meeting and action taken.
 - B. Important financial and business matters.
 - C. Internal Audit Report.
 - D. Other important matters to be reported
- (2) Matters for discussion:
 - A. Agendas for continued discussion from the last meeting.
 - B. Agendas for discussion at such meeting.
- (3) Extraordinary motions.

10. Discussion of Agenda

- (1) A Board Meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the Board Meeting.
- (2) The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.
- (3) At any time during the course of a board Meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Clause 7 Paragraph 4 shall apply mutatis mutandis.

11. Matters Requiring Discussion at Board Meeting

- (1) The matters listed below as they relate to the Company shall be raised for discussion at a Board Meeting:
 - A. The Company's business plan.
 - B. Annual financial report and in case necessary, the second quarter's financial report shall also be audited and attested by a certified public accountant (CPA).
 - C. Adoption or amendment of an internal control system pursuant to Clause 14-1 of the

- Securities and Exchange Act and assessment of the effectiveness of the internal control system.
- D. Adoption or amendment, pursuant to Clause 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
 - E. The offering, issuance, or private placement of equity-type securities.
 - F. The appointment or discharge of a financial, accounting, or internal audit officer.
 - G. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following Board of Directors meeting for retroactive recognition.
 - H. Any matter that, under Clause 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a Shareholders Meeting or Board Meeting, or any material matter as may be prescribed by the competent authority.
- (2) The term "related party" in Subparagraph G of the preceding Paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1 year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.
- (3) The term "within a 1-year period" in the preceding Paragraph means a period of 1 year calculated retroactively from the date on which the current Board of Directors meeting is convened. Amounts already submitted to and passed by a resolution of the Board are exempted from inclusion in the calculation.
- (4) At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a Board Meeting as provided in the (1) Paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the Board Meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the Board Meeting minutes.

12. Voting-I

- (1) When the chair at a Board Meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.
- (2) When a proposal comes to a vote at a Board Meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

- (3) One voting method for proposals at a Board Meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:
- A. A show of hands or a vote by voting machine.
 - B. A roll call vote.
 - C. A vote by ballot.
 - D. A vote by a method selected at the Company's discretion.
- (4) "Attending directors," as used in the preceding two Paragraphs does not include directors that may not exercise voting rights pursuant to Clause 14.

13. Voting-II

- (1) Except where otherwise stated in Securities and Exchange Act and the Companies Act, the passage of a proposal at a Board Meeting shall require the approval of a majority of the directors in attendance at a Board of Directors Meeting attended by a majority of all directors.
- (2) When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If anyone among them is passed, the other proposals shall then be deemed rejected and no further voting on them shall be required.
- (3) If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.
- (4) Voting results shall be made known on-site immediately and recorded in writing.

14. Recusal System for Directors

- (1) If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.
- (2) In the event that the spouse or any second-degree relatives of the Board of Director, or any legal entity which has controlling relationship with the Director himself/herself should have any conflict of interest with meeting agenda, the Director in question shall deemed having such conflict of interest himself/herself.
- (3) Where a director is prohibited from exercising voting rights with respect to a resolution at a Board Meeting under related laws, the provisions of Clause 180 Paragraph 2 of the Companies Act apply mutatis mutandis in accordance with Clause 206 Paragraph 4 of the same Act.

15. Meeting minutes and Signatures

- (1) Discussions at a Board Meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:
- A. The meeting session (or year) and the time and place of the meeting.
 - B. The name of the chair.
 - C. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.

- D. The names and titles of those attending the meeting as non-voting participants.
- E. The name of the minute taker.
- F. The matters reported at the meeting.
- G. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as prescribed in Paragraph (1) of preceding Clause, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Clause 11 Paragraph 4.
- H. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, expert, or other person; the name of any director that is an interested party as prescribed in Paragraph 1 of preceding Clause, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.
- I. Other matters required to be recorded.

- (2) The occurrence of any of the following circumstances, with respect to a resolution passed at a Board Meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:
 - A. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
 - B. Resolution that is adopted with the approval of two-thirds or more of all directors, though without having been passed by the Audit Committee of the Company.
- (3) The attendance book constitutes part of the minutes for each Board Meeting and shall be retained for the duration of the existence of the Company.
- (4) The minutes of Board Meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company.
- (5) The meeting minutes as mentioned in Paragraph 1 may be produced and distributed in electronic form.

16. The Delegation Principles of Board Meeting

Except as stated otherwise in Clause 11 Paragraph (1) for matters that must be approved by Board Meeting, the Board may delegates the authorities to the Chair in executing on behalf of the Board over the recess period on the following scopes or matters:

- (1) Represent the Company within the scopes of the Company's business activities.
- (2) Act in accordance to the Company's authorities delegation principle and other related regulations for that matter.
- (3) Review the Company's Accounting system, financial situations, and financial reporting procedures.
- (4) Review the procedures of acquisition and disposal of substantial assets, trading of

- derivative products, providing loans to others, providing guarantees to others, and other substantial financial and business operations related procedures.
- (5) Communicate with the Company's Certified Public Accountant
 - (6) Review and evaluate internal auditors and their work.
 - (7) Review and evaluate the Company's internal control policy.
 - (8) Evaluate, review, and supervise the Company's inherent risks.
 - (9) Verify the Company's compliance of laws and regulations.
 - (10) Verify matters related to Board Members' recusal in light of conflict of interest or lack of impartiality as mentioned in Clause 14, in particularly substantial related party transactions, acquisition or disposal of assets, trading of derivative products providing loan to others, providing guarantees to others or the setting up of investment oriented Company and others.
 - (11) In case for the purpose of enhancing the Company's working capital, be the person in charge for matters in regard to credit limit and conditions of loan suggested by each financial institutions, and shall report the progress to the Board subsequently.
 - (12) In case for the purpose of enhancing the Company's working capital, and provide guarantees to others by and acquire or dispose assets within the limit imposed in related rules and regulations, and shall report the progress to the Board subsequently.
 - (13) The appointment of the Board of Directors and representatives in subsidiaries (including overseas branches).
 - (14) Restructuring of the Company's organization and the amendment of regulations.
 - (15) Evaluate the qualification of the Company's Certified Public Accountants and nomination of suitable nominees.
 - (16) Other authorities delegated by Board Meeting.

17. Supplementary provisions

The resolution to enact such Rules of Procedure shall be agreed by the Board and shall also report in Shareholders Meeting. The Board may be authorized to pass any resolution of amending such Rules subsequent to the enactment.

REGAL HOLDING CO., LTD.

The Company's "Codes of Ethical Conduct for directors and managerial officers"

1. Enactment and Reference

Purpose Of And Basis For Adoption : In recognition of the necessity to establish the codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, and managerial officers of the Company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Company) to act in line with ethical standards, and to help the Company's interested parties better understand the ethical standards of the Company.

Reference : The Company's Enactment of such guidelines is referencing to the Correspondence 0930005101 dated at 28th October Year ROC 93 issued by Taiwan Securities & Futures Bureau and correspondence 0930028186 dated at 11th November Year ROC 93. The Company may also develop respective codes of ethical conduct for different managerial officers.

The Company may also develop respective codes of ethical conduct for different managerial officers.

2. Scopes

The Company takes its individual circumstances and needs into consideration to adopt a code of ethical conduct that addresses at least the following eight matters:

(1) Prevention Of Conflicts Of Interest:

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the Company, as for example when a director or managerial officer of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, or managerial officer works. The Company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors and managerial officers to voluntarily explain whether there is any potential conflict between them and the Company.

(2) Minimizing Incentives To Pursue Personal Gain:

The Company shall prevent its directors or managerial officers from engaging in any of the following activities:

A. Seeking an opportunity to pursue personal gain by using the Company's property or information or taking advantage of their positions.

B. Obtaining personal gain by using the Company's property or information or taking advantage of their positions.

C. Competing with the Company.

When the Company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.

(3) Confidentiality:

The directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

(4) Fair Trade:

Directors and managerial officers shall treat all suppliers and customers, competitors, and employees of the Company fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

(5) Safeguarding and Proper Use of The Company's Assets:

All directors and managerial officers have the responsibility to safeguard the Company's assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.

(6) Legal Compliance:

The Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

(7) Encouraging Reporting On Illegal Or Unethical Activities:

The Company shall raise awareness of ethics internally and encourage employees to report to Audit Committee, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the Company shall establish a concrete and anonymous whistle-blowing system and make employees aware that the Company will use its best efforts to ensure the safety of whistle blowers and protect them from reprisals.

(8) Disciplinary measures:

When a director or managerial officer violates the code of ethical conduct, the Company shall handle the matter in accordance to the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the Company establish a relevant complaint system to provide the violator with remedies.

3. Procedures for exemption

The code of ethical conduct adopted by the Company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of

the Board of Directors, and that information on the date on which the Board of Directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the Board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

4. Method of disclosure

The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its Company website, in its annual reports and prospectuses and on the MOPS.

5. Enforcement

Such Code including its amendment shall be effective after it has been approved by Audit Committee, Board of Directors, and Shareholders Meeting.

REGAL HOLDING CO., LTD.

The Company's "Rules of Election of Directors"

Clause 1

The Company would like to enact such procedures according to the rules and regulations of Taiwan Stock Exchange Market aiming to establish a sound system for the election of Board of Directors.

Except as otherwise provided by law and regulation or by the Company's Articles Of Associations, elections of directors shall be conducted in accordance with such Procedures.

Clause 2

The election of the Company's Board Of Directors shall base on cumulative voting method, and each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Clause 2.1

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

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

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

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

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

The Board of Directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

Clause 2.2

Elections of directors at the Company shall be conducted in accordance with the candidate

nomination system and procedures set out in Clause 192-1 of the Companies Act.

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

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

Clause 3

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

Clause 4

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

Clause 5

The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

Clause 6

The independent directors and non-independent directors should be elected in the same Shareholders Meeting with their votes being calculated separately and both positions should also be appointed respectively.

Clause 7

Over the period when the Company is listed in Taiwan Emerging Market or Taiwan Stock Exchange Market, the qualifications for the independent directors of the Company shall comply with Clause 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The election of independent directors of the Company shall comply with Clause 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Clause 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Clause 8

A ballot is invalid under any of the following circumstances :

- (1) The ballot was not prepared by the authorized person with the right to convene meeting.
- (2) A blank ballot is placed in the ballot box.
- (3) The writing is unclear and indecipherable or has been altered.
- (4) The stated nominee in ballot is inconsistent with the approved list of nominees.
- (5) Other words or marks are entered in addition to the number of voting rights allotted.

Clause 9

The Company's Board of Directors is elected according to their expertise and knowledge by the Company's Shareholders Meeting. The number of directors will be as specified in Company's Articles Of Association, with voting rights calculated separately for independent, non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes, when there is more than two persons shall receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, which the chair shall draw on behalf in the event of absentee.

In the event that two nominees are appointed simultaneously as directors according to the procedures mentioned in preceding Paragraph, the nominees shall at their discretion decide who should be appointed. When the personal credentials of the elected candidates have not been genuine after verification or when the appointment does not comply with related laws of public listed companies, the vacant position shall then be replaced by the remaining nominees with the most votes subsequent to the void appointment aforementioned.

Supervisory Board is unnecessary in the event that the Company has already appointed an Audit Committee.

Clause 10

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

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

Clause 11

The appointment of directors should be invalidated in the event of incompliance with related laws (meaning Securities And Exchange Act Clause 26.3 Paragraph 3 & Paragraph 4).

Clause 12

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

Clause 13

The enactment and amendment of such Procedures should be approved by Board Meeting and by Shareholders Meeting through ordinary resolution.

REGAL HOLDING CO., LTD.

The Company's "Rules of Procedures for Shareholders' Meetings"

1. References

The rules and procedures for the Company's Shareholders Meeting, except otherwise stated by law or the Articles of Association, shall comply with such Rules.

2. Preparation Of Documents Such As The Attendance Book

- (1) The Company shall specify in its Shareholders Meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
- (2) The time during which shareholder attendance registrations will be accepted, as stated in the preceding Paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
- (3) Shareholders and their proxies (collectively named as shareholders) shall attend Shareholders Meeting based on attendance cards, sign-in cards, or other certificates of attendance, and the Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- (4) The Company shall furnish 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, pre-printed ballots shall also be furnished.
- (6) When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders Meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

3. Calculation Of Attendance based on numbers of shares

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

4. Principles Determining The Time And Place Of A Shareholders Meeting

The venue for a Shareholders Meeting shall be located at the Company's premises or at a place easily accessible to shareholders and suitable for a Shareholders Meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

5. Appoint professionals and related personnel To Attend Shareholders Meeting

When necessary, the Company may appoint its certified public accountants, attorneys, or other professionals to attend Shareholders Meeting. Conference coordinators shall wear an identification card or armband bearing the word "Proctor."

6. Documentation Of A Shareholders Meeting By Audio Or Video

- (1) 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 Shareholders Meeting, and the voting and vote counting procedures.
- (2) The recorded materials mentioned at the preceding Paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Clause 189 of the Companies Act, the recording shall be retained until the conclusion of the litigation.

7. The Chair And Non-Voting Participants Of A Shareholders Meeting

- (1) The Shareholders Meeting of the Company shall be convened by the Board of Directors except stated otherwise by laws. In the event that the shareholders' meeting is convened by the Board, it shall then be chaired by the chairperson of the Board. When the chairperson of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
- (2) When a managing director or a director serves as chair, as referred to in the preceding Paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.
- (3) It is advisable that Shareholders Meeting convened by the Board of Directors be chaired by the chairperson of the Board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
- (4) If a Shareholders Meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- (5) Before the Company is listed in Taiwan Stock Exchange Market, the meeting notice of the Company's Shareholders Meeting shall be convened 5 days in advance according to Clause 20.1 of the Company's Articles Of Associations. After the Company is listed in Taiwan Stock Exchange Market, The Company shall prepare electronic versions of the Shareholders Meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular Shareholders Meeting or before 15 days before the date of a special Shareholders Meeting. The Company

shall prepare electronic versions of the Shareholders Meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular Shareholders Meeting or before 15 days before the date of the special Shareholders Meeting. In addition, before 15 days before the date of the Shareholders Meeting, the Company shall also have prepared the Shareholders Meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

- (6) The reasons for convening a Shareholders Meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- (7) Election or dismissal of directors, amendments to the Articles of Associations, reduction of capital, application for the approval of ceasing its status as a public Company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Companies Act Clause 185, Paragraph 1, Clause 26-1 and 43-6 of the Securities Exchange Act, Clause 56-1 and Clause 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the Shareholders Meeting. None of the above matters may be raised by an extraordinary motion.
- (8) Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the Shareholders Meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

8. Commencement Of Meeting

- (1) The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
- (2) If the quorum is not met after two postponements as referred to in the preceding Paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Clause 175, Paragraph 1 of the Companies Act; all shareholders shall be notified of the tentative resolution and another Shareholders Meeting shall be convened within one month.
- (3) When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders Meeting pursuant to Clause 174 of the

Companies Act.

9. Discussion Of Proposals

- (1) It is advisable that Shareholders Meeting that are convened by the Board should be attended by a majority of the Board Members.
- (2) If a Shareholders Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders Meeting.
- (3) The provisions of the preceding Paragraph apply mutatis mutandis to a Shareholders Meeting convened by a party with the power to convene that is not the Board of Directors.
- (4) The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two Paragraphs (including extraordinary motions) except by a resolution of the Shareholders Meeting. If the chair declares the meeting adjourned in violation of such rules and procedures, 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 or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

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 account name. The Chair shall decide the appropriate speaking sequence of each shareholder.
- (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 5 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 Shareholders 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.

11. Convening Shareholders Meetings And Shareholders Meeting Notices

- (1) After the Company is listed in Taiwan Stock Exchange Market, any 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 regular Shareholders Meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. Shareholders may propose a recommendation for the Company to promote corporate social responsibility and responsible business practices, provided procedurally the number of items so proposed is limited only to one in accordance with Clause 172-1 of the Companies Act, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any Paragraph of Clause 172-1, Paragraph 4 of the Companies Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

- (2) Prior to the book closure date before a regular Shareholders Meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- (3) Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular Shareholders Meeting and take part in discussion of the proposal.
- (4) Prior to the date for issuance of notice of a Shareholders Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of such Rules. At the Shareholders Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

12. Calculation Of Voting Shares And Recusal System

- (1) Attendance at Shareholders Meetings shall be calculated based on numbers 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 Shareholders Meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the Shareholders Meeting.
- (4) With respect to resolutions of Shareholders meeting, 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) When a shareholder is an interested party in relation to an agenda, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder must not either vote for himself/herself or exercise voting rights on behalf of other shareholders.

- (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 Republic of China trust enterprise or a shareholder services agent approved by the Republic of China competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 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) According to the laws of stock exchange market, when a shareholder holds shares on behalf of others, the shareholder may exercise split voting, provided however the qualifications, scopes, methods, operating procedures and other matters of split voting shall comply with the requirements of enacted by Financial Supervisory Commission.

13. Voting Rights

- (1) Any shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Clause 179, Paragraph 2 of the Companies Act.
- (2) At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, and each proposal shall be voted separately by shareholders and the voting results base on the numbers of votes for and against and the number of abstentions shall be uploaded into the MOPS on the same day the shareholders' meeting is held.
- (3) In the event that the Board Members is holding the Company's shares, and the shares that had been pledged by the Board Members are exceeding 50% of the total shares held by such Director at the time of his latest appointment, and the exceeded part (meaning the part of pledged shares that are exceeding 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.
- (4) When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Shareholders Meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoids the submission of extraordinary motions and amendments to original proposals.
- (5) A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding Paragraph shall deliver a written declaration of intent to the Company before two days before the date of the Shareholders Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
- (6) After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the Shareholders Meeting in person, a written declaration of intent to retract the voting rights already exercised

under the preceding Paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the Shareholders Meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a Shareholders Meeting, the voting rights exercised by the proxy in the meeting shall prevail.

- (7) When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- (8) For each Shareholders Meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
- (9) A shareholder may issue only one proxy form and appoint only one proxy for any given Shareholders Meeting, and shall deliver the proxy form to the Company before five days before the date of the Shareholders Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
- (10) After a proxy form has been delivered to the company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

14. Voting of Motions

- (1) Except as otherwise provided in the Companies Act and in the Company's Articles of Association, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.
- (2) The election of directors at a Shareholders 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 and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.
- (3) The ballots for the election shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to related laws, the ballots shall be retained until the conclusion of the litigation.

15. Votes 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 Shareholders Meeting proposals or elections shall be conducted in public at the place of the Shareholders Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

16. Meeting Minutes

- (1) Matters relating to the resolutions of a Shareholders Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
- (2) After being listed in Taiwan Stock Exchange Market, the Company may distribute the meeting minutes mentioned in the preceding Paragraph 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 voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.
- (4) The number of votes in each agenda and the total attending number of votes (Including both affirmative votes and dissenting votes) should be stipulated in the meeting minutes.
- (5) If matters put to a resolution at a Shareholders Meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Market (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

17. Recess And Resumption Of A 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 (including extraordinary motions) on the meeting agenda have been addressed, the Shareholders Meeting may adopt a resolution to resume the meeting at another venue.
- (3) A resolution may be adopted at a Shareholders Meeting to defer or resume the meeting within five days in accordance to Clause 182 of the Companies Act.

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 an identification card or 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 Shareholders 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.

19. Enactment And Amendment

The enactment and amendment of such Rules should be approved by Board meeting and ordinary resolution by Shareholders Meeting.

REGAL HOLDING CO., LTD.

The Company's "Guideline for Loaning Funds to Others"

Clause 1 Purposes

In the event of providing loan to others (hereby named as Borrowers) in light of business necessities, the Company shall comply with such regulations. In case of any matters that have not been mentioned herein, they shall be executed in accordance to related laws and regulations.

Clause 2 Amount Restrictions of Providing Loan to Others and the Conditions of Borrowers

- (1) The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:
 - A. Where an inter-company or inter-firm business transaction calls for a loan arrangement;
 - B. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth.
- (2) The term "short-term" means one year or when the Company's operating cycle exceeds one year, one operating cycle. The term "financing amount" means the cumulative balance of the Company's short-term financing.
- (3) The restriction in such Clause Paragraph (1) Subparagraph B shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly 100% of the voting shares, nor to loan of fund to the Company by any overseas Company in which the Company holds, directly or indirectly, 100% of the voting shares. However, the Company shall still comply with Clause 2 Paragraph (5) and Clause 3 of such Regulations.
- (4) When the responsible person(s) of the Company violates such Clause Paragraph (1) or preceding Paragraph, the responsible person shall bear joint and several liabilities with the borrower for repayment; if the Company suffers damage, the responsible person also shall be liable for damages.
- (5) The Limitation of Total Financing Amount And Single Financing Amount
 - A. Where an inter-company or inter-firm business transaction calls for a loan arrangement; the total financing amount shall not exceed 40 percent of the lender's net worth, and the single financing amount shall not exceed the amount of purchase or selling transactions between both parties.
 - B. Where an inter-company or inter-firm short-term financing facility is necessary, provided that the total financing amount or the single financing amount shall not exceed forty percent of the lender's net worth.

Clause 3 Loan Repayment Term and Interest On Loan Calculation

- (1) In the event that the Company should provide short term working capital loan to others and its term of loan has expired by one year tenure, it must not be repaid by borrower in any other forms but cash, and the term of loan must not be extended by Board Meeting.
- (2) The interest on loan should be calculated on a daily basis, by multiplying the total loan payable amount on each day (Accumulation of interest bearing method) with the interest rate per annum and then divided by 365. The interest rate per annum should never be lower than the average interest rates in short term loans charged to the Company by financial

institutions.

- (3) Except as stated otherwise, the interest on loan should be repaid on a monthly basis, and the Company should notify and remind the borrowers of the pre-agreed monthly interests repayment date one week in advance prior to the actual repayment date.

Clause 4 Method of Review

(1) Credit Assessment

- A. In the event that the Company provides loan to others, the borrowers shall firstly submit necessary credentials and financial information to the Company for credit limit applications.
- B. Upon receiving the application from the borrowers, the financial department of the Company shall prepare a report indicating its investigation and evaluation of the borrowers' business activities, financial stability, current ratio and credibility, profitability, and loan purpose.
- C. Financial department shall perform investigation, comprehensive due diligence and evaluation towards the borrowers, and the scopes of evaluation shall at least include the followings:
 - a. The necessity of and reasonableness of extending loans to others.
 - b. Review the borrowers' financial stability and evaluate whether the loan is inevitable for the borrowers.
 - c. To decide whether the accumulated amount of loan to others is still within the limit.
 - d. Impact on the Company's business operations, financial condition, and shareholders' equity.
 - e. Whether collateral must be obtained and appraisal of the value thereof.
 - f. Attach the credit assessment and risk evaluation report of the borrowers.
- D. When the Company engages in short-term financing under Clause 2 Paragraph 4, in addition to complying with the preceding Paragraph, furthermore shall perform enhanced risk assessment for, respectively, unsecured financing, financing to enterprises in any single industry, and financing to any single group of affiliated enterprises or members of a single corporate group, and shall prescribe limits on the amounts that may be loaned in such financing.

(2) Indemnity

When the Company provides loan to others, it should obtain a secured promissory note having an amount that is equivalent to the loan, mortgage related current assets or properties in case necessary, and should evaluate the value of collateral to ensure the Company's right as a legitimate creditor. In the event that the debtors are guaranteed by natural person or legal entity with sound credibility instead of applying the loan through collateral, the Board may consider the related credit assessment report as valid reference. However, the Board shall also pay attention as to whether being a guarantor is allowable in the Articles of Associations of the legal entity.

(3) Loan Granting And Notification

- A. Upon the completion of credit assessment and evaluation, in the event that the Board should reject the borrowers' loan application, the responsible person shall then reply to borrowers in due course the reasons of decline.
- B. Subsequent to credit assessment and evaluation, in the event that the Board accepts the loan application, the responsible person should in due course notify in details to the borrowers the terms and conditions of loan, limit, loan tenure, interests rates, collateral and guarantor in details.

(4) Agreement Signing And Identity Verification

- A. The responsible persons should stipulate the terms and conditions of loan in writing for authorized persons and responsible departments' review prior to the agreement signing procedure.
 - B. The contents of agreement should always be consistent with the approved terms and conditions of loan and after the agreement has been signed by the borrowers and their guarantor, the responsible person should complete the identification procedures.
- (5) Loan Release
- The loan shall only be released to the borrowers subsequent to the approval of terms and conditions loan, agreement signature by the borrowers, the setting and registration of collateral and the completion of all necessary verification.

Clause 5 Subsequent Control Mechanism of Loans Provided To Others And The Policy Of Overdue Debts Handling

- (1) Upon the release of loan to borrowers, the Company shall review on a regular basis on the borrowers' business operation and financial stability while also evaluates their current ratio to ensure the Company's allowance of doubtful debts have been sufficiently provided. The Company should also put necessary discretion in evaluation towards the additional loan requests of the borrowers. In terms of collateral, the Company should always be vigilant on the value fluctuations and shall immediately report to the Chief Executive Officer and the Chair in the event of substantial changes for appropriate resolution.
- (2) The loan repayment by borrowers either upon or prior to term expiration should first settle interest payable and follow by principle amount before the Company revokes and then returns to the borrowers the revoked promissory notes or claims on collateral.
- (3) If the borrowers' loan term comes to an end, the borrowers should repay the principle and interests in full. In the event of loan tenure extension, it should be approved in advance by Board Meeting, and each extension should not be longer than 3 months and should be applied on a one time only principle. In case of payment default upon the expiration of loan tenure, the Company shall dispose the collateral and take necessary legal actions of debt recovery.

Clause 6 Filing and Custodian

The Company shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated according to such Regulations.

Clause 7 Important Matters in Providing Loan To Others

- (1) Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with such Regulations and the Company's Operational Procedures for Lending Funds to Others. The Company may loan funds to others only after the evaluation results under such Regulations have been submitted to and resolved upon by the Board of Directors. The Company shall not empower any other person to make such decision.
- (2) Loans of funds between the Company and its parent Company or subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the Board of Directors, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.
- (3) Except for The "certain monetary limit" mentioned in Clause two Paragraph (5), the loans

extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending Company.

- (4) The Company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify Audit Committee in writing of any material violation found.
- (5) If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of such Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.
- (6) The responsible person shall prepare the details of loan the Company provides to others in previous month and submitting them to Managements for review base on each authorization level by the sixth of each month.
- (7) While the Company loans to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Clause 8 The Control Mechanism towards the Providing Of Loan to Others in Subsidiaries

- (1) Where a subsidiary of the Company intends to make loans to others, the Company shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others in compliance with such Regulations, and it shall comply with the Procedures when loaning funds.
- (2) Subsidiaries shall prepare the details of loan they provide to others in previous month and submit to the Company for review by the 6th (excludes 6th itself) of each month.
- (3) The Company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify internal auditors in writing of any material violation found and the Company's auditors shall submit the documentation of such violation to Audit Committee.
- (4) When the Company's auditors auditing the Company's subsidiaries, the auditors should also comprehend the details in the providing of loan to others by the Company's subsidiaries, and shall follow up the corrective actions plans in case of any issues identified during audit before preparing and submitting the audit report to Audit Committee.

Clause 9 Disclosure of Information

- (1) The Company summarize necessary information within the 10th of each month before publishing and declaring the balance of loan amount that itself and its subsidiaries provide to others over previous month.
- (2) The Company's loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence. "Date of occurrence" in such Regulations means the date of contract signing, date of payment, dates of Board of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier.
 - A. The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial

statement.

- B. The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
 - C. The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.
- (3) The Company shall announce and report on behalf of any subsidiary thereof that is not a public Company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph C of the preceding Paragraph.
 - (4) The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

Clause 10 Penalties

In the event of violation towards such regulations by the Company's managers or person in charge, depending on the extent of the breach, the penalties shall be imposed according to related codes of the Company.

Clause 11 Enactment and Amendment

- (1) Such regulations shall be approved by Audit Committee Meeting and Board Meeting before the approval of Shareholders Meeting, and it shall also be applicable to the subsidiaries of the Company. In the event that any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to Audit Committee Meeting and shareholders Meeting. The same shall apply to any amendments to the Procedures.
- (2) When the Company submits its Operational Procedures for Loaning Funds to Others for discussion by the Board of Directors under the preceding Paragraph, the Board of Directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the Board of Directors meeting.
- (3) When the Company adopts or amends its Operational Procedures for Loaning Funds to Others, the procedures or amended procedures shall require the approval of one-half or more of all Audit Committee Members, and furthermore shall be submitted for a resolution by the Board of Directors, and the Paragraph (2) of such clause shall not apply.
- (4) If the approval of one-half or more of all Audit Committee Members as required in the preceding Paragraph is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
- (5) The terms "all Audit Committee Members" and "all directors" in Paragraph 4 shall be counted as the actual number of persons currently holding those positions.

Clause 12 Supplementary Provision

Any matters that are not mentioned herewith shall be executed according to the related laws and regulations.

REGAL HOLDING CO., LTD.

The Company's "Regulations Governing Acquisition or Disposal of Assets"

Clause 1 Purpose

Such Regulations are being enacted for the enhancement of assets management, securing investment and to implement transparency, the company shall acquire or dispose its assets in accordance with such Regulations.

Clause 2 Scopes of Assets

- 1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- 2) Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- 3) Memberships.
- 4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- 5) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- 6) Derivatives.
- 7) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- 8) Right-of-use assets.
- 9) Other Major Assets

Clause 3 Definitions

- 1) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- 2) Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Clause 156-3 of the Companies Act.
- 3) Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4) Professional appraiser: Refers to a real property appraiser or other person duly authorized by

law to engage in the value appraisal of real property or equipment.

- 5) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- 6) Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- 7) Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- 8) Securities exchange: "Domestic Securities Exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- 9) "Within The Preceding Year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with such Regulations need not be counted toward the transaction amount.
- 10) Substantial Subsidiary: A subsidiary that meets the conditions of Clause 2-1 of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants or Clause 5 of the Relevant Regulations Governing the Auditing and Attestation of Financial Statements of Financial Institutions by Engaged Certified Public Accountants.

Clause 4 Exclusion of Related Parties

- 1) Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
 - A. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
 - B. May not be a related party or de facto related party of any party to the transaction.
 - C. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related

parties or de facto related parties of each other.

- 2) When issuing an appraisal report or opinion, the personnel referred to in the preceding Paragraph shall comply with the following:
 - A. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
 - B. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
 - C. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
 - D. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Clause 5 Evaluation In The Acquisition And Disposal Of Securities

- 1) Evaluation Process
 - A. The acquisition or disposal of securities in secondary market should be decided through either the shareholding percentage or current price at the time when the transactions take place.
 - B. In the event of acquisition or disposal of securities in non-secondary market, the company should take into consideration its net value of share per unit, profitability, future potential, interest rates risk of bonds or debentures, the credibility of its debtors, and as well referencing both the appraisal of securities and investment experts and current securities price before the company should decide the transaction price.
 - C. In the event that the Company acquires or disposes securities, it shall prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant for taking reference in the appraisal of transaction price, and should also take into account the requirements stipulated in Clause 6 Paragraph 3.
- 2) Standard Operating Procedures
 - A. Authorization Limit & Level

In the event of the company's acquisition and disposal of securities fall below NT\$10,000,000, they should be approved by both the Chief Executive Officer and Chairman before subsequently reporting to the most current Board Meeting. For any transaction exceeds NT\$10,000,000, they should be approved by Board Meeting in advance.
 - B. Responsible Department

It should be executed by Finance Department
 - C. Transaction Flow

The acquisition and disposal of assets shall be executed in accordance to the related

Internal Control Policies of the company.

3) Professional Appraisal

In the event that the Company acquires or disposes securities, it shall prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

In the event that the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Clause 6 Evaluation In The Acquisition And Disposal Of Property, Plant, And Equipment

1) Evaluation Process

The acquisition and disposal of the Company's property, plant, and equipment shall be executed in accordance to the company's Internal Control Policies in Fixed Assets.

2) Standard Operating Procedures

A. Authorization Limit & Level

In the event that the Company and its substantial subsidiaries acquires or disposes any property, plant, and equipment below NT\$ 25,000,000, they should be approved according to the Company's Authorization Policy. For any transactions that fall between NT\$ 10,000,000 to NT \$25,000,000, it should be subsequently reported to the most current Board Meeting from the transaction date. In the event of transactions exceeding NT \$25,000,000, they should be approved in advance by Board Meeting. When non substantial subsidiaries acquire or dispose any Property, Plant, And Equipment below NT\$ 10,000,000, they should be approved according to the Company's Authorization Policy, and for any transactions exceeding NT\$ 10,000,000, they should be approved in advance by Board Meeting.

B. Responsible Department

The acquisition and disposal of assets shall be reviewed in accordance to authorization policy as mentioned in preceding Paragraph before execution by both User and Responsible Departments

C. Transaction Flow

The acquisition and disposal of assets shall be executed in accordance to the related Internal Control Policies of the company.

3) Professional Appraisal

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or

more, the company, unless transacting with Republic of China's government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors ; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
 - D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- 4) In the event that the Company acquires or disposes assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Clause 7 Acquisition Of Property, Plant, And Equipment From Related Parties

- 1) When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised as mentioned in Clause 6, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
- 2) When the company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 Republic Of China's government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not

proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and Audit Committee:

- A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- B. The reason for choosing the related party as transaction counterparty.
- C. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3) of such Clause.
- D. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- E. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Paragraph.
- G. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts aforementioned shall be made in accordance with Clause 31 Paragraph 2 of [Regulations Governing the Acquisition and Disposal of Assets by Public Companies], 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 need not be counted toward the transaction amount.

With respect to the acquisitions and disposals of properties, plants, and equipment between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital for business operation purpose, the company's Board of Directors may delegate the Board's Chairman to decide such matters when the transaction is within 10% of fully paid authorized capital and subsequently report to the next Board of Directors Meeting.

- H. When a motion is submitted to the Board for approval as mentioned in such Paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors Meeting.
- I. When a motion is submitted to the Audit Committee for approval as mentioned in such Paragraph, shall first be approved by one-half or more of all Audit Committee members.
- J. If approval of one-half or more of all Audit Committee Members as required in the preceding Subparagraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors Meeting.
- K. The terms "all Audit Committee members" as mentioned in such Regulations shall be counted as the actual number of persons currently holding those positions.

3) The Reasonableness Of The Cost Of Transactions

- A. In the event that the company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:
 - a. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 - b. Total loan value appraisal from a financial institution where the related party has

previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

- B. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding Subparagraph.
- C. In the event that the Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding Paragraphs 3 Subparagraph A and Subparagraph B, it shall also engage a CPA to check the appraisal and render a specific opinion.
- D. In the event that the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 1) and Paragraph 2) and Paragraph 3 Subparagraph A, Subparagraph B, and Subparagraph C do not apply:
 - a. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
 - b. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
 - c. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
 - d. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
- E. In the event that the results of the Company's appraisal conducted in accordance with Paragraph 3 Subparagraph A and Subparagraph B are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 3) Subparagraph F of such Clause. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA has been obtained, this restriction shall not apply:
 - a. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Clause, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - (3) Where the Company acquires real property or obtaining real property right-of-use assets through leasing from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

- b. Completed transactions involving neighboring or closely valued parcels of land aforementioned refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value within a year; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within a year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- F. When the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Paragraph 3 of such Clause are uniformly lower than the transaction price, the following steps shall be taken:
- a. A special reserve shall be set aside in accordance with Clause 41 Paragraph 1 of the Republic of China Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to invest in the company, then the special reserve called for under Clause 41 Paragraph 1 of the Republic of China Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the Company.
 - b. The company's independent directors in Audit Committee shall comply with Clause 218 of Republic of China Companies Act.
 - c. Actions taken pursuant to a. and b. shall be reported to a Shareholders Meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- G. The Company and the public company that uses equity method to invest in the company that has set aside a special reserve under the preceding Subparagraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
- H. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Paragraph 3) Subparagraph F and Subparagraph G if there is other evidence indicating that the acquisition was not an arm's length transaction.

Clause 8 Evaluation In The Acquisition Of Memberships Or Intangible Assets

- 1) In the event that the Company acquires or disposes any Memberships or Intangible Assets below NT\$ 10,000,000, they should be approved according to the Company's Authorization Policy. For any transactions exceeding NT\$ 10,000,000, they should be approved in advance by Board Meeting.
- 2) In the event that the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company 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.

Clause 9 Derivatives Transactions

The transaction of derivatives should be executed in accordance to the company's Derivatives Transaction Internal Control Policy.

Clause 10 Merger, De-Merger, Acquisition, And Transfer of Shares Between Corporations

- 1) 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 it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company with a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- 2) The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the Shareholders Meeting and include it along with the expert opinion referred to in preceding Paragraph when sending shareholders notification of the Shareholders Meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a Shareholders Meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the Shareholders Meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the Shareholders Meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next Shareholders Meeting.
- 3) A company participating in a merger, demerger, or acquisition shall convene a Board of Directors Meeting and Shareholders Meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a Board of Directors Meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
 - A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - B. Dates of material events: Including the signing of any letter of intent or memorandum of

understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors Meeting.

- C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors Meeting. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Subparagraphs A and Subparagraph B of such Paragraph to FSC for recordation. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company and should abide by such Paragraph.
- 4) Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- 5) In the event that the Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
- A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - B. An action, such as a disposal of major assets that affects the company's financial operations.
 - C. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
 - D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock
 - E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- 6) The contract of merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- A. Handling of breach of contract.
 - B. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

- D. The manner of handling changes in the number of participating entities or companies.
 - E. Preliminary progress schedule for plan execution, and anticipated completion date
 - F. Scheduled date for convening the legally mandated Shareholders Meeting if the plan exceeds the deadline without completion, and relevant procedures.
- 7) After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's Shareholders Meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another Shareholders Meeting to resolve on the matter anew.
- 8) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by Paragraph 3, Paragraph 4, and Paragraph 7 of such Clause.

Clause 11 Publications

- 1) In the event that the Company meets any of the following circumstances upon the acquisition and disposal of assets, it shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
- A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - B. Merger, demerger, acquisition, or transfer of shares.
 - 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.
 - D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - a. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - b. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
 - E. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold

shall be a transaction amount reaching NT\$1 billion or more.

- 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 furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- G. Where an asset transaction other than any of those referred to in the preceding six Subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - a. Trading of domestic government bonds.
 - b. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

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 transaction counterparty within the preceding year.
- C. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
- D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding Paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with such Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

In the event that the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission

The company during the acquisition or disposal of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act

provides otherwise.

- 2) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding Paragraph, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
- A. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - B. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - C. Change to the originally publicly announced and reported information.

Clause 12 Penalties

The acquisition and disposal of assets should be executed in accordance to such Regulations, and in the event of a breach of regulations, penalties should be imposed according to the company's policy depending on the significance of violations.

Clause 13 Enactment And Amendment

The enactment and amendment of such Regulations should be approved by Audit Committee Meeting and Board Meeting prior to the approval by Shareholders Meeting. In the event that the company has appointed independent directors, and when the company has submitted the enactment or amendment of such Regulations to the Board as aforementioned, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors Meeting.

In the event that the company has appointed an Audit Committee, any enactment or amendment of such Regulations have to be approved by more than half of the members in Audit Committee before submitting to the Board for approval. If approval of one-half or more of all Audit Committee Members is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors Meeting.

Clause 14 Other Matters

Any matters that are not mentioned herein shall be executed according to the related laws and regulations.

REGAL HOLDING CO., LTD.

Current Shareholding of All Directors

As of April 24th, 2021, the cut-off date of the shareholder's 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	% (Note 1)	shares	% (Note 2)
Chairman	Solar Jewelers Group Corp. Representative : PHACHARAPON PHAIBOONSUNTORN	2020.06.17	13,760,000	35.83%	13,760,000	35.85%
Director	Hyperion Trading Co., Ltd. Representative : SARAYUTH MUNGCHITVITSAVAKORN	2020.06.17	1,463,682	3.81%	1,463,682	3.81%
Director	Orlog Global Co., Ltd. Representative : LIN, CHIU-I	2020.06.17	889,117	2.32%	889,117	2.32%
Director	Unique Global Investment Inc. Representative : LIN, CHIN-SAN	2020.06.17	398,000	1.04%	398,000	1.04%
Independent Director	LEE, TSUNG-PEI	2020.06.17	-	-	-	-
Independent Director	YEH, KUANG-CHOU	2020.06.17	-	-	-	-
Independent Director	GUAN, JYH-LIANG	2020.06.17	-	-	-	-
Shareholding of all Directors		Total	16,510,799	43%	16,510,799	43.02%

Note 1: The total amounts of issued shares as of April 19th, 2020 were 38,400,000 shares.

Note 2: The total amounts of issued shares as of April 24th, 2021 are 38,386,000 shares.

Note 3: The Article 26 of the Securities and Exchange Act is inapplicable to the Company.

REGAL HOLDING CO., LTD.

Appendix 8

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 19th, 2021 to April 29th, 2021. The proposals must be sent to the Company before 5 P.M., April 29th, 2021. The aforesaid information has been publicly announced on the Market Observation Post System.
3. None of the shareholders proposes to the Company during this year's period for proposals.