



REGAL HOLDING CO., LTD.

Annual General Shareholders' Meeting 2023

Meeting Handbook

Time: May 26th, 2023 (Friday) at 9 a.m.

**Venue: GIS Taipei Tech Convention Center-Room 303 (3F, No.1, Sec.3,
Zhongxiao E. Rd., Taipei City, Taiwan) Everlight Building, Taipei
University of Technology.**

PDF files of the Handbook is available at:
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REGAL HOLDING CO., LTD

Agenda for 2023 Annual General Shareholders' Meeting

Time : May 26th, 2023 (Friday) at 9 a.m.

Venue : GIS Taipei Tech Convention Center-Room 303 (3F, No.1, Sec.3, Zhongxiao E. Rd., Taipei City, Taiwan) Everlight Building, Taipei University of Technology.

Agenda :

1. Call the Meeting to Order

2. Chairman Remarks

3. Report Items

- (1) 2022 Operating Report
- (2) Audit Committee's Review Report
- (3) Report about 2022 Directors' Compensation
- (4) Report about 2022 Employees' Compensation
- (5) Amendments to some provisions of the Company's "Codes of Corporate Governance"
- (6) Amendments to some provisions of the Company's "Codes of Sustainable Development"
- (7) Report about the sub-subsidiary Regal Precious Metal Innovation Co., Ltd. (RPM) to acquire the land use rights of important subsidiary Regal Jewelry Manufacture Co., Ltd. (RJM)

4. Ratifications

- (1) Acknowledgement of 2022 Business Report and Financial Report
- (2) Acknowledgement of the Proposal of 2022 Earnings Distribution

5. Discussion Items

- (1) Amendments to some provisions of the Company's "Articles of Association"
- (2) Amendments to some provisions of the Company's "Rules And Regulations of Shareholders Meetings"
- (3) Amendments to some provisions of the Company's "Rules And Regulations of Assets Acquisition And Disposal"

6. Election Items

- (1) Re-election of the 6th term of Directors and Independent Directors

7. Other Proposals

- (1) Removal of Restriction about Business Strife Limitation Clause against the Company's new Directors

8. Extemporaneous Motions

7. Adjournment

Report Items

Proposal (1)

Subject : 2022 Operating Report

Descriptions :

1. Please refer to Attachment 1 (Page 13) for the Company's 2022 Report of Operating Performance.
2. Please review.

Proposal (2)

Subject : Audit Committee's Review Report

Descriptions :

1. Please refer to Attachment 2 (Page 14) for Audit Committee's Report.
2. Please review.

Proposal (3)

Subject : Report about 2022 Directors' Compensation

Descriptions :

1. Subject to the Article 38.3 of the Company's Articles of Association, the compensation of the Directors may be decided by the Board by reference to recommendation made by the Compensation Committee, the standard generally adopted by other enterprises in the same industry, and shall be paid in cash only.
2. 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 no less than one percent (1%) of the profit before tax as the employees' compensation and no higher than three percent (3%) as the directors' compensation.
3. For the year 2022, the Company's net income before income tax, net of provision for compensation to employees, was NT\$43,300,773 as audited by the accountants, and NT\$0 was provided for directors' remuneration at 0%.

4. Remunerations of Directors

December 31, 2022 Unit: NT\$000

Title	Name	Compensation of Directors								Total amount of A, B, C and D and their proportion to the net income (%)		Relevant remuneration as an employee								Total amount of A, B, C, D, E, F and G and their proportion to the net income (%)		Is there any remuneration from other invested businesses apart from subsidiaries?
		Remunerations (A)		Retirement allowance (B)		Remuneration from distribution(C)		Business execution expenses (D)				Salary, bonus, and special (E)		Retirement allowance (F)		Employees' Profit-Sharing Bonus (G)						
		The Company	All consolidated companies	The Company	All consolidated companies	The Company	All consolidated companies	The Company	All consolidated companies	The Company	All consolidated companies	The Company	All consolidated companies	The Company	All consolidated companies	The Company		All consolidated companies		The Company	All consolidated companies	
																Cash	Stock	Cash	Stock			
Director	Solar Jewelers Group Corp.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
	Representative: PHA CHARAPON PHAIBOONSUNTORN	—	—	—	—	—	—	—	—	—	—	1,995	6,425	—	342	87	—	87	—	2,082 4.78%	6,854 15.73%	N/A
Director	Hyperion Trading Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
	Representative: SARAYUTH MUNGCHITVITSAVAKORN	—	—	—	—	—	—	—	—	—	—	1,581	4,339	—	199	87	—	87	—	1,668 3.83%	4,625 10.62%	N/A
Director	Orlog Global Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
	Representative: LIN, CHIU-I	300	300	—	—	—	—	30	30	330 0.76%	330 0.76%	732	2,124	—	—	—	—	—	—	1,062 2.44%	2,454 5.63%	N/A
Director	Unique Global Investment Inc	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A
	Representative: LIN, CHIN-SAN	600	600	—	—	—	—	60	60	660 1.52%	660 1.52%	—	—	—	—	—	—	—	—	660 1.52%	660 1.52%	N/A
Independent Director	LEE, TSUNG-PEI	600	600	—	—	—	—	70	70	670 1.54%	670 1.54%	—	—	—	—	—	—	—	—	670 1.54%	670 1.54%	N/A
Independent Director	YEH, KUANG-CHOU	600	600	—	—	—	—	70	70	670 1.54%	670 1.54%	—	—	—	—	—	—	—	—	670 1.54%	670 1.54%	N/A
Independent Director	GUAN, JYH-LIANG	600	600	—	—	—	—	70	70	670 1.54%	670 1.54%	—	—	—	—	—	—	—	—	670 1.54%	670 1.54%	N/A

NOTE 1: Please state the policy, system, standard and structure of the remuneration payment for independent directors, and state the relevance to the amount of remuneration based on the responsibilities, risks, time and other factors: Please refer the Annual Report.

NOTE 2: Except as disclosed in the above table, the remuneration received by the directors of the company for providing services to all companies in the financial report (such as serving as a consultant for non-employees, etc.) in the most recent year: The consulting fee of Lin, CHIU-I was NT\$1,364 thousand dollars.

5. Please review.

Proposal (4)

Subject : Report about 2022 Employees' Compensation

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 no less than one percent (1%) of the profit before tax as the employees' compensation and no higher than three percent (3%) as the directors' compensation.
2. For the year 2022, the Company's net income before income tax, net of employee compensation, was NT\$43,300,773, and the 1% employee compensation was NT\$437,382, which will be paid in cash.

Proposal (5)

Subject : Amendments to some provisions of the Company's "Codes of Corporate Governance"

Descriptions :

1. Handle in accordance with Letter No. 1110004250 and No. 1110024366 issued by the Taiwan Stock Exchange.
2. To comply with the legal requirements, it is proposed to amend some provisions of the Company's "Codes of Corporate Governance", the comparison table for the revised provisions and the revised provisions itself, please refer to Attachment 3 (Page 15-19).
3. Please review.

Proposal (6)

Subject : Amendments to some provisions of the Company's "Codes of Sustainable Development"

Descriptions :

1. Handle in accordance with Letter No. 1110024366 issued by the Taiwan Stock Exchange.
2. To comply with the legal requirements, it is proposed to amend some provisions of the Company's "Codes of Sustainable Development", the comparison table for the revised provisions and the revised provisions itself, please refer to Attachment 4 (Page 20).

3. Please review.

Proposal (7)

Subject : Report about the sub-subsidiary Regal Precious Metal Innovation Co., Ltd. (RPM) to acquire the land use rights of important subsidiary Regal Jewelry Manufacture Co., Ltd. (RJM)

Descriptions :

1. In accordance with Article 15 of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies".
2. RPM leases 702 square meters (approximately 212 pings) of land from RJM for long-term business needs and RPM pays monthly rent of 7,500 baht to RJM for a total of 120 months from December 1st, 2022 to November 30th, 2032, please refer to Attachment 5 (Page 21) for the assessment of reasonableness of rent.
3. Please review.

Ratifications

Proposal (1)

【Proposed by the Board of Directors】

Subject : Acknowledgement of 2022 Business Report and Financial Report

Descriptions :

1. The Company's 2022 consolidated financial statements were audited by certified public accountant ("CPA") Mrs. CHANG, CHUN-YI and Mrs. CHAO, MIN-JU of KPMG.
2. Please refer to the Attachment 1 (Page 13) and the Attachment 6 (Page 22-28) for the business report, CPA audit report and the financial report.
3. Please proceed to the ratification.

Resolutions :

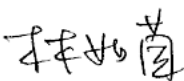
Proposal (2)**【Proposed by the Board of Directors】**

Subject : Acknowledgement of the Proposal of 2022 Earnings Distribution

Descriptions :

1. The company's net profit after tax in 2022 is NTD 32,529,020 and the undistributed surplus are listed in the following table:

Unit : NTD \$

Items	Amount
Beginning retained earnings	0
plus : Actuarial gain on defined benefit plans of 2022	1,178,264
plus : Special surplus reserve set aside from “reversed equity deduction” (Note 1)	0
plus : Net profit after tax of 2022	32,529,020
deduction : Provision of legal surplus reserve (10%)	(3,370,728)
Earnings distributable for 2022	30,336,556
deduction : Shareholders dividend-Cash (NT\$ 0.45 per share) 38,396,032 in total (Note 2)	(17,278,214)
Undistributed surplus at the end of period	13,058,342
Note 1 : The special surplus reserve is stipulated by Financial Supervisory Commission on April 6th, 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 38,396,032 outstanding shares of the company as of February 23rd, 2023 (the date when the company sent the notice of the 18th meeting of the fifth board of directors).	
Chairman 	General Manager 
Account Officer 	

2. After the above-mentioned cash dividends are approved by the ordinary shareholders' meeting, the chairman is authorized to set the ex-dividend base date, distribution date and other related matters.
3. The cash dividends of less than NTD 1 will be recorded as other income of the Company.
4. Please proceed to the ratification.

Resolutions :

Discussion Items

Proposal (1)

【Proposed by the Board of Directors】

Subject : Amendments to some provisions of the Company's "Articles of Association"

Descriptions :

1. Handle in accordance with Letter No. 1111704301 issued by the Taiwan Stock Exchange.
2. It is proposed to amend the Company's "Articles of Association" in accordance with regulations. Please refer to the Attachment 7 (Page 29-31) for the comparison table.
3. Please proceed to the discussion.

Resolutions :

Proposal (2)

【Proposed by the Board of Directors】

Subject : Amendments to some provisions of the Company's "Rules And Regulations of Shareholders Meetings"

Descriptions :

1. Handle in accordance with Letter No. 1110004250 issued by the Taiwan Stock Exchange.
2. In line with the opening of video conferences for shareholders' meetings by the competent authorities, and to encourage the company to hold physical shareholders' meetings with the aid of video, it is proposed to amend some provisions of the Company's "Rules And Regulations of Shareholders Meetings". Please refer to the Attachment 8 (Page 32-57) for the comparison table.
3. Please proceed to the discussion.

Resolutions :

Proposal (3)

【Proposed by the Board of Directors】

Subject : Amendments to some provisions of the Company's "Rules And Regulations of Assets Acquisition And Disposal"

Descriptions :

1. Handle in accordance with Letter No. 110380465 issued by the Financial Supervisory Commission.
2. Amendments to some provisions of the Company's "Rules And Regulations of Assets Acquisition And Disposal". Please refer to the Attachment 9 (Page58-75) for the comparison table.
3. Please proceed to the discussion.

Resolutions :

Election Items

Proposal (1)

【Proposed by the Board of Directors】

Subject : Re-election of the 6th term of Directors and Independent Directors

Descriptions :

1. The 5th term of directors and independent directors of the Company is expired on June 16th, 2023. It is proposed to re-election of the 6th term of Directors and Independent Directors in this General Shareholders' Meeting in advance, please refer to Attachment 10 (Page 76-78).
2. In accordance with Article 31.4 and 31.5 of the Articles of Association, “The number of Directors shall be no less than seven (7) and no more than eleven (11). The term of office for each Director shall not exceed a period of three (3) years provided that in the event the expiration of the term of office of such Directors would otherwise leave the Company with no Directors, the term of office of such Directors shall be extended automatically to the date of the general meeting next following the expiration of such term, at which new Directors will be elected to assume office. Directors may be eligible for re-election” and “shares being listed on the TPEx or TSE, the Directors may be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules.”
3. It is proposed to re-elect 6th term of 7 directors (including 3 independent directors). The term of newly elected directors (including independent directors) will be from the date of election for three years, from May 26th, 2023 to May 25th, 2026.
4. Please proceed to the election.

Resolutions :

Other Proposals

Proposal (1)

【Proposed by the Board of Directors】

Subject : Removal of Restriction about Business Strife Limitation Clause against the
Company's new Directors

Descriptions :

1. Subject to Article 47.4 of the Company's Articles of Association, a director who is engaged in anything on his own account or on behalf of another person, which is within the scope of the Company's business, shall explain in shareholders' meeting the essential contents of such conduct and seek approval.
2. On the premise that there's no infringement to the Company's benefit, it is proposed to remove the non-compete restriction against the newly elected director or its assigned representative for them to invest or operate other companies that have the same or similar business scope of the Company and be the director of the said company. Please refer to Attachment 11 (Page 79-80).

Resolutions :

Extemporary Motions

Adjournment

REGAL HOLDING CO., LTD.

2022 Operating Report

Although the new coronavirus epidemic situation gradually eased in 2022, after the outbreak of the war between Russia and Ukraine at beginning of the year, the world faced a series of chain effects of high inflation, interest rate rises by major central banks, and reduced non-essential spending by consumers. The international economy still faced lots of challenges. Under the significant turbulence of the global jewelry market, Regal Holdings was affected by customers' order adjustments from the first quarter. As a response, all colleagues in Regal Holdings adhered to the spirit of unremitting efforts, with the goal of the largest unit output value, adjusting the factory production capacity and organizational manpower, and improving the outsourcing strategy. At the same time, we reviewed and set the business strategy and action plan for each customer, and continued to expand the sales of accessories, and thus made a small profit throughout the year.

The consolidated operating income of Regal Holdings for 2022 was NTD 1,650,906 thousand dollars, a year-on-year decrease of 20.95%. The consolidated net profit after tax was NTD 43,559 thousand dollars, and the earnings per share was NTD 0.85. From the perspective of the jewelry manufacturing income portfolio, metalworking revenue decreased by approximately 19% annually, and the gross profit margin of metalworking in 2022 decreased slightly to 21.06% from the 27.78% in the previous year. This was mainly due to the increase in unit cost of products. The plating revenue decreased by about 15.22% year-on-year, however, the gross profit margin of plating increased to 14.85% from the 11.25% in the previous year, mainly due to high gross profit orders and the proper cost control of precious metal procurement.

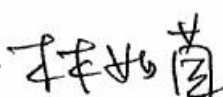
In order to effectively manage costs, we not only strengthened the monthly order and production line manpower adjustment mechanism, but also continued to improve the outsourcing strategy and upgrade the Group's software and hardware to enhance department efficiency. The overall operating expenses decreased by 12.23% compared to 2021. In the face of our major customers' strategy to increase their in-house production capacity and outsource highly difficult products, we continued to improve our production process and reduce unnecessary steps, while increasing new customers and product categories. In addition, in order to cope with the risk of fluctuations in international exchange rates and precious metal prices, we continued to adopt a conservative hedging strategy by dynamically adjusting the most suitable position for risk management, with the aim of minimizing the uncertainty of financial costs on profitability.

Looking ahead to 2023, although there are still uncertainties in the global market, such as war, high inflation and interest rate rises that affect consumer confidence. However, we believe that Regal Holding will continue to achieve good performance, delivering high quality products to our customers and consumers around the world. On behalf of the Board of Directors and the management team, we would like to sincerely thank all the shareholders of Regal Holding for their trust under many challenges. In 2023, we will continue to lead the Company forward and strive to create new growth opportunities for the Company and customers.

Chairman



General Manager



Account Officer



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

The Board of Directors has prepared the Company's 2022 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



February 23rd, 2023

REGAL HOLDING CO., LTD.

「Codes of Corporate Governance」 Amendment Table

Revised Version (5.0)	Existing Version (4.0)	Remarks
Article 6 The Board Shall Arrange In Due Care The Agenda And Procedures of Shareholders Meeting The board of directors of the Company shall properly arrange the agenda, procedures, and <u>method for holding</u> shareholders meetings, and formulate the principles and procedures for shareholder nominations of directors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders meetings at a convenient location, <u>advisably with videoconferencing available</u>, and sufficient time and number of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to speak. No changes to the below	Article 6 The Board Shall Arrange In Due Care The Agenda And Procedures of Shareholders Meeting The Board of Directors of the Company shall properly arrange the agenda <u>and</u> procedures for shareholders meetings, and formulate the principles and procedures for shareholder nominations of directors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders meetings at a convenient location, and sufficient time and number of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to speak. No changes to the below	In respect with the competent authorities in allowing video conferences of shareholders' meetings, and encourage companies to hold physical shareholders' meetings to be assisted by video assistance (video-assisted shareholders' meetings), and therefore amend Article 6 of this Code.

REGAL HOLDING CO., LTD.

「Codes of Corporate Governance」 Amendment Table

Revised Version (6.0)	Existing Version (5.0)	Remarks
Article 3.1 Personnel Responsible For Corporate Governance Affairs The Company is advised to have adequate number of corporate governance personnel with appropriate qualifications based on the size of the Company, business situations and management needs, and shall appoint in accordance with the requirements of the competent authorities, and shall appoint a Head of Corporate Governance according to related TWSE requirements. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in securities, financial, or futures related institution or a public Company in handling legal affairs, legal compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs. It is required that the corporate governance affairs mentioned in the preceding Clause should include at least the following items : 1) Handling matters relating to board meetings and shareholders meetings according to laws 2) Prepare minutes of board meetings and shareholders meetings 3) Assist in the appointment of and continuous enhancement of directors. 4) Furnish information required to	Article 3.1 Personnel Responsible For Corporate Governance Affairs The Company is advised to have adequate number of corporate governance personnel with appropriate qualifications based on the size of the Company, business situations and management needs, and shall appoint in accordance with the requirements of the competent authorities, and shall appoint a Head of Corporate Governance according to related TWSE requirements. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in securities, financial, or futures related institution or a public Company in handling legal affairs, legal compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs. It is required that the corporate governance affairs mentioned in the preceding Clause should include at least the following items : 1) Handling matters relating to board meetings and shareholders meetings according to laws 2) Prepare minutes of board meetings and shareholders meetings 3) Assist in the appointment of and continuous enhancement of directors. 4) Furnish information required to	According to the corporate governance 3.0-sustainable development blueprint planning and the result of consulting external opinions, the independent directors (including independent director candidates and current independent directors) qualification legal compliance matters are included in the function of the Head of Corporate Governance; and in order to strengthen this function, include the handling of changes of directors (including but not limited to the matters that should be handled in accordance with the regulations when the director of corporate governance receives the notice of resignation of a director or the reassignment of item 3 of Article 27 of the Company Law) into the function of the Head of Corporate Governance,. Paragraph 6) and Paragraph 7) are added.

directors for the execution of business matters. 5) Assist directors in legal compliance. <u>6) Report to the board of directors the results of its review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their tenure.</u> <u>7) Handle matters related to the change of directors.</u> <u>8) Other matters stipulated in the Articles of association or covenants.</u>	directors for the execution of business matters. 5) Assist directors in legal compliance. <u>Newly added Paragraph</u> <u>Newly added Paragraph</u> <u>6) Other matters stipulated in the Articles of association or covenants.</u>	
Article 17 Transactions between Company and its related enterprises should be based upon arm's length principle In the event that the Company and its related <u>parties and shareholders</u> enter into inter-Company transactions or <u>dealings</u>, a written agreement and procedures governing the relevant <u>financial</u> and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions <u>and inappropriate delivery of profits</u> shall be prohibited. <u>The written procedures mentioned in preceding Clause shall at a minimum include purchase and sells transactions, acquisition and disposal of assets, loan to other parties and guarantee for third parties and other management procedures, and relevant</u>	Article 17 Transactions between Company and its related enterprises should be based upon arm's length principle In the event that the Company and its related <u>companies</u> enter into inter-Company transactions, a written agreement and procedures governing the relevant business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited. <u>All transactions or contracts between the Company and its related persons and shareholders shall follow the principles set forth in the preceding Clause, and the improper deliver of profits is strictly prohibited.</u>	1. Amend the first Clause. The current provisions only regulate the written norms for the transactions between the Company and its affiliated enterprises. In order to strengthen the Company's management of related party transactions, written norms should also be formulated for the transactions between the Company, related parties and shareholders, the current second Clause shall be merged and moved to the first Clause, and the related contents shall be amended as appropriate. 2. Clause 2 is added, specifying that the

<u>major transactions shall be submitted to the Board of Directors for approval, and subsequently to shareholders' meeting for approval or reporting.</u>		written specification in the preceding Clause shall include management procedures for relevant transactions, and that major transactions shall be submitted to the board of directors for resolution and approval, or to the shareholders' meeting for approval or reporting.
Article 28 The Company shall establish audit committee The Company shall establish audit committee No changes to the below.	Article 28 The Company shall establish <u>either</u> audit committee or supervisory. The Company shall establish <u>either</u> audit committee <u>or supervisor</u>. No changes to the below.	According to the No. 10703452331 Order issued by the competent authority, all public listed companies should complete the establishment of audit committees in 2022, completely replacing the previous supervisory committee.
Article 30 Company is encouraged to set up whistleblowing channel and protection system No changes to the above The Company shall evaluate the independence and suitability of the CPA engaged by the Company regularly, and not less than once annually by <u>referencing to Audit Quality Indicators (AQI)</u>. In the event that the Company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall	Article 30 Company is encouraged to set up whistleblowing channel and protection system No changes to the above The Company shall evaluate the independence and suitability of the CPA engaged by the Company regularly, and not less than once annually. In the event that the Company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of	In order to improve the transparency of audit quality, "Corporate Governance 3.0- "Sustainable Development Blueprint" promotes audit quality indicators (AQIs) and encourages the audit committees of listed companies to refer to the AQI information provided by the accounting firm when evaluating the replacement of

evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.	replacing the CPA and submit its conclusion to the board of directors.	accounting firms.
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REGAL HOLDING CO., LTD.

「Codes of Sustainable Development」 Amendment Table

Revised Version (5.0)	Existing Version (4.0)	Remark
8.Preservation of Social Well Being (1) to (17) no changes (18) The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance. In addition, the Company is encouraged to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., devote resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.	8.Preservation of Social Well Being (1) to (17) no changes (18) The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance. In addition, the Company is encouraged to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., devote resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.	In order to encourage enterprises to support cultural and artistic activities and promote sustainable cultural development, clause (19) has been added.
<u>(19) The Company may continually devote its resources into cultural and artistic activities or cultural creative industries through donation, sponsorship, investment, procurement, strategic cooperation, corporate voluntary technical services or other ways of support to enhance cultural development.</u>	<u>Newly added</u>	

REGAL HOLDING CO., LTD.

Attachment 5

Assessment of Reasonableness of Rent

Regal Plating Co., Ltd.

	a	b	c = a/b
Purpose of Land Rental	Monthly Rental Fee Evaluated By Independent Real Estate Appraiser	Land Rental By Regal Plating In Square Meters	Land Monthly Rental Fee Per Square Meter
	Thai Baht		Thai Baht
Installation of Waste Water Treatment	3,887.00	514.00	7.56

Regal Precious Metal Co., Ltd.

	d	e	f=d*e+d	g	h = f*g	
Purpose of Land Rental	Land Monthly Rental Fee Per Square Meter By Regal Plating	Increment of Land Rental Fee Due To Different Business Activity	Land Monthly Rental By Square Meters	Land Rental By RPM In Square Meters	Monthly Land Rental Fee	Rounded Up Monthly Land Rental Fee
	Thai Baht	Thai Baht	Thai Baht	Thai Baht	Thai Baht	Thai Baht
Installation of Factory Building	7.56	40%	10.58	702.00	7,429.97	7,500.00

CPA Audit Report and Financial Report 2022



安侯建業聯合會計師事務所
KPMG

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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, 2022 and 2021, and the consolidated statements 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, 2022 and 2021, 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 Standards on Auditing of 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 matter that should be disclosed in this audit report is subsequent measurement of inventories.

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 the key audit matter 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2022 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 Chun-I Chang and Min-Ju Chao.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2023

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.

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

REGAL HOLDING CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(expressed in thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
11xx Assets					21xx Liabilities and Equity				
1100 Current assets:					2100 Current liabilities:				
1170 Cash and cash equivalents (note 6(a))	\$ 363,858	24	270,283	17	2100 Short-term loans (notes 6(g), (j) and 8)	\$ 196,702	13	44,264	3
1200 Trade receivables, net (notes 6(c) and (r))	378,604	25	535,849	35	2120 Financial liabilities at fair value through profit or loss (note 6(k))	-	-	1,075	-
1220 Other receivables (note 6(d))	8,993	1	7,766	-	2150 Notes payables	63	-	144	-
1220 Current tax assets	14,942	1	14,982	1	2170 Trade payables	18,798	1	17,380	1
130x Inventories (note 6(e))	327,498	21	371,176	24	2200 Other payables (note 6(s))	82,770	6	101,309	7
1470 Other current assets	22,945	2	12,001	1	2230 Current tax liabilities	7,962	1	36,979	2
Total current assets	1,116,840	74	1,212,037	78	2260 Current lease liabilities (note 6(l))	900	-	900	-
15xx Non-current assets:					2321 Bonds payable, current portion (note 6(k))	86,971	6	239,789	16
1517 Total non-current financial assets at fair value through other comprehensive income (note 6(b))	-	-	294	-	2399 Other current liabilities (note 6(r))	4,581	-	4,902	-
1600 Property, plant and equipment (notes 6(g), (j), 8 and 9)	361,699	23	300,895	19	Total current liabilities	398,747	27	446,742	29
1755 Right-of-use assets (notes 6(h) and (i))	1,193	-	1,186	-	25xx Non-current liabilities:				
1780 Intangible assets (note 6(i))	9,660	1	9,114	1	2570 Deferred tax liabilities (note 6(n))	49,342	3	61,537	4
1840 Deferred tax assets (note 6(p))	19,869	1	19,465	1	2580 Non-current lease liabilities (note 6(l))	304	-	304	-
1984 Other financial assets – non-current (note 8)	9,871	1	9,196	1	2640 Net defined benefit liabilities – non-current (note 6(m))	25,665	2	25,467	2
Total non-current assets	402,292	26	340,150	22	2645 Guarantee deposits received	4,606	-	3,493	-
					Total non-current liabilities	79,917	5	90,901	6
					Total liabilities	478,664	32	537,643	35
					2xxx Equity attributable to owners of the Company (notes 6(f), (k), (o) and (p))				
					31xx Common stock	383,960	25	383,893	25
					3200 Capital surplus	375,499	25	439,099	28
					33xx Retained earnings:				
					3310 Legal reserve	83,469	5	70,774	4
					3320 Special reserve	121,175	8	-	-
					3350 Accumulated deficits	33,708	2	133,870	9
						238,352	15	204,644	13
					Other equity:				
					3410 Exchange differences on translation of foreign financial statements	(46,369)	(3)	(116,635)	(7)
					3420 Losses from investments in equity instruments measured at fair value through other comprehensive income	(12,200)	(1)	(11,906)	(1)
						(58,569)	(4)	(128,541)	(8)
					Total equity attributable to owners of the Company:	939,242	61	899,025	58
					36xx Non-controlling interests (notes 6(f) and (o))	101,226	7	115,469	7
					3xxx Total equity	1,040,468	68	1,014,494	65
1xxx Total assets	\$ 1,519,132	100	\$ 1,552,207	100	2-3xxx Total liabilities and equity	\$ 1,519,132	100	\$ 1,552,207	100

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, 2022 and 2021

(expressed in thousands of New Taiwan Dollars, except earnings per share)

	2022		2021	
	Amount	%	Amount	%
4000 Operating revenues (note 6(r))	\$ 1,650,906	100	2,088,363	100
5000 Operating costs (notes 6(e), (g), (h), (i), (l), (m) and 12)	<u>1,328,911</u>	<u>81</u>	<u>1,600,569</u>	<u>77</u>
5900 Gross profit	<u>321,995</u>	<u>19</u>	<u>487,794</u>	<u>23</u>
6000 Operating expenses (notes 6(c), (g), (h), (i), (l), (m), (p), (s), 7 and 12):				
6100 Selling expenses	56,860	3	62,662	3
6200 Administrative expenses	153,276	9	169,104	8
6300 Research and development expenses	58,529	4	57,697	3
6450 Impairment loss determined in accordance with IFRS 9	<u>415</u>	<u>-</u>	<u>17,114</u>	<u>1</u>
Total operating expenses	<u>269,080</u>	<u>16</u>	<u>306,577</u>	<u>15</u>
6900 Operating income	<u>52,915</u>	<u>3</u>	<u>181,217</u>	<u>8</u>
7000 Non-operating income and expenses (notes 4, 6(k), (l) and (t)):				
7100 Interest income	1,393	-	368	-
7010 Other income	11,718	1	10,928	1
7020 Other gains and losses	15,649	1	18,699	1
7050 Finance costs	<u>(5,690)</u>	<u>-</u>	<u>(8,245)</u>	<u>-</u>
Total non-operating income and expenses	<u>23,070</u>	<u>2</u>	<u>21,750</u>	<u>2</u>
7900 Profit before income tax	75,985	5	202,967	10
7950 Less: income tax expenses (note 6(n))	<u>32,426</u>	<u>2</u>	<u>65,291</u>	<u>3</u>
8200 Profit for the period	<u>43,559</u>	<u>3</u>	<u>137,676</u>	<u>7</u>
8300 Other comprehensive income (notes 6(m) and (o)):				
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	1,268	-	(1,306)	-
8316 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	<u>(294)</u>	<u>-</u>	<u>(588)</u>	<u>-</u>
8349 Less: income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will not be reclassified subsequently to profit or loss	<u>974</u>	<u>-</u>	<u>(1,894)</u>	<u>-</u>
8360 Components of other comprehensive income that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign operations	78,963	5	(151,658)	(7)
8399 Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will be reclassified subsequently to profit or loss	<u>78,963</u>	<u>5</u>	<u>(151,658)</u>	<u>(7)</u>
8300 Other comprehensive income (loss)	<u>79,937</u>	<u>5</u>	<u>(153,552)</u>	<u>(7)</u>
8500 Total comprehensive income (loss)	<u>\$ 123,496</u>	<u>8</u>	<u>(15,876)</u>	<u>-</u>
8600 Profit attributable to (note 6(f)):				
8610 Owners of the Company	\$ 32,529	2	126,949	6
8620 Non-controlling interests	<u>11,030</u>	<u>1</u>	<u>10,727</u>	<u>1</u>
	<u>\$ 43,559</u>	<u>3</u>	<u>137,676</u>	<u>7</u>
Comprehensive income (loss) attributable to (note 6(f)):				
8710 Owners of the Company	\$ 103,680	7	(10,204)	-
8720 Non-controlling interests	<u>19,816</u>	<u>1</u>	<u>(5,672)</u>	<u>-</u>
	<u>\$ 123,496</u>	<u>8</u>	<u>(15,876)</u>	<u>-</u>
Earnings per share (New Taiwan dollars) (note 6(q))				
9750 Basic earnings per share	<u>\$ 0.85</u>		<u>3.32</u>	
9850 Diluted earnings per share	<u>\$ 0.85</u>		<u>2.83</u>	

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, 2022 and 2021
 (expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of the Company										Other equity		Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficits)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized losses on financial assets measured at fair value through other comprehensive income		Others	Total equity attributable to owners of the Company			
Balance at January 1, 2021	\$ 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	
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	-	(28,481)	28,481	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(19,193)	(19,193)	-	-	-	-	(19,193)	-	(19,193)	
Profit for the period	-	-	-	-	126,949	126,949	-	-	-	-	126,949	10,727	137,676	
Other comprehensive loss	-	-	-	-	(1,244)	(1,244)	(135,321)	(588)	-	-	(137,153)	(16,399)	(153,552)	
Total comprehensive income (loss)	-	-	-	-	125,705	125,705	(135,321)	(588)	-	-	(10,204)	(5,672)	(15,876)	
Conversion of convertible bonds	33	63	-	-	-	-	-	-	-	-	96	-	96	
Share-based payments	-	-	-	-	-	-	-	-	-	1,750	1,750	-	1,750	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	439	439	
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(36,914)	(36,914)	
Balance at December 31, 2021	383,893	439,099	70,774	-	133,870	204,644	(116,635)	(1,906)	-	-	899,095	115,469	1,014,564	
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve appropriated	-	-	12,695	-	(12,695)	-	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	121,175	(121,175)	-	-	-	-	-	-	-	-	
Cash dividends from capital surplus	-	(63,727)	-	-	-	-	-	-	-	-	(63,727)	-	(63,727)	
Profit for the period	-	-	-	-	32,529	32,529	-	-	-	-	32,529	11,030	43,559	
Other comprehensive income (loss)	-	-	-	-	1,179	1,179	70,266	(204)	-	-	71,151	8,786	79,937	
Total comprehensive income (loss)	-	-	-	-	33,708	33,708	70,266	(204)	-	-	101,680	19,816	121,496	
Conversion of convertible bonds	-	-	-	-	-	-	-	-	-	-	-	194	194	
Changes in non-controlling interests	67	127	-	-	-	-	-	-	-	-	194	990	990	
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(35,040)	(35,040)	
Balance at December 31, 2022	\$ 383,960	375,499	83,469	121,175	33,708	738,352	(46,369)	(17,200)	-	-	939,242	101,226	1,040,468	

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, 2022 and 2021
(expressed in thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 75,985	202,967
Adjustments:		
Adjustments to reconcile profit (losses):		
Depreciation expenses	57,831	51,390
Amortization expenses	2,867	3,766
Expected credit losses	415	17,114
Net loss on financial assets or liabilities at fair value through profit or loss	1,923	75
Interest expenses	5,690	8,245
Interest income	(1,393)	(368)
Share-based payments transactions	-	1,750
Gains on disposal of property, plant and equipment	(202)	(1,409)
Losses on disposal of intangible assets	29	-
Gain on disposal of investments	(101)	-
Unrealized foreign exchange losses (gains)	2,036	(9)
Loss on bond redemption	2,052	-
Expense arising from derecognition of intangible assets	-	247
Gain on lease modification	(17)	-
Total adjustments to reconcile profit	71,130	80,801
Changes in operating assets and liabilities:		
Trade receivables	154,396	(145,496)
Other receivables	(935)	12,804
Inventories	43,678	(73,374)
Other current assets	(10,944)	757
Total changes in operating assets	186,195	(205,309)
Notes payables	(81)	(309)
Trade payables	1,227	(9,940)
Other payables	(18,129)	9,785
Other current liabilities	(321)	452
Net defined benefit liabilities	(332)	(334)
Total changes in operating liabilities	(17,636)	(346)
Total changes in operating assets and liabilities	168,559	(205,655)
Total adjustments	239,689	(124,854)
Cash inflows generated from operations	315,674	78,113
Interest received	1,101	368
Interest paid	(591)	(2,885)
Income taxes paid	(72,906)	(19,792)
Net cash flows from operating activities	243,278	55,804
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(95,172)	(67,367)
Proceeds from disposal of property, plant and equipment	727	1,727
Acquisition of intangible assets	(2,823)	(2,549)
Increase in other financial assets—non-current	(675)	(715)
Net cash flows used in investing activities	(97,943)	(68,904)
Cash flows from (used in) financing activities:		
Increase in short term loans	188,210	620,100
Decrease in short-term loans	(44,264)	(920,009)
Repayments of bonds	(162,614)	-
Increase in guarantee deposits received	1,013	289
Payments of lease liabilities	(884)	(914)
Cash dividends paid	(63,727)	(19,193)
Changes in non-controlling interests	990	439
Cash dividends paid to non-controlling interests	(35,049)	(36,914)
Net cash flows used in financing activities	(116,325)	(356,202)
Effect of exchange rate changes on cash and cash equivalents	64,565	(34,672)
Net increase (decrease) in cash and cash equivalents	93,575	(403,974)
Cash and cash equivalents at the beginning of period	270,283	674,257
Cash and cash equivalents at the end of period	\$ 363,858	270,283

See accompanying notes to consolidated financial statements.

「Articles of Association」 Amendment Table

Proposed (Fifth Amendment)	Existing (Fourth Amendment)	Description
COMPANIES <u>ACT</u> (REVISED)	COMPANIES <u>LAW</u> (REVISED)	The law of Cayman has changed “Companies Law” to “Companies Act” and therefore the Company hereby amended page 1 and page 4 of its Articles of Association.
THE COMPANIES <u>ACT</u> (REVISED)	THE COMPANIES <u>LAW</u> (REVISED)	The law of Cayman has changed “Companies Law” to “Companies Act” and therefore the Company hereby amended page 2 and page 6 of its Articles of Association.
2. The Company’s registered office will be situated at the office of Portcullis (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, or at such other place in the Cayman Islands as the Directors may from time to time decide.	2. The Company’s registered office will be situated at the office of Portcullis <u>TrustNet</u> (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, or at such other place in the Cayman Islands as the Directors may from time to time decide.	The Company registrar has been changed from “Portcullis TrustNet (Cayman) Ltd.” to Portcullis (Cayman) Ltd and therefore the Company hereby amended page 2 Article 2 of its Articles of Association.
(xix) Law The Companies <u>Act</u> (as amended) of the Cayman Islands and every modification, reenactment or revision thereof for the time being in force;	(xix) Law The Companies <u>Law</u> (as amended) of the Cayman Islands and every modification, reenactment or revision thereof for the time being in force;	The law of Cayman has changed “Companies Law” to “Companies Act” and therefore the Company hereby amended page 8 of its Articles of Association.

1.1 In these <u>Sixth</u> Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively : No changes to the below	1.1 In these <u>Fifth</u> Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively : No changes to the below	To be aligned with the publication of Taiwan Stock Exchange Market number 11117043011 dated at 9 th of January ROC Year 111, and therefore the Company hereby amended its Articles of Association.
28.4 In case <u>the Member votes against or waives his or her voting rights</u> , the Member <u>may</u> file a request under Article 28.2, but <u>in the event that</u> no agreement is reached within 60 days since the resolution of the general meeting was made, the Company shall apply to the court for a ruling on the fair price against all the dissenting Members as the opposing party within 30 days after the 60-day period mentioned above. The Taiwan Taipei District Court may be the first court for this matter.	28.4 In case the Member <u>filing</u> a request under <u>the</u> Article 28.2, but no agreement is reached within 60 days since the resolution of the general meeting was made, the Company shall apply to the court for a ruling on the fair price against all the dissenting Members as the opposing party within 30 days after the 60-day period mentioned above. The Taiwan Taipei District Court may be the first court for this matter.	To be aligned with Article 12 Paragraph 7 of Business Mergers And Acquisitions Act, and therefore the Company hereby amended Article 28.4 in its Articles of Association.
28.5 <u>The shares which voting right has been waived as mentioned in preceding Paragraph shall not be counted as the number of shareholders' votes who are present in the meeting.</u>	<u>Addition of Paragraph</u>	To be aligned with Article 5 12 Paragraph 2 of Business Mergers And Acquisitions Act, and therefore the Company hereby added Article 28.5 in its Articles of Association.
47.5 Notwithstanding anything to the contrary contained in this Article 47, in the Merger, spin-off, or acquisition by the Company, a Director who has	47.5 Notwithstanding anything to the contrary contained in this Article 47, in the Merger, spin-off, or acquisition by the Company, a Director who has	To be aligned with Article 5 Paragraph 4 of Business Mergers And Acquisitions Act, and therefore the Company hereby amended

a personal interest in the transaction of Merger, spin-off, or acquisition shall explain to the Board and the general meeting the essential contents of such personal interest and the reasons of approval or dissent to the resolution of Merger, spin-off, or acquisition. <u>The Company shall stipulate these essential contents of Directors' personal interests and their reasons of approval or dissent to the resolution of Merger, spin-off, or acquisition in shareholders meeting agenda, and may publish the above contents on the website designated by the competent securities authority of R.O.C or on its website, and shall also indicate the website link in its Shareholders Meeting Notice.</u>	a personal interest in the transaction of Merger, spin-off, or acquisition shall explain to the Board and the general meeting the essential contents of such personal interest and the reasons of approval or dissent to the resolution of Merger, spin-off, or acquisition.	Article 47.5 of its Articles of Association.
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REGAL HOLDING CO., LTD.

「Rules And Regulations of Shareholders Meetings」 Amendment Table

Revised Version (7.0)	Existing Version (6.0)	Remarks
2. Preparation Of Documents Such As The Attendance Book (1) The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, <u>solicitors and proxies</u> (collectively "<u>shareholders</u>") 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 clause, shall be at least 30 minutes prior to the time the meeting commences. The place for attendance registrations shall be clearly marked and sufficient number of suitable personnel should be assigned to handle the registrations; <u>for virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u> (3) Shareholders shall attend shareholders meetings based on attendance cards, sign-in	2. Preparation Of Documents Such As The Attendance Book (1) The Company shall specify in its Shareholders Meeting notices the time when shareholder attendance registrations for shareholders 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 clause, shall be at least 30 minutes prior to the time the meeting commences. The place for attendance registrations shall be clearly marked and sufficient number of suitable personnel should be assigned to handle the registrations. (3) Shareholders <u>and their proxies</u> (collectively <u>named as shareholders</u>)	1. Clause (2) is amended to clarify the time and procedures for the registration of shareholders attending via video conference. 2. Clause (3) is amended in accordance with the shareholder abbreviation stipulated in clause (1). 3. Shareholders who intend to attend the shareholders' meeting via videoconference shall register with the Company within two days before the shareholders' meeting, and thus clause (7) is added. 4. In order to enable shareholders attending via video conference to read relevant materials such as agenda manual and annual report, the Company shall upload them to the video conference platform of the shareholders meeting, and hence clause (8) is added.

cards, or other certificates of attendance. 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) to (6) no changes <u>(7) In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.</u> <u>(8) In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u>	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) to (6) no changes <u>Newly added</u> <u>Newly added</u>	
2.1 Convene a virtual shareholders meeting, and matters that should be included in the convening notice <u>In the event that the Company</u>	<u>Newly added</u>	In order to ensure shareholders are aware of the relevant rights and restrictions on participation before the shareholders' meeting, it has been

<u>holds a virtual shareholders meeting, the following matters should be included in the shareholders meeting convening notice</u> <u>(1) How shareholders attend the virtual meeting and exercise their rights.</u> <u>(2) Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u> <u>A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u> <u>B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</u> <u>C. In case holding video assisted shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those shareholders attending the virtual shareholders meeting online and still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by _____ shareholders</u>		stipulated that the content of the shareholders' meeting convening notice should include the participation methods of video conference and shareholders' rights, and the ways of handling force majeure and obstacles, which at least should include the postpone of meeting and how long it should be postponed in the event that the meeting is interrupted, Standards for Handling Share Affairs of Public Listed Companies Article 44-20 Paragraph 1, Paragraph 2, Paragraph 4, and Paragraph 5, the handling method for all proposals that already have the results been announced without arbitrary motions, etc., and when the Company convenes a shareholders' meeting via videoconference, it shall clearly state the alternative measures for Participating shareholders who face difficulties in attending the meeting via video conference.
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<u>attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u> D. <u>Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u> (3) <u>To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</u>		
3. Calculation Of Attendance Based On Numbers of Shares Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, <u>and the shares checked in on the virtual meeting platform</u>, plus the number of shares whose voting rights are exercised by correspondence or electronically.	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.	Article 3 of these rules of procedure is amended to clarify that when the Company's shareholders' meeting is held by video conference, the total number of shares attended should include the number of shareholders who have completed the report via video conference.
4. Principles Determining The Time And Place Of A Shareholders Meeting (1) The venue for a Shareholders	4. Principles Determining The Time And Place Of A Shareholders Meeting	Clause (2) is added to clarify that when a Company decides to hold video-conference

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. <u>(2) The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.</u>	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. <u>Newly added</u>	shareholders meeting, it should not be restricted by the location of the meeting.
6. Documentation of a shareholders meeting by audio or video (1) and (2) no changes <u>(3) Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u> <u>(4) The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the</u>	6. Documentation of a shareholders meeting by audio or video (1) and (2) no changes <u>Newly added</u> <u>Newly added</u>	1. With reference to Article 183 of Company Law and Article 18 of the Act on the Procedures of the Board of Directors of a Public Listed Companies, it has been stipulated that the Company shall retain records of shareholders' registration, questions, vote counting results. , and requires the Company to have uninterrupted audio and video recordings of the entire video conference, and shall retain it during the Company's existence, and provide it to the person entrusted to handle video conference affairs for safe keeping. Clause (3) and clause (4) shall therefore be added.

<u>audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u> <u>(5) In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.</u>	<u>Newly added</u>	2. In order to preserve the relevant information of the video conference as much as possible, in addition to clause (3), it has been stipulated that the Company should record the video conference continuously. It is also advisable to record the background operation of the video conference, and because the simultaneous recording of the screen must have a certain specifications of computer software, hardware equipment and information security, so the Company can clearly stipulate in its procedure of shareholders' meeting about the requirements of related hardware, and therefore clause (5) is added.
7. The Chair And Its Proxy (1) to (4) no changes (5) 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	7. The Chair And Its Proxy (1) to (4) changes (5) <u>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</u>	1. In order for shareholders to be aware of the change in the method of convening the shareholders' meeting, the change in the method of convening the shareholders' meeting shall be resolved by the board of directors, and shall be implemented no later than before the notice of the shareholders'

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, <u>but when the Company's paid-in capital amounted to NT\$10 billion or more at the end of the most recent financial year, or if the Company held a general meeting of shareholders in the most recent fiscal year, and the total shareholding ratio of foreign capital and mainland capital recorded in the shareholder register is more than 30%, the transmission of the electronic file shall be completed 30 days before the regular meeting of shareholders.</u> 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	<u>Company's Articles Of Associations. After the Company is listed in Taiwan Stock Exchange Market,</u> 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	meeting is dispatched. Item (10) is therefore n added. 2.In accordance with Article 6 of the Measures for Recording and Complying Matters in the Handbook of Shareholders' Meetings of Public Offering Companies revised and issued on December 16, 2010, if the paid-in capital of listed OTC companies at the end of the most recent fiscal year reaches NT\$10 billion and In order to enable foreign and mainland shareholders abroad to read the relevant information of the shareholders' meeting as soon as possible, the transmission of the pre-opened electronic file should be completed 30 days before the regular meeting of shareholders, so as to cooperate with the amendment to clause (5). In respect with allowing public listed companies to hold virtual shareholders' meetings, the Company has options of physical shareholders' meetings and virtual shareholders' meeting. Clause (6) is added to enhance the convenience of shareholders in assessing
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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's premise and at its designated professional shareholder services agent.	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's premise and at its designated professional shareholder service agent, <u>as well as being distributed on-site at the meeting place.</u>	meeting manual and meeting supplementary materials on the day of the shareholders' meeting, regardless of whether they participate in the physical shareholders' meeting or via video conference.
<u>(6) The Company shall prepare meeting agenda and supplemental meeting materials as stated in preceding clause and to ensure it is available to shareholders for review in the following manner on the date of the shareholders meeting:</u> <u>A.For physical shareholders meetings, it should be distributed on-site at the meeting.</u> <u>B.For video assisted shareholders meetings, it shall be distributed on-site at the meeting and shared on the virtual meeting platform.</u> <u>C.For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform</u> <u>(7) The reasons for convening a</u>	<u>Newly added</u> <u>(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.</u> <u>(7) Election or dismissal of</u>	

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. (8) Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public Company, approval of competing with the Company	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	
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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 corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 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. (9) Where re-election of all directors and supervisors 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. <u>(10) Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u>	meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting. <u>Newly added</u>	
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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. <u>In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.</u> (2) If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders	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	When the Company's shareholders' meeting is held by video conference, and if the chairman announces for an adjournment, the Company shall publish the adjournment on the shareholders' meeting video conference platform to inform shareholders immediately. Clause (1) is therefore amended. If the Company decides to convene a separate shareholder meeting, shareholders who wish to attend via video conference should register with the Company, and therefore clause (2) is amended.
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shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.<u>In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.</u> No changes	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. No changes	
10. Shareholder Statement (1) to (6) no changes <u>(7) Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in clause (1) to clause (5) do not apply.</u> <u>(8) As long as questions so raised in accordance with the preceding clause are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</u>	10. Shareholder Statement (1) to (6) no changes <u>Newly added</u> <u>Newly added</u>	1. Item (7) is added to clarify the methods, procedures and restrictions for shareholders who participate in the shareholders' meeting via videoconference to ask questions. 2. In order to help other shareholders understand the content of the questions raised by shareholders, the Company may disregard questions that are not related to the agenda of shareholders' meeting but for other questions that suggest otherwise should be disclosed on the video platform. Clause (8) is added.

12. Calculation Of Voting Shares And Recusal System (1) to (2) no changes (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, the number of shares represented by proxies <u>and the number of shares represented by shareholders attending the meeting by correspondence or electronic means</u>, and shall make an express disclosure of the same at the place of the shareholders meeting. <u>In the event a virtual shareholders meeting is held, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u> (4) <u>During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u> (5) With respect to resolutions of Shareholders meeting, the	12. Calculation Of Voting Shares And Recusal System (1) to (2) no changes (3) On the day of a Shareholders Meeting, the Company shall compile in the prescribed format according to the related laws of public listed company 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. <u>No changes</u> (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	1. In order for shareholders to be aware the number of shares solicited by the solicitor, the number of shares represented by the entrusted agent, and the number of shares attended by written or electronic means, the Company shall clearly disclose it at the shareholder meeting. If the Company holds a video conference, it should be uploaded to the video conference platform of the shareholders meeting, and item (3) should therefore be amended. 2. In order to enable shareholders participating in the video conference of the shareholders meeting to simultaneously know whether the number of shareholders' attendance rights has reached the threshold for the shareholders meeting, it is stipulated that the Company should disclose the total number of shareholders' shares present on the video conference platform when announcing the meeting. The total number of shares and voting rights of shareholders shall also be disclosed on the video conferencing platform, and therefore clause (4) should be added.
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number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. (6) When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder. (7) 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.	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	
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(8) 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. (9) 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.	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. Principle of Voting Rights (1) to (5) no changes (6) After a shareholder has exercised voting rights by correspondence or electronic means, in the	13. Principle of Voting Rights (1) to (5) no changes (6) After a shareholder has exercised voting rights by correspondence or	1. Clause (6) is amended to specify that after shareholders exercise their voting rights in writing or electronically, if they want to change to attend the

event the shareholder intends to attend the shareholders meeting in person <u>or by video conference</u>, 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) to (10) no changes <u>(11) 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</u>	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) to (10) no changes <u>Newly added</u>	shareholders' meeting via video conference, they should first cancel it in the same way as exercising their voting rights. 2.If a shareholder entrusts a proxy to attend the shareholders' meeting, and after the power of attorney is delivered to the Company, if the shareholder intends to attend the shareholders' meeting via video conference, he shall notify the Company in writing of the cancellation of the proxy two days before the shareholders' meeting. Clause (11) shall then be added.
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<u>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.</u>		
15. Votes Monitoring And Counting (1) 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. (2) <u>When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be</u>	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. <u>Newly added</u>	1. If the shareholders' meeting is held by video conference, in order to allow shareholders participating in the video conference to have sufficient voting time, starting from the time when the chairman announces the opening of the meeting to the time when the voting ends, all original proposals can be voted on. The vote counting operation must be one-time vote counting to match the voting time of shareholders participating in the video conference. Clause (2) and clause (3) are therefore newly added. 2. Shareholders of video-assisted shareholders' meeting who have already registered to attend the physical shareholders' meeting in person should cancel their registration in the same way as the registration two days before the shareholders' meeting.

<u>deemed abstained from voting.</u> <u>(3) In the event of a virtual shareholders meeting, votes shall be counted together after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u> <u>(4) When the Company convenes a video assisted shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u> <u>(5) When shareholders exercise voting rights by correspondence or electronic means without withdrawing their intention and attending the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u>	<u>Newly added</u> <u>Newly added</u> <u>Newly Added</u>	Participate in the shareholders' meeting by way of participation, please add clause item (4). 3. Refer to the letter No. 10102404740 of the Ministry of Economic Affairs on February 24, 101 and Jingshang Zi No. 10102414350 on May 3 of the same year The No. 1 letter stipulates that shareholders who exercise their voting rights electronically and have not withdrawn their declaration of intention cannot propose amendments to the original proposal, nor can they exercise their voting rights again. However, on the day of the shareholders' meeting, the shareholder can still attend the shareholders' meeting, and can put forward ad hoc motions on the spot, and exercise voting rights. Considering that both written and electronic voting are one of the ways for shareholders to exercise their rights, based on the principle of fair treatment, written voting is also In order to protect the rights and interests of shareholders, the spirit of the previous electronic
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		voting should be followed. It is stipulated in item (5) that shareholders who exercise voting rights in writing or electronically can still register to participate in the shareholders' meeting by video conferencing if they have not revoked their declaration of intention. However, except for an interim motion that can be raised and voted on, the original motion or amendment to the original motion cannot be voted on, and no amendment to the original motion can be proposed.
16. Meeting Minutes (1) to (5) no changes <u>(6) Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding clause, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the</u>	16. Meeting Minutes (1) to (5) no changes <u>Newly added</u>	1. In order to ensure shareholders understand the results of the video conference shareholders meeting, the alternative measures for shareholders with digital gaps, and the handling methods and situations of disconnection, the Company is required to record the minutes of the shareholders' meeting, in addition to the matters that should be recorded in accordance with item 3. It should also record the starting and ending time of the meeting, the method of holding the meeting, the name of the chairman and the recorder, and the

<u>minutes.</u> <u>(7) When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding clause, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.</u>	<u>Newly added</u>	handling method and situation when the video conference platform or participation in the video conference is blocked due to natural disasters, accidents or other force majeure. Clause (6) shall then be added. 2. If a videoconference shareholders meeting is held, the convening notice shall specify appropriate alternative measures for shareholders who may have difficulties to participate. It must also be stated in the minutes of the meeting that the alternative measures have been provided to those necessary shareholders. Clause (7) shall then be added.
<u>19.Disclosure Of Information About Virtual Meetings</u> <u>In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u>	<u>Newly added</u>	In order to enable the shareholders participating in the video conference of the shareholders' meeting to be informed of the voting status and election results of various proposals in real time, and therefore to regulate sufficient information disclosure time, this article is then added.
<u>20. Location of the chairman and secretary of shareholders meeting</u> <u>When the Company convenes a</u>	<u>Newly added</u>	When the shareholders' meeting is held by video conference and there is no physical meeting place, the

<u>virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u>		chairman and the meeting recorder should be at the same place in the country. In addition, in order to let shareholders know the chairman's location, the chairman should announce the address of his location when the meeting is held. Update it.
<u>21.Handling of Internet Disconnection</u> (1) <u>In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.</u> (2) <u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting</u>	<u>Newly added</u>	1. In order to reduce communication problems in video conferencing, taking foreign practice into consideration, a connection test may be provided before the meeting, and relevant services may be provided immediately before and during the meeting to assist in dealing with technical communication problems, and hence clause (1) is added. 2. When the Company convenes a video conference shareholders meeting of shareholders, the chairman shall announce at the meeting that if natural disasters, accidents, or other force majeure causes disruption to the video conference and cannot be eliminated for more than 30 minutes, the requirements of re-holding the meeting as stipulated in Article 182 of the Company Law, which requires a resolution of the shareholders' meeting, does

<u>adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u> <u>(3) For a meeting to be postponed or resumed as described in the preceding clause, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.</u> <u>(4) For a meeting to be postponed or resumed under clause (2), the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting although do not attend the postpone or resumed session, those exercised rights shall be counted as valid towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u> <u>(5) During a postponed or resumed session of a shareholders meeting held under clause (2), no further discussion or resolution is</u>		not apply, and hence clause (2) is added. The inability to hold or participate in a video conference due to individual intent or negligence by the Company, video conference platform, shareholders, solicitor, or authorized agent does not fall within the scope of this article. 3. In the event that the Company should postpone or resume the meeting according to clause (2), according to the provisions of Article 44-22 of the Standards for the Handling of Share Affairs of Public Offering Companies, those who have not registered to participate in the original shareholders' meeting via video conference Shareholders (including the solicitor and the entrusted agent) shall not participate in the postponed or renewed meeting, and clause (3) shall be added in conjunction with this. As for the convening of a video-assisted shareholders' meeting, shareholders who originally participated in the physical shareholders' meeting may continue to participate in the postponed or continued meeting in a physical form, and an explanation shall be given.
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<u>required for proposals for which votes have been casted and counted and results have been announced, including the list of elected directors.</u> <u>(6) When the Company convenes a video assisted shareholders meeting, and the virtual meeting cannot continue as described in clause (2), and if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue without postpone or resumption thereof under clause (2) is required.</u> <u>(7) Under the circumstances where a meeting should continue as in the preceding clause, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u> <u>(8) When postpone or resume a meeting according to clause (2), the Company shall handle the preliminary work based on</u>		4. When the Company should postpone or resume the meeting in accordance with the clause 2, for those shareholders who has registered to participate in the original shareholders' meeting and complete the registration via video conference in accordance with the provisions of Article 44-23 of the Standards for the Handling of Share Affairs of Public Offering Companies If the shareholders (including the solicitor and the entrusted agent) did not participate in the extension or continuation meeting, the number of shares attended, the exercised voting rights at the original shareholders meeting shall be included in the total number of shares of shareholders attending the extension or continuation meeting , the number of voting rights and the number of voting rights, and thus add clause (4). 5. When the meeting cannot be continued due to communication barriers, and the shareholders' meeting needs to be postponed or continued, the voting and counting of the previous meeting, and the announcement of the voting results or the list of elected
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<u>the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Listed Companies.</u> <u>(9) The second paragraph of Article 12 and Item 3 of Article 13 of the Rules for the Use of Power of Attorney for Attending Shareholders' Meetings by Public Offering Companies, the Second Item of Article 44-5, and Article 44-10 of the Standards for Handling Share Affairs of Public Offering Companies 5. During the period specified in Paragraph 1 of Article 44-17, the Company shall postpone or continue the date of the shareholder meeting in accordance with Paragraph (2).</u>		directors and may be considered. In order to complete the resolution, there is no need to re-discuss and resolve, so as to reduce the time and cost of the continuation meeting, hence (5) is added. 7. Consider that the video-assisted shareholders' meeting has both a physical meeting and a video conference. If there is an obstacle to the video conference platform or participation by video due to force majeure, and because there is still a physical shareholders' meeting, if the attendance of the shareholders' meeting by video is deducted and the total number of shares present still reaches the statutory quota for the shareholders' meeting, the shareholders' meeting shall continue, and there is no need to postpone or continue the meeting in accordance with clause (2). Clause (6) shall then be added. 8. In the event that the Company should continue the meeting in clause (2) without adjourning or continuing the meeting, the Company shall, in accordance with the
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		provisions of Article 44-25 of the Standards for the Handling of Share Affairs of Companies Offering Shares, conduct the meeting via video conference Shareholders participating in the shareholders' meeting (including the solicitor and the entrusted agent) shall be included in the total number of shares of the attending shareholders, but all the resolutions of the shareholders' meeting shall be regarded as abstaining from voting, and clause (7) shall then be added. 9. Consider that the adjournment or continuation of the general meeting is identical to the original shareholders' meeting, there is no need to follow Article 44-20 of the Standards for the Handling of Share Affairs of Public Listed Companies because of the date of the adjournment or continuation of the shareholders' meeting, and therefore clause (8) is added. 10. Consider when the video conference of the shareholders' meeting has been postponed, the second paragraph of Article 12 and Item 3 of Article 13 of the Rules for the use of power of attorney for public listed
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		companies to attend shareholders' meetings, and Article 44-5 of the Guidelines for the Handling of Share Affairs of Public Offering Companies Items related to item 2, Article 44-15, Article 44-17, Item 1, etc. that must be announced and disclosed on the day of the shareholder meeting must still be disclosed to shareholders on the day of the postponed or resumed meeting, and thus add clause (9).
<u>22. Handling of Digital Divide</u> <u>When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures to shareholders with difficulties to attend.</u>	Newly added	When the Company holds video-conference shareholders meeting, it shall consider the number of shareholders who may not be able to participate. Therefore, appropriate alternative measures should be provided to these shareholders such as exercise voting rights in writing or provide them rental for necessary equipment to participate in the meeting.
<u>23. Enactment And Amendment</u> The enactment and amendment of such Rules should be approved by Board meeting and ordinary resolution by Shareholders Meeting.	<u>19. Enactment And Amendment</u> The enactment and amendment of such Rules should be approved by Board meeting and ordinary resolution by Shareholders Meeting.	Adjust the clause reference for it to be in line with the above amendments.

REGAL HOLDING CO., LTD.

「Rules And Regulations of Assets Acquisition And Disposal」 Amendment Table

Revised Version (5.0)	Existing Version (4.0)	Remark
Article 4 The Exclusion of Related Parties 1) No changes 2) <u>When issuing an appraisal report or opinion, the personnel referred to in the preceding Clause shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:</u> A. No changes B. When <u>executing</u> 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. Evaluation shall be taken to ensure the <u>appropriateness</u> and reasonableness of the sources of each data, criteria, and information used, and apply as the basis for issuance of the appraisal report or the opinion. D. They shall issue a statement	Article 4 The Exclusion of Related Parties 1) No changes 2) <u>Professional appraisers and its related appraiser officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements :</u> A. No changes B. When <u>examining</u> 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. Evaluation shall be taken to ensure the <u>completeness, accuracy,</u> and reasonableness of the sources of each data, criteria, and information used, and apply as the basis for issuance of the appraisal report or the opinion. D. A statement attesting to the professional competence and	1. Based on the fact that the external experts in trade associations have relevant regulations for undertaking related businesses, and when professional appraisers issue valuation report, there are already relevant self-regulatory regulations for real estate valuation, and the external experts in trade associations should also follow the TWSE "Practice Guidelines for Issuing Opinions by Experts" including its amendment to include the relevant self-regulatory norms for the issuance of opinions by its operators or personnel. In order to clarify the procedures and responsibilities that external experts should follow, the preamble to Clause 2 of this Article is amended to regulate professional appraisers and their appraisers, accountants, lawyers, or securities underwriters to issue valuation reports or opinions, in addition to complying

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 <u>appropriate besides</u> reasonable, and that they have complied with applicable laws and regulations.	independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations.	with Clause 2, they should also follow the self-regulatory norms of the trade associations to which they belong. 2. In view of the fact that the above - mentioned external experts undertake and execute the case of issuing valuation reports or reasonableness opinions in accordance with the provisions of this standard, and do not refer to the audit work of financial reports, the text of the "check" case in Clause 2 Paragraph B of this standard is amended to "execute". 3. Consider the evaluation of the sources of data, criteria and information used by external experts referring to Paragraph 4, Paragraph 4, Paragraph 3, Clause 5 of Article 9 of the Financial Reporting Standards for Securities Issuers, and Accounting Research Development of the Republic of China Foundation December 25, 103 (103) Foundation Secret No. 0000000 No. 298 Letter Interpretation and Evaluation Criteria
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		Bulletin No. 8 Article 27 Relevant information Sources, appropriateness and reasonableness of parameters, etc., thus amend the contents in Paragraph C and D of Clause 2 of this standard to be in conformity with actual.
Article 5 Evaluation In The Acquisition And Disposal Of Securities 1) Evaluation process A And B no changes 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 Article 6 Clause <u>3</u>. 2) No changes 3) Professional Appraisal <u>A</u>. 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	Article 5 Evaluation In The Acquisition And Disposal Of Securities 1) Evaluation Process A. And B no changes 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 Article 6 Clause <u>three</u>. 2) No changes 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	The reason for the amendment is the same as Article 6 of this standard.

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. 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). <u>B.</u>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.	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. <u>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 ARDE.</u> 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.	
Article 6 The Acquisition And Disposal Of Property, Plant, And Equipment And Regulations 1) No changes 2) Operating Procedures A. Authorization Limit & Level In the event that the Company <u>or</u> 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	Article 6 The Acquisition And Disposal Of Property, Plant, And Equipment And Regulations 1) No changes 2) Operating Procedures A. Authorization Limit & Level In the event that the Company <u>and</u> 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	1. Consider to separately assess the authorized amount and level of acquisition and disposal of property, plant, and equipment by major subsidiaries, and thus amend the wording of the provisions to be in conformity with actual practice. 2. Consider Article 4 has been amended and added to require external experts to issue opinions that complying

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. and C. no changes 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	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. and C. no changes 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	with the self-regulatory norms of their trade associations, which already cover the procedures that accountants should implement when issuing opinions, and thus remove Clause 3 Paragraph C. Accountants should follow the accounting research of the Republic of China The text to be handled according to the Auditing Standards Bulletin No. 20 issued by the Development Foundation.
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of the event from a professional appraiser and shall further comply with the following provisions: A. and B. no changes 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 render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: No changes to the below	of the event from a professional appraiser and shall further comply with the following provisions: A. and B. no changes 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 <u>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)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: No changes to the below	
Article 7 Acquire Property, Plant, And Equipment from Related Parties 1) No changes 2) When the Company intends to acquire or dispose of real property	Article 7 Acquire Property, Plant, And Equipment from Related Parties 1) No changes 2) When the Company intends to acquire or dispose of real property	1. Paragraph N of item 2 of this Article is added: (1) In order to strengthen the management of related party transactions and protect the rights of

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. and B no changes C. With respect to the acquisition of real property or right-to-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Clause <u>3</u>. D. and E. no changes F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Clause <u>1</u>. G No changes <u>H</u>. The calculation of the transaction amounts	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. and B. no changes C. With respect to the acquisition of real property or right-to-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Clause <u>three</u>. D. and E. no changes F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Clause <u>one</u>. G No changes The calculation of the transaction amounts	minority shareholders of publicly issued companies to express their opinions on the Company's transactions with related parties, after referring to major international capital markets such as Singapore and Hong Kong to standardize major related party transactions, they should be submitted to the shareholders' meeting in advance. In addition, in order to prevent the public offering Company from conducting major related party transactions through subsidiaries that are not domestic public offering companies, if it is avoided, the relevant materials must be submitted to the shareholders' meeting for approval. Where a subsidiary Company of the issuing Company has a transaction of acquiring or disposing of assets with a related party in Item 1, and the transaction amount reaches more than 10% of the total assets of the public issuing Company, the public issuing Company shall submit the relevant materials to the shareholders' meeting for approval before it can be issued. In other words, in the case of a non-public
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aforementioned shall be made in accordance with Article 31 Clause 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 Audit Committee Meeting, Board Meeting and <u>Shareholders Meeting</u> need not be counted toward the transaction amount. <u>I.</u> 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. <u>J.</u> When a motion is submitted to the Board for approval as mentioned in such Clause, the Board of Directors shall take into full consideration each independent director's	aforementioned shall be made in accordance with Article 31 Clause 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 Audit Committee Meeting and Board Meeting 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. <u>H.</u> When a motion is submitted to the Board for approval as mentioned in such Clause, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses	offering subsidiary, matters that should be submitted to the shareholders' meeting for approval shall be done by the parent Company of the upper-level public offering. 2. Consider the overall business planning needs of the public listed Company and its parent Company, subsidiaries, or their subsidiaries, and consider the exemption regulations of the major international capital markets previously opened, therefore relaxes the exemption for transactions between these companies Shareholders' resolution. In addition, if the previous major related party transactions fall under the circumstances regulated by SubParagraphs 1 to 3 of Article 185, Paragraph 1 of the Company Law, the resolution of the shareholders' meeting shall be a special resolution in accordance with Article 185 of the Company Law, and shall be handled in accordance with the aforementioned and the relevant provisions of the Company Law, and in
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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. <u>K.</u> The matters which require recognition approval by Audit Committee according to such Clause shall first be approved by one-half or more of all audit committee members and then submitted to Board of Meeting for approval. <u>L.</u> If approval of one-half or more of all Audit Committee Members as required in the preceding Paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors Meeting. <u>M.</u> The terms "all Audit Committee members" as mentioned in such <u>regulations</u> shall be counted as the actual number of persons currently holding those positions. <u>N.</u> <u>If the Company or its subsidiary thereof that is not a domestic public Company will have a transaction set out in Clause 2 and the transaction amount will reach 10 percent or more of the public Company's total assets, the public Company shall submit the materials in all the</u>	reservations about any matter, it shall be recorded in the minutes of the Board of Directors Meeting. <u>I.</u> The matters which require recognition approval by Audit Committee according to such Clause shall first be approved by one-half or more of all audit committee members and then submitted to Board of Meeting for approval. <u>J.</u> If approval of one-half or more of all Audit Committee Members as required in the preceding Paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors Meeting. <u>K.</u> The terms "all Audit Committee members" as mentioned in such <u>procedure</u> shall be counted as the actual number of persons currently holding those positions. <u>Newly Added</u>	conjunction with the addition of SubParagraph N of Clause 2, the calculation of the revised transaction amount shall be included in the transaction submitted to the shareholders' meeting for approval.
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<u>Paragraphs of Clause 2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public Company and its parent Company or subsidiaries or between its subsidiaries.</u> 3) Evaluate The Reasonableness of Transaction Costs A. and B. no changes C. In the event that the Company that acquires real property or right-to-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 Clause 3 Paragraph <u>A</u> and Paragraph <u>B</u>, 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-to-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Clause <u>1</u> and <u>Clause 2</u>, Clause 3 Paragraph <u>A</u>, Paragraph <u>B</u>, and Paragraph <u>C</u> do not apply : a. to d. no changes	3) Evaluate The Reasonableness of Transaction Costs A. and B. no changes C. In the event that the Company that acquires real property or right-to-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 Clause <u>three</u> Paragraph <u>(A)</u> and Paragraph <u>(B)</u>, 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-to-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Clause <u>one</u>, <u>Clause two in respect of its evaluation and operating procedure</u>, Clause <u>three number</u> Paragraph <u>(A)</u>, Paragraph <u>(B)</u>, and Paragraph <u>(C)</u> do not apply : a. to d. no changes	
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E. In the event that the results of the Company's appraisal conducted in accordance with Article <u>3</u> Paragraph A and Paragraph B are uniformly lower than the transaction price, the matter shall be handled in compliance with Article <u>3</u> <u>Clause</u> 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, this restriction shall not apply : a.to d. no changes F. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the Clause <u>3</u> are uniformly lower than the transaction price, the following steps shall be taken : a. to b. no changes c. Actions taken pursuant to Subparagraphs <u>a</u> and <u>b</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. G. No changes H. When the Company obtains	E. In the event that the results of the Company's appraisal conducted in accordance with Article <u>three</u> <u>number</u> Paragraph A and Paragraph B are uniformly lower than the transaction price, the matter shall be handled in compliance with Article <u>three</u> <u>number</u> <u>Paragraph</u> F of. 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, this restriction shall not apply : a.to d. no changes F. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the Clause <u>three</u> are uniformly lower than the transaction price, the following steps shall be taken : a. to b. no changes c. Actions taken pursuant to Subparagraphs <u>one</u> and <u>two</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. G. No changes H. When the Company obtains	
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real property or right-of-use assets thereof from a related party, it shall also comply with Clause <u>3</u> Paragraph F and Paragraph G if there is other evidence indicating that the acquisition was not an arm's length transaction.	real property or right-of-use assets thereof from a related party, it shall also comply with Clause <u>three</u> Paragraph F and Paragraph G if there is other evidence indicating that the acquisition was not an arm's length transaction.	
Article 8 The Acquisition And Disposal of Membership And Intangible Assets 1) No changes 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.	Article 8 The Acquisition And Disposal of Membership And Intangible Assets 1) No changes 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; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u>	The reason for the amendment is the same as that explained in Article 6.
Clause 10 Merger, De-Merger, Acquisition, And Transfer of Shares Between Corporations No changes to 1) and 2) 3) A Company participating in a merger, demerger, or acquisition shall convene a Board of Directors Meeting and Shareholders Meeting on the day	Clause 10 Merger, De-Merger, Acquisition, And Transfer of Shares Between Corporations No changes to 1) and 2) 3) A Company participating in a merger, demerger, or acquisition shall convene a Board of Directors Meeting and Shareholders Meeting on the day	Working amendment

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 to B no changes 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	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 to B no changes 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	
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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 Paragraphs A and Paragraph B 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) to 7) no changes 8) Where the companies that participate in merger, demerger, acquisition, or transfer of shares is not a public Company itself, the Company shall sign an agreement with the non-public Company, and shall also comply with Clause <u>3</u>, Clause <u>4</u>, and Clause <u>7</u>.	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 Paragraphs <u>number</u> A and Paragraph <u>number</u> B 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) to 7) no changes 8) Where the companies that participate in merger, demerger, acquisition, or transfer of shares is not a public Company itself, the Company shall sign an agreement with the non-public Company, and shall also comply with Clause <u>three</u>, Clause <u>four</u>, and Clause <u>seven</u>.	
Clause 11 Publication Procedures 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	Clause 11 Publication Procedures 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	1. Consider the current public listed companies' trading of domestic government bonds has been exempted from publication, hence amend Clause 1 Paragraph G subParagraph a allowing

the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event : A.to F. no changes G. Where an asset transaction other than any of those referred to in the preceding six Paragraphs, disposal of debentures by financial institution, or investment in the mainland China area reaches 20 percent of paid-in capital or NT\$300 million. This however shall not apply to the following circumstances : a.Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u> b.Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds, or 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 or</u>	the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event : A.to F. no changes G. Where an asset transaction other than any of those referred to in the preceding six Paragraphs, disposal of debentures by financial institution, or investment in the mainland China area reaches 20 percent of paid-in capital or NT\$300 million. This however 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	its purchase and sale of foreign government bonds whose bond issuance rating that is not lower than TWSE country's sovereign rating to exempted from announcement declaration. 2.Consider the commodity nature of foreign government bonds is simple, and the credit is usually better than that of ordinary foreign corporate bonds; and the commodity nature of index investment securities and index stock funds are similar, and Article 1 Clause G subParagraph b is amended to relax the restrictions on investment so the Professionals who subscribe for foreign government bonds, purchase or sell back index investment securities in the primary market are also exempted from filing announcements.
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<u>redemption of exchange traded notes</u>, 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. No changes	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. No changes	
2) The amount of transactions <u>above</u> shall be calculated as follows : A. to D. no changes 3) “Within the preceding year” as used in the preceding Clause 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. 4) 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. 5) In the event that the Company at the time of public announcement makes an error or omission in an	The amount of transactions <u>in previous Paragraph</u> shall be calculated as follows: A. to D. no changes "Within the preceding year" as used in the preceding <u>Paragraph</u> 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	

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. 6) 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's premise, where they shall be retained for 5 years except where another act provides otherwise. 7) When the followings happen after Company has already published its the transactions in accordance with the preceding Clause, it shall immediately publish the additional information at the website designated by the FSC within 2 days from the date of occurrence : A. to C. no changes	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's premise, where they shall be retained for 5 years except where another act provides otherwise. When the followings happen after Company has already published its the transactions in accordance with the preceding Clause, it shall immediately <u>request its Parent Company</u> to publish the additional information at the website designated by the FSC within 2 days from the date of occurrence : A. to C. no changes	
Article 13 Enactment And Amendment (1) 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	Article 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	Revise the contents and reference number of Clauses.

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. (2) In the event that the Company has appointed an Audit Committee, any enactment or amendment of such <u>regulations</u> 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. The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.	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 <u>procedure</u> 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. The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.	
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REGAL HOLDING CO., LTD.

Attachment 10

List of Candidates of 6th Term of Directors and Independent Directors

Title	Name	MainWorking / Education Experience	Number of Shares holding
Director	Solar Jewelers Group Corp. Representative: PHACHARAPON PHAIBOONSUNTORN	National Taipei University of Technology School of Management EMBA Thailand Special Class Management Master Research & Development Division Vice President, Regal Jewelry Manufacture Co., Ltd.	Juristic person: 13,760,000 Representative: 925,800
Director	Hyperion Trading Co., Ltd. Representative: SARAYUTH MUNGCHITVITSAVAKORN	Diploma of Management courses in Management & Psychology Institute, Thailand Graduated from Suankularb high school, Thailand Production Division Vice President, Regal Jewelry Manufacture Co., Ltd.	Juristic person: 1,463,682 Representative: 284,800
Director	Orlog Global Co., Ltd. Representative: LIN, CHIU-I	Bachelor, International Business Management, Mahidol University Deputy General Manager, Sales, Regal Jewelry Manufacture Co., Ltd.	Juristic person: 889,117 Representative: 294,800
Director	Unique Global Investment Inc. Representative: LIN, CHIN-SAN	Bachelor of Business Administration & Management, Pepperdine University Chairman, Linden Integrated Co., Ltd. Director, Unique Global Investment Inc.	Juristic person: 398,000 Representative: 160,000
Independent Director	LEE, TSUNG-PEI	Ph.D. in Economics, National Chengchi University Project Chief Executive, Vice President Office of International Affairs, Fu Jen Catholic University Associate Dean, College of Management, Fu Jen Catholic	None.

Title	Name	MainWorking / Education Experience	Number of Shares holding
		University Dean, Department of Finance and International Business, Fu Jen Catholic University	
Independent Director	GUAN, JYH-LIANG	Ph.D., Business Administration, National Chengchi University Associate Professor, Department of Applied Economics and Management, National Yilan University Think Tank, Center of Brand Innovation Acceleration Service, General Chamber of Commerce of the Republic of China Internationalization Consultant of Franchising Service Industry, Taiwan External Trade Development Council	None.
Independent Director	LIN, CHUNG-CHING	Bachelor of Statistics, Fu Jen Catholic University Master of Eminent Public Administrator, College of Social Sciences, National Chengchi University Bank Lending Personnel, International Banking Personnel, Legal Staff, Taipei Fubon Bank Inspector, Executive Officer, Lead Auditor, Section Chief of Inspection Planning Section, Section Chief of Field Inspection Section, Chief Examiner, Section Chief of General Affairs Section, Financial Inspection Bureau, Financial Supervisory Commission Specialized member, Deputy Head of Supervision Section of Agricultural Financial Institutions, Deputy Head of Planning Section of Agricultural Financial Institutions, Bureau of Agricultural Finance Council of Agriculture	None.

Title	Name	MainWorking / Education Experience	Number of Shares holding
		Convenor of Chiayi Dapu Farmers' Association, Council of Agriculture, Executive Yuan	

REGAL HOLDING CO., LTD.**List of Proposal of Removal the Non-Compete Restriction Against the Newly Elected Directors**

Name	Title	Concurrent positions in the Company and other companies
Solar Jewelers Group Corp. Representative: PHACHARAPON PHAIBOONSUNTORN	Director	Chairman and Deputy General Manager, R&D, Regal Jewelry Manufacture Co., Ltd. Chairman, Regal Plating Co., Ltd. Directors, Solar Jewelers Group Corp.
Hyperion Trading Co., Ltd. Representative: SARAYUTH MUNGCHITVITSAVAKORN	Director	Director and Deputy General Manager, Production, Regal Jewelry Manufacture Co., Ltd. Director, Regal Plating Co., Ltd. Director, Hyperion Trading Co., Ltd.
Orlog Global Co., Ltd. Representative: LIN, CHIU-I	Director	Sales Consultant, Regal Jewelry Manufacture Co., Ltd. Director, Orlog Global Co., Ltd.
Unique Global Investment Inc. Representative: LIN, CHIN-SAN	Director	Chairman, Linden Integrated Co., Ltd. Director, Unique Global Investment Inc.
LEE, TSUNG-PEI	Independent Director	Associate Professor, Department of Finance and International Business, Fu Jen Catholic University Member of Committee, Fu Jen Catholic University Hospital. Independent director, Powertech industrial Co., Ltd. Independent director, Ibase Solution Co., Ltd.
GUAN, JYH-LIANG	Independent Director	Independent director, Donpon Precision Inc. Independent director, LinkCom Manufacturing Co., LTD.
LIN,CHUNG-CHING	Independent Director	Bachelor of Statistics, Fu Jen Catholic University

Name	Title	Concurrent positions in the Company and other companies
		Master of Eminent Public Administrator, College of Social Sciences, National Chengchi University Bank Lending Personnel, International Banking Personnel, Legal Staff, Taipei Fubon Bank Inspector, Executive Officer, Lead Auditor, Section Chief of Inspection Planning Section, Section Chief of Field Inspection Section, Chief Examiner, Section Chief of General Affairs Section, Financial Inspection Bureau, Financial Supervisory Commission Specialized member, Deputy Head of Supervision Section of Agricultural Financial Institutions, Deputy Head of Planning Section of Agricultural Financial Institutions, Bureau of Agricultural Finance Council of Agriculture Convenor of Chiayi Dapu Farmers' Association, Council of Agriculture, Executive Yuan

REGAL HOLDING CO., LTD.

Codes of Corporate Governance (Before Revision)

Article 1 Purpose

Regal Holding Co., Ltd. And group of companies (Referred below to as The Company) should comply with [Codes of Corporate Governance For Public Listed Companies] when enacting Regal Group's Codes of Corporate Governance, to establish sound corporate governance systems.

Article 2 Principle of Corporate Governance

When set up the corporate governance system, in addition to complying with relevant laws, regulations, Articles of incorporation, contracts signed with the TWSE or TPEx, and other relevant regulations, The Company shall follow the following principles:

- 1) Protect the rights and interests of shareholders.
- 2) Strengthen the powers of the board of directors.
- 3) Respect the rights and interests of stakeholders.
- 4) Enhance information transparency.

Article 3 Establish Internal Control System

The Company shall follow the Criteria Governing Establishment of Internal Control Systems by Public Listed Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment.

The Company shall perform full self-assessments of its internal control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The audit committee or supervisors shall also attend to and supervise these matters. Directors and supervisors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors. The Company is advised to establish channels and mechanisms of communication between their independent directors, audit committees or supervisors, and chief internal auditors, and the convener of the audit committee or supervisors shall report the communications between members of the audit committees or supervisors and chief internal auditors at the shareholders' meeting.

The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

Appointment, dismissal, evaluation and review, salary and compensation of internal auditors of the Company shall be reported to the board of directors or shall be submitted by the chief auditor to the board chairperson for approval.

Article 3.1 Personnel Responsible For Matters Relating To Corporate Governance

The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, and shall appoint in accordance with the requirements of the competent authorities and TWSE or TPEX, a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in securities, financial, or futures related institution or a public company in handling legal affairs, legal compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs.

It is required that the corporate governance affairs mentioned in the preceding Paragraph include at least the following items:

- 1) Handling matters relating to board meetings and shareholders meetings according to laws
- 2) Producing minutes of board meetings and shareholders meetings
- 3) Assisting in onboarding and continuous development of directors and supervisors
- 4) Furnishing information required for business execution by directors and supervisors
- 5) Assisting directors in legal compliance
- 6) Other matters set out in the Articles or corporation or contracts

Article 4 Preservation of Shareholders' Equity

The corporate governance system of the Company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.

The Company shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the company.

Article 5 Convention of Shareholders' Meeting And Enact Complete Regulations

The Company shall convene shareholders meetings in accordance with Companies Act and relevant laws and regulations, and provide comprehensive rules for such meetings. The Company shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings. Resolutions adopted by shareholders meetings of the Company shall comply with laws, regulations and Articles of incorporation.

Article 6

The Board Shall Arrange In Due Care the Agenda and Procedures of Shareholders Meeting

The Board of Directors of the Company shall properly arrange the agenda and procedures for shareholders meetings, and formulate the principles and procedures for shareholder nominations of directors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders meetings at a

convenient location, and sufficient time and number of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to speak.

The chairman of the board of directors should preside over the shareholders' meeting convened by the board of directors in person, and more than half of the directors of the board of directors (including at least one independent director) and the convener of the audit committee should attend in person, and at least one member of other functional committees should attend the meeting. Recorded in the minutes of the shareholders' meeting.

Article 7 Encourage the Participation of Shareholders in Corporate Governance

The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.

The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting.

The Company is advised to arrange for their shareholders to vote on each separate proposal in the shareholders meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.

Article 8 Shareholders' Meeting Minutes

The company in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors and supervisors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors or supervisors.

The shareholders meeting minutes shall be properly and perpetually kept by the company during its legal existence, and should be sufficiently disclosed on the company's website.

Article 9

Chairman Should Be Fully Aware and Comply with the Company's Shareholders' Meeting Regulations

The chairperson of the shareholders meetings shall be fully familiar and comply with the rules

governing the proceedings of the shareholders meetings established by the company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

In order to protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholders meetings, it is advisable for the members of the board of directors other than the chairperson of the shareholders meeting to promptly assist the attending shareholders at the shareholders meeting in electing a new chairperson of the shareholders meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

Article 10 Company Shall Concern About Shareholders' Rights

The Company shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.

To treat all shareholders equally, it is advisable that the company concurrently disclose the information under the preceding Paragraph in English.

To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.

It is advisable that the rules mentioned in the preceding Clause include stock trading control measures from the date insiders of the Company become aware of the contents of the company's financial reports or relevant results. Measures include, without limitation, those prohibiting a director from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.

Article 11 Shareholders Shall Be Entitled To Company's Profits

The shareholders shall be entitled to profit distributions by the company. In order to ensure the investment interests of shareholders, the shareholders meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the audit committee or supervisors, and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders meeting may appoint an inspector.

The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records, assets, particulars, documents and records of specific transaction of the company.

The board of directors, audit committee or and managers of the the Company shall fully cooperate in the

examination conducted by the inspectors in the aforesaid two Paragraphs without any circumvention, obstruction or rejection.

Article 12 Substantial Financial and Business Decisions Should Be Approved By Shareholders' Meeting

In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.

When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the company's financial structure thereafter.

The relevant personnel of the Company handling the matters in the preceding Paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

Article 13 Public Listed Companies Are Encouraged To Appoint Specific Personnel For Handling Shareholders' Suggestions.

In order to protect the interests of the shareholders, it is advisable that the Company designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes. The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the company's Articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the company's Articles of incorporation by any directors, supervisors or managers in performing their duties.

It is advisable that the Company adopts internal procedures for appropriate handling of matters referred to in the preceding two Paragraphs, and that it keep relevant written records for future reference and incorporate the procedures in its internal control system for management purposes.

Article 13.1 Board of Directors Meeting's Responsibility In Establishing Interaction System With Shareholders

The board of directors of the Company is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of company's objectives.

Article 13.2 Efficient Communication and Contact to Gain Shareholders' Support

In addition to communicating with shareholders through shareholders meetings and encouraging shareholders to participate in such meetings, the board of directors of the Company together with

officers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.

Article 14 Construction of Firewall

The Company shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

Article 15

Executive Managers Should Not Share Similar Positions in Related Parties

Unless otherwise provided by the laws and regulations, a manager of the Company may not serve as a manager of its affiliated enterprises.

A director who engages in any transaction for himself or on behalf of another person that is within the scope of the company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.

Article 16 Establish Sound Financial, Business, and Accounting Management System

The Company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.

Article 17 Related Parties Transactions Should Be in Arm's Length

When the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.

All transactions or contracts between the Company and its related persons and shareholders shall follow the principles set forth in the preceding Clause, and the improper deliver of profits is strictly prohibited.

Article 18 Compliance Matters For Company's Shareholders Who Are Legal Entity With Controlling power

Shareholders who are legal entity with controlling power over the Company shall comply with the following provisions:

- 1) Bear a duty of good faith to other shareholders and shall not directly or indirectly cause the company to conduct any business which is contrary to normal business practice or not profitable.
- 2) Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or supervisor.
- 3) It shall comply with relevant laws, regulations and the Articles of incorporation of the

company in nominating directors or supervisors and shall not act beyond the authority granted by the shareholders meeting or board meeting.

- 4) It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
- 5) It shall not restrict or impede the management or production of the company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
- 6) The representative that is designated when a corporate shareholder has been elected as a director or supervisor shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

Article 19 List of Major Shareholders and Its Ultimate Beneficial

The Company shall retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.

The Company shall disclose periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

The major shareholder indicated in the first Paragraph refers to those who owns 5 percent or more of the outstanding shares of the company or the shareholding stake thereof is on the top 10 list, provided however that the company may set up a lower shareholding threshold according to the actual shareholding stake that may control the company.

Article 20 The Overall Capability of the Board of Directors

The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its Articles of incorporation, and the resolutions of its shareholders meetings.

The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and 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, and technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- 1) Ability to make operational judgments.
- 2) Ability to perform accounting and financial analysis.

- 3) Ability to conduct management administration.
- 4) Ability to conduct crisis management.
- 5) Knowledge of the industry.
- 6) An international market perspective.
- 7) Ability to lead.
- 8) Ability to make policy decisions.

Article 21 The Company Should Establish Fair, Unbiased, and Transparent Procedures For The Board of Directors Election

The Company shall, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the Company.

When the number of directors falls below five due to the discharge of a director for any reason, the company shall hold a by-election for director at the following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the Articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).

The aggregate shareholding percentage of all of the directors of the Company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

Article 22 Articles of Incorporation Should Include Nomination System For Board of Directors' Election

The Company shall specify in its Articles of incorporation in accordance with the laws and regulations of the competent authorities that it adopts the candidate nomination system for elections of directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.

Article 23 The Board Should Enforce Transparent Delegation System And Segregation of Duties Among Functional Committees, Chairman and General Manager

Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of the Company and those of its general manager.

It is inappropriate for the chairperson to also act as the general manager or an equivalent post.

The Company that has a functional committee shall clearly define the responsibilities and duties of the committee.

Article 24 Abide By Articles of Incorporation To appoint Independent Directors

The Company shall appoint independent directors in accordance with its Articles of incorporation. They shall be not less than two in number and advisably not less than one-third of the total number of directors. It is advisable that an independent director serve for not more than three consecutive terms.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) of more than five other TWSE/TPEX listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company.

If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, the the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the elected independent director.

The "group enterprises and organizations" in the preceding Clause comprises the subsidiaries of the TWSE/TPEX listed company, any foundation to which the TWSE/TPEX listed company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company.

Change of status between independent directors and non-independent directors during their term of office is prohibited.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or Taipei Exchange.

Article 25 Matters That Should Be Approved By Board Meeting

The Company shall submit the following matters to the board of directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting :

- 1) Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- 2) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- 3) A matter bearing on the personal interest of directors.
- 4) A material asset or derivatives transaction.
- 5) A material monetary loan, endorsement, or provision of guarantee.
- 6) The offering, issuance, or private placement of any equity-type securities.
- 7) The hiring, discharge, or compensation of an attesting CPA.
- 8) The appointment or discharge of a financial, accounting, or internal auditing officer.

- 9) Any other material matter so required by the competent authority.

Article 26 Company Shall Clearly Stipulate the Roles and Responsibilities of Independent Directors

The Company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors.

The Company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the overall operational risks of the company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

Article 27 Set Up Functional Committees

For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of a TWSE/TPEX listed company, in consideration of the company's scale and type of operations and the number of its board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the Articles of incorporation.

Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval, provided that the performance of supervisor's duties by the audit committee pursuant to Article 14-4, Paragraph 4 of the Securities and Exchange Act shall be excluded. Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the company for exercise of power by the committee.

Article 28 Company Shall Establish Either Audit committee Or Supervisor

The Company shall establish either an audit committee or a supervisor. The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.

Article 29 Company Shall Establish Remuneration Committee

The Company shall establish a remuneration committee, and it is advisable that more than half of the committee members be independent directors. The professional qualifications for the committee members,

the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

Article 30 Company Is Encouraged To Set Up Whistle Blowing Channel And Protection System

The Company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors, the supervisor or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.

The Company shall evaluate the independence and suitability of the CPA engaged by the company regularly, and not less than once annually. In the event that the company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

Article 31 Provide Company Appropriate Legal Services.

It is advisable that the Company engages a professional and competent legal counsel to provide adequate legal consultation services to the company, or to assist the directors, the supervisors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, directors, supervisors or the management are involved in litigation or a dispute with shareholders, the company shall retain a legal counsel to provide assistance as circumstances require.

The audit committee or an independent director may retain the service of legal counsel, CPA, or other professionals on behalf of the company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the company.

Article 32 The Convention of Board of Director's Meeting

The board of directors of the Company shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director and supervisor no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors.

The Company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

Article 33 Board of Directors Should Hold Advanced Self Discipline

Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.

Article 34 Independent Directors And Board Meeting

When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of the Company shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting :

- 1) An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
- 2) The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors.

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 35 Board of Directors' Meeting Minutes

Staff personnel of the Company attending board meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.

The minutes of the board of directors meetings shall be signed by the chairperson and secretary of the meeting and sent to each director and supervisor within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the company.

Meeting minutes may be produced, distributed, and preserved by electronic means.

A company shall record on audio or video tape the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding Clause, a lawsuit arises with respect to a resolution of a board of directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding Paragraph does not apply.

Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

When a resolution of the board of directors violates laws, regulations, the Articles of incorporation, or resolutions adopted in the shareholders meeting, and thus causes an injury to the company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

Article 36 Matters That Must Be Submitted To Board Meeting For Discussions

The Company shall submit the following matters to its board of directors for discussion:

- 1) Corporate business plans.
- 2) Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested.
- 3) Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and evaluation of effectiveness of an internal control system.
- 4) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- 5) The offering, issuance, or private placement of any equity-type securities.
- 6) The performance assessment and the standard of remuneration of the managerial officers.
- 7) The structure and system of director's remuneration.
- 8) The appointment or discharge of a financial, accounting, or internal audit officer.
- 9) A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.
- 10) Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be approved by resolution at a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the preceding Paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in

accordance with law, regulations, or its Articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

Article 37 The Execution of Board Meeting's Resolution by Specific Unit or Personnel

The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.

Article 38 Directors' Duty to Act Bona Fide in the Company's Interests

Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the Articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

It is advisable that the Company formulates rules and procedures for board of directors' performance assessments. Each year, in respect of the board of directors and individual directors, it shall conduct regularly scheduled performance assessments through self-assessments or peer-to-peer assessments, and may also do so through outside professional institutions or in any other appropriate manner. A performance assessment of the board of directors shall include the following aspects, and appropriate assessment indicators shall be developed in consideration of the company's needs:

- 1) The degree of participation in the company's operations.
- 2) Improvement in the quality of decision making by the board of directors.
- 3) The composition and structure of the board of directors.
- 4) The election of the directors and their continuing professional education.
- 5) Internal controls.

The performance assessments of board members (self-assessments or peer-to-peer assessments) shall include the following aspects, with appropriate adjustments made on the basis of the company's needs:

- 1) Their understanding of the company's goals and missions.
- 2) Their recognition of director's duties.
- 3) Their degree of participation in the company's operations.
- 4) Their management of internal relationships and communication.
- 5) Their professionalism and continuing professional education.
- 6) Internal controls.

It is advisable that a TWSE/TPEX company conduct performance assessments of a functional committee, covering the following aspects, with appropriate adjustments made on the basis of the company's needs:

- 1) Their degree of participation in the company's operations.
- 2) Their recognition of the duties of the functional committee.
- 3) Improvement in the quality of decision making by the functional committee.
- 4) The composition of the functional committee, and election and appointment of committee members.
- 5) Internal control.

The Company is advised to submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.

Article 38.1 Succession Plan For Management

It is advisable for the Company to establish a succession plan for the management. The development and implementation of such plan shall be periodically evaluated by the board of directors to ensure sustainable operation.

Article 38.2 Establish Intellectual Properties Management System

The board of directors is advised to evaluate and monitor the following aspects of a TWSE/TPEX company's direction of operation and performance in connection with intellectual properties, to ensure the company develops an intellectual property regulatory system in accordance with the Plan-Do-Check-Act cycle:

- 1) Formulate intellectual property regulatory policies, objectives and systems that are slightly associated with the operational strategies.
- 2) Develop, implement and maintain on the basis of scale and form its regulatory systems governing the procurement, protection, maintenance and utilization of intellectual properties.
- 3) Identify and provide the necessary resources sufficient to ensure effective implementation and maintenance of the intellectual property regulatory system.
- 4) Observe internally and externally the risks and opportunities that intellectual property regulation may present and adopt corresponding measures.
- 5) Plan for and implement a continuous improvement mechanism to ensure the operation and effects of the intellectual property regulatory regime meet the company's expectations.

Article 39 Shareholders Or Independent Directors' Request For The Board To Cease Its Resolution

If a resolution of the board of directors violates law, regulations or the company's Articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of a supervisor to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Upon discovering a likelihood that the company would suffer material injury, members of the board of directors shall immediately report to the audit committee, an independent director member of the audit committee, or a supervisor in accordance with the foregoing Paragraph.

Article 40 Directors Liability Insurance

The Company shall purchase directors' liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.

The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

Article 41 Board Members To Participate In Training Courses

Members of the board of directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and

Supervisors of TWSE/TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

Article 42 Constant Communication With Interested Parties And Equity Preservation

The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respect and safeguard their legal rights and interests, and designate a stakeholders section on its website.

When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.

Article 43 Furnishing of Sufficient Information To Banks And Other Creditors

The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the company and its decision-making process. When any of their legal rights or interest is harmed, the company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

Article 44 Establishing of Employees Communication Channels

The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or supervisors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.

Article 45 Corporate Social Responsibility

In developing its normal business and maximizing the shareholders' interest, the Company shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the company's social responsibility.

Article 46 Disclosure of Information And Publication System

Disclosure of information is a major responsibility of the company. The Company shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and TPEX rules.

The Company is advised to publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.

The Company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

Article 47 The Appointment of Spokeperson

In order to enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the company in making statements independently.

The Company shall appoint one or more acting spokespersons who shall represent the company, when the spokesperson cannot perform his/her duties, in making statements independently, provided that the order of authority is established to avoid any confusion.

In order to implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

The company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

Article 48 Set Up Corporate Governance Webpage

In order to keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up a website containing the information regarding the company's finances, operations, and corporate governance. It is also advisable for the company to furnish the financial, corporate governance, and other relevant information in English.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

Article 49 Convention of Road Show

The Company shall hold an investor conference in compliance with the regulations of the TWSE and TPEX, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the company, or through other channels, in accordance with the TWSE or TPEX rules.

Article 50 Disclosure of Corporate Governance Information

The company shall, in accordance with relevant laws and regulations of stock exchanges or OTC trading centers, disclose relevant information on corporate governance in the following years and keep updating:

- 1) The structure and rules of corporate governance.
- 2) The company's shareholding structure and shareholders' equity (including a specific dividend policy).
- 3) The structure of the board of directors, the professionalism and independence of the members.
- 4) Responsibilities of the board of directors and managers.
- 5) The composition, duties and independence of the audit committee.
- 6) The composition, duties and operation of the Salary and Remuneration Committee and other functional committees.
- 7) The remuneration paid to directors, general managers and deputy general managers in the last two years, the analysis of the proportion of the total remuneration to the after-tax profit of the individual or

individual financial reports, the remuneration payment policy, standard and combination, the procedure for setting remuneration and its relationship with operating performance and The relevance of future risks. In addition, under special circumstances, the remuneration of individual directors shall be disclosed.

8) The training status of directors.

9) The rights and relationships of interested parties, channels for complaints, issues of concern and appropriate response mechanisms.

10) Detailed handling of information disclosure matters regulated by laws and regulations.

11) The gaps and reasons between the operation of corporate governance and the company's own corporate governance code and this code.

12) Other information related to corporate governance.

Depending on the actual implementation of corporate governance, the company should disclose its specific plans and measures for improving corporate governance in an appropriate manner.

Article 51 Beware of Domestic and International Development

The Company shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the company's own corporate governance mechanisms, so as to enhance their effectiveness.

Article 52 Enactment

The enactment and amendment of the Company's Code of Corporate Governance should be approved by Audit Committee and Board of Directors' Meeting.

REGAL HOLDING CO., LTD.

Codes of Sustainable Development (Before Revision)

1. Purpose

Regal Holding and group of companies (referred to as the Company) take into account the Codes of Corporate Social Responsibility for public listed companies to establish the Company's codes of sustainable development to manage its economic, environmental and social risks and impact.

2. Scope

- (1) The Code shall apply to the Company and its group of companies' overall operating activities.
- (2) While engaging its business activities, the Company actively fulfills sustainable development to meet international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.

3. Philosophy

- (1) In promoting sustainable development initiatives, TWSE/TPEX listed companies shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.
- (2) The Company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to Company operations and shall also establish the relevant risk management policy or strategy.

4. In the Practice of Sustainable Development, the Company is Advised to Follow the Principles Below:

- (1) Implement corporate governance
- (2) Foster sustainable environment.
- (3) Preserve public welfare.
- (4) Enhance the disclosure of sustainable development information.

5. Compliance

- (1) The Company shall take into consideration the correlation between the development of domestic and international sustainable issues and its core business operations, and the impact of the Company's operation on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders meeting.
- (2) When a shareholder proposes a motion involving sustainable development, the Company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

6. Enactment of Corporate Governance Implementation

- (1) The Company is advised to follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.
- (2) The directors of the Company shall exercise duty of care to encourage the Company to perform its sustainable development, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.
- (3) The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, when the Company drives its sustainable development objectives :
 - A. Suggest sustainable development mission or vision, and establish its sustainable development policy, systems or relevant management guidelines;
 - B. Ensure sustainable development is included into the Company's operations and development direction, and to ratify enactment plans of sustainable development.
 - C. Ensure the promptness and accuracy of the disclosure of sustainable development information.
- (4) The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of a TWSE and GTSM listed company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.
- (5) The Company is advised to on a regular basis organize education and training on the implementation The Company is advised to on a regular basis organize education and training on the promotion of sustainable development initiatives, including promotion of the matters prescribed in clause (3) of this article.
- (6) For the reinforcement sustainable development management, the Company is advised to enact a sustainable development governance structure besides establishing an exclusive (or non-exclusive) sustainable development working committee, and responsible for sustainable development policies, systems, or relevant management guidelines, and the execution and suggestion of specific implementation plans, and shall also report to the board of directors on a periodical basis.
- (7) The Companies is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.
- (8) Employees' performance evaluation system is encouraged to merge with sustainable development policies, and set up an effective and clear reward and discipline system.
- (9) The Company shall out of respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.

7. Development of Sustainable Environment

- (1) The Companies shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.
- (2) The Company is encouraged to commit itself in enhancing the efficiency of energy usage, and apply recyclable materials with low impact on environment to retain the sustainability of natural resources.
- (3) The Company is encouraged to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:
 - A. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
 - B. Establish measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
 - C. Adopt enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.
- (4) The Company is encouraged to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for their managerial officers and other employees on a periodic basis.
- (5) The Company is encouraged to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations :
 - A. Reduce resource and energy consumption of their products and services.
 - B. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
 - C. Improve recyclability and reusability of raw materials or products.
 - D. Maximize the sustainability of renewable resources.
 - E. Enhance the durability of products.
 - F. Improve efficiency of products and services.
- (6) To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.
- (7) The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.
- (8) The Company is encouraged to evaluate both its current and future potential risks and opportunities that caused by climate change, and to implement response measures that are relevant to climate topics.
- (9) The Company is advised to adopt domestic and international standards to conduct greenhouse gas calculation and disclosures, and its scope may include the following:
 - A. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.
 - B. Indirect greenhouse gas emissions: emissions generated by the usage of input energy such as electricity, heating, or steam.

- C. Other indirect emissions: emissions resulting from corporate activities that are not indirect emissions from energy, but are from other sources of emissions owned or controlled by the Company.
- (10) The Company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish the Company's policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reductions strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

8. Upholding Social Benefits

- (1) The company shall abide by relevant laws and regulations, and abide by international human rights conventions, such as gender equality, right to work, and prohibition of discrimination.
- (2) In order to fulfill its responsibility to protect human rights, the company should formulate relevant management policies and procedures, including:
 - A. Propose the company's human rights policy or statement.
 - B. Assess the impact of the company's operating activities and internal management on human rights, and formulate corresponding procedures.
 - C. Regularly review the effectiveness of corporate human rights policies or statements.
 - D. When human rights violations are involved, the procedures for handling the interested parties should be disclosed.
- (3) The company shall abide by internationally recognized labor human rights, such as freedom of association, right to collective bargaining, care for disadvantaged groups, prohibition of child labor, elimination of various forms of forced labor, elimination of discrimination in employment and employment, etc., and confirm that its human resource utilization policy has no Gender, race, socioeconomic class, age, marital and family status and other differential treatment to implement equality and fairness in employment, employment conditions, salary, benefits, training, evaluation and promotion opportunities.
- (4) For situations that endanger labor rights and interests, the company shall provide an effective and appropriate appeal mechanism to ensure equality and transparency in the appeal process. The grievance channel should be concise, convenient and unimpeded, and an appropriate response should be given to the employee's grievance.
- (5) The company shall provide information to employees so that they understand their rights under the labor laws of the country where they operate.
- (6) The company should provide employees with a safe and healthy working environment, including providing necessary health and first aid facilities, and is committed to reducing the hazards to employees' safety and health to prevent occupational disasters, and provides periodical occupational safety and health training to employees.
- (7) The company should create a good environment for the career development of employees and establish an effective career development training plan.
- (8) The company should formulate and implement reasonable employee welfare measures (including salaries, vacations and other benefits, etc.), and properly reflect the company's operating performance or results in employee compensation policies to ensure the recruitment, retention and encouragement of human resources , to achieve the goal of sustainable operation.
- (9) The company should establish a channel for employees to communicate regularly, so that employees have the right to obtain information and express opinions on the company's

management activities and decisions; and should respect the right of employee representatives to negotiate working conditions, and provide necessary information and hardware facilities for employees to facilitate consultation and cooperation between employers, employees and employee representatives; in addition, the company should notify employees of operational changes that may have a significant impact on them in a reasonable manner.

- (10) The company should treat customers or consumers of its products or services in a fair and reasonable manner, including fairness and integrity in contracting, duty of care and loyalty, truthful advertising solicitation, suitability of goods or services, Principles such as notification and disclosure, remuneration and performance balance, complaint protection, professionalism of business personnel, etc., and formulate relevant implementation strategies and specific measures.
- (11) The company should be responsible for products and services and attach importance to marketing ethics. Its research and development, procurement, production, operation and service processes should ensure the transparency and security of product and service information, formulate and disclose its consumer rights policies, and implement them in operational activities to prevent products or services from harming consumer rights, health and safety.
- (12) The company shall ensure the quality of products and services are in accordance with government regulations and relevant industrial norms, and shall abide by relevant laws and international standards for the health and safety of customers, customer privacy, marketing and labeling of products and services, and shall not deceive, misleading, defrauding or any other behavior that undermines consumer trust and damages consumer rights.
- (13) The company should assess and manage various risks that may cause business interruption, and reduce its impact on consumers and society.
- (14) The company should provide transparent and effective consumer complaint procedures for products and services, handle consumer complaints fairly and immediately, and abide by relevant laws and regulations such as the Personal Data Protection Act, truly respect consumers' privacy rights, and protect personal data provided by consumers.
- (15) The company should evaluate the environmental and social impact of procurement behavior on the source community, and cooperate with its suppliers to jointly improve corporate social responsibility.
- (16) The company should formulate supplier management policies to require suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights. Before doing business, it is advisable to evaluate whether its suppliers have records that affect the environment and society, and to avoid transactions with those who violate the corporate social responsibility policy.
- (17) When the company signs a contract with its main suppliers, the content should include compliance with the corporate social responsibility policies of both parties, and if the supplier is involved in violation of the policy and has a significant impact on the environment and society of the source community, the supplier may terminate at any time or terms of rescission of the contract.
- (18) The company should assess the impact of the company's operations on the community, and appropriately employ manpower in the place where the company operates to enhance community recognition; in addition, the company may, through equity investment, commercial activities, in-kind donations, corporate volunteer services, etc., Invest resources in organizations that solve social or environmental issues through business models, or

participate in related activities of civic organizations, charitable organizations and local government agencies on community development and community education to promote community development.

9. Enhance the Information Disclosure of Corporate Sustainable Development

- (1) The Company shall disclose information according to relevant laws, regulations and the Codes of Corporate Governance for public listed companies, and shall fully disclose relevant and reliable sustainable development information to enhance its transparency.
- (2) The company shall disclose sustainable responsibility related information as below:
 - A. Sustainable development policy, systems or relevant management guidelines, and concrete promotion plans as previously approved the board of directors.
 - B. Major stakeholders and their concerns.
 - C. Implementation targets, measures, and performance indicator set by the Company for sustainable development purpose.
 - D. Major stakeholders and their concerns.
 - E. Disclosure of management and performance information on major environmental and social issues by major suppliers.
 - F. Other information relating to sustainable development.
- (3) The Company shall adopt internationally widely recognized standards or guidelines when producing sustainability report, to disclose the status of their implementation of the sustainable development policy. It also is advisable to obtain a third-party assurance or verification to enhance the reliability of the report. The contents of the report is encouraged to include :
 - A. Policy, system or related management principles and concrete promotion plan for the implementation of sustainable development.
 - B. Major stakeholders and their concerns.
 - C. Performance review of the execution result of corporate governance, development of sustainable environment, and preservation of society well-being.
 - D. Future improvements and goals.
- (4) The Company shall at all times pay attention to the development of domestic and foreign sustainable development standards and the change of business environment to examine and improve the Company's sustainable development framework and to enhance the implementation result of sustainable development.

10. Implementations

This enactment of this Code has to be approved by Audit Committee and be reported to Shareholders Meeting, including any subsequent amendment.

REGAL HOLDING CO., LTD.
Articles of Association (Before Revision)

COMPANIES LAW (REVISED)

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

REGAL HOLDING CO., LTD.

(Adopted by a special resolution passed on 10th June 2022)

THE COMPANIES LAW
(REVISED)

COMPANY LIMITED BY
SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

REGAL HOLDING CO., LTD.

(Adopted by a special resolution passed on 10th June 2022)

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

7. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
8. The authorised share capital of the Company is New Taiwan Dollars 600,000,000 divided into 60,000,000 ordinary shares of a par value of New Taiwan Dollars 10.00 each provided always that subject to the provisions of the Companies Law (as amended) and the Articles of Association the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided
9. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Law (as amended).
10. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company and the interpretations section of the Articles of Association of the Company shall apply to this Memorandum of Association.

COMPANIES LAW (REVISED)
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF
REGAL HOLDING CO., LTD.

(Adopted by a special resolution passed on 10th June 2022)

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THE COMPANIES LAW (REVISED)
COMPANY LIMITED BY SHARES
**AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF**
REGAL HOLDING CO., LTD.

(Adopted by a special resolution passed on 10th June 2022)

Table A

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

INTERPRETATION

1. Definitions

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

- | | |
|--------------------------------------|---|
| (i) Applicable Law | the Applicable Public Company Rules, the Law or such other rules or legislation applicable to the Company; |
| (ii) Applicable Public Company Rules | the ROC laws, rules and regulations (including, without limitation, the Company Law of the ROC, the Securities and Exchange Law of the ROC, the rules and regulations promulgated by the FSC, the rules and regulations promulgated by the TPEx and the rules and regulations promulgated by the TSE, as amended from time to time) affecting public reporting companies or companies listed on any ROC stock exchange or securities market that from time to time are required by the relevant regulator as applicable to the Company; |
| (iii) Articles | the Articles of Association as altered from time to time; |
| (iv) Audit Committee | the audit committee of the Board, which shall comprise solely of all the Independent Directors of the Company; |

(v) Board	the board of directors appointed or elected pursuant to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles;
(vi) Capital Reserve	for the purpose of the Articles only, comprises of the premium paid on the issuance of any share and income from endowments received by the Company under the Law;
(vii) Chairman	the Director elected amongst all the Directors as the chairman of the Board;
(viii) Company	Regal Holding Co., Ltd.;
(ix) Compensation Committee	a committee of the Board, which shall be comprised of professional individuals and having the functions, in each case, prescribed by the Applicable Public Company Rules;
(x) Cumulative Voting	the voting mechanism for an election of Directors as described in Article 35.2 hereof;
(xi) Directors	the directors for the time being of the Company and shall include any and all Independent Director(s);
(xii) Electronic Record	has the same meaning as in the Electronic Transactions Law;
(xiii) Electronic Transactions Law	the Electronic Transactions Law (2003 Revision) of the Cayman Islands;
(xiv) ESM Family Relationship within Second Degree of Kinship	the emerging stock market of the ROC; in respect of a person, means another person who is related to the first person either by blood or by marriage of a member of the family and within the second degree shall include the parents, siblings, grandparents, children and grandchildren of the first person as well as the parents, siblings and grandparents of the first person's spouse;
(xv) FSC	the Financial Supervisory Commission of the ROC;
(xvi) Independent Directors	the Directors who are elected as "Independent Directors" in accordance with the Applicable Public Company Rules or the Articles;

(xvii) Joint Operation Contract	a contract between the Company and one or more person(s) or entit(ies) where the parties thereto agree to pursue the same business venture and jointly bear losses and enjoy profits arising out of such business venture in accordance with the terms thereof;
(xviii) Law	The Companies Law (as amended) of the Cayman Islands and every modification, reenactment or revision thereof for the time being in force;
(xix) Lease Contract	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) lease or rent from the Company the necessary means and assets to operate the whole business of the Company in the name of such person, and as consideration, the Company receives a pre-determined compensation from such person;
(xx) Litigious and Non-Litigious Agent	a person appointed by the Company pursuant to the Applicable Law as the Company's process agent for purposes of service of documents in the relevant jurisdiction and the Company's responsible person in the ROC under the Securities and Exchange Law of the ROC;
(xxi) Management Contract	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) manage and operate the business of the Company in the name of and for the benefit of the Company, and as consideration, such person(s) receive a pre-determined compensation from the Company while the Company continues to be entitled to the profits (or losses) of such business;
(xxii) Market Observation Post System	the public company reporting system maintained by the TSE;
(xxiii) Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
(xxiv) Memorandum	the memorandum of association of the Company;

(xxv) Merger	means : (a) a "merger" or "consolidation" as defined under the Law ; or (b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Applicable Public Company Rules;
(xxvi) Month	calendar month;
(xxvii) Notice	written notice as further provided in the Articles unless otherwise specifically stated;
(xxviii) Officer	any person appointed by the Board to hold an office in the Company;
(xxix) Ordinary Resolution	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by not less than a simple majority of the votes cast;
(xxx) Preferred Shares	has the meaning given thereto in Article 6;
(xxxi) Private Placement	means, for so long as the shares are traded on the ESM or listed on the TPEx or TSE, the private placement by the Company of shares or other securities of the Company as permitted by the Applicable Public Company Rules;
(xxxii) Register of Directors and Officers	the register of directors and officers referred to in Article 42 hereof;
(xxxiii) Register of Members	the register of members of the Company maintained in accordance with the Law and (as long as the shares of the Company are traded on the ESM or listed on the TPEx or TSE) the Applicable Public Company Rules;
(xxxiv) Registered Office	the registered office for the time being of the Company;
(xxxv) Related Parties	has the meaning as set out in No. 24 of the International Accounting Standard;
(xxxvi) Restricted Shares	has the meaning given thereto in Article 2.5;
(xxxvii) ROC	Taiwan, the Republic of China;

(xxxviii) Seal	the common seal or any official or duplicate seal of the Company;
(xxxix) Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
(xl) share(s)	share(s) of par value New Taiwan Dollars 10.00 each in the Company;
(xli) Special Resolution	Subject to the Law, means a resolution passed at a general meeting of the Company by a majority of at least two-thirds of the votes cast by such Members who, being entitled to do so, vote in person or by their proxies, or, in the case of Members that are corporations or other non-natural person, by their duly authorised representatives by computing the number of votes to which each Member is entitled;
(xlii) Subsidiary	with respect to any company, (1) the entity, more than one half of whose total number of the issued voting shares or the total amount of the share capital are directly or indirectly held by such company; or (2) the entity that such company has a direct or indirect control over its personnel, financial or business operation;
(xlili) Supermajority Resolution	a resolution passed by a majority vote of the Members present at a general meeting attended by Members who represent two-thirds or more of the total issued shares or, if the total number of shares represented by the Members present at the general meeting is less than two-thirds of the total issued shares, but more than one half of the total issued shares, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting;
(xliv) Treasury Shares	means shares of the Company held in treasury pursuant to the Law and the Articles;
(xlv) TDCC	the Taiwan Depository & Clearing Corporation;
(xlvi) TPEx	the Taipei Exchange;
(xlvii) TSE	the Taiwan Stock Exchange Corporation; and
(xlviii) Year	Calendar year.

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

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

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

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

SHARES

2. Power to Issue Shares

- 2.1 Subject to the Applicable Law, Articles and any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares of the Company on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the Members prescribe, provided that no share shall be issued at a discount except in accordance with the Law and the Applicable Public Company Rules.
- 2.2 Unless otherwise provided in the Articles, the issue of new shares of the Company shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new shares shall at all times be subject to the sufficiency of the authorized capital of the Company.
- 2.3 For so long as the shares are traded on the ESM or listed on the TPEx or TSE, where the Company increases its issued share capital by issuing new shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new shares to be issued, for offering in the ROC to the public ("**Public Offering Portion**") unless it is not necessary or appropriate, as determined by the FSC or the TPEx or TSE (as the case may be) for the Company to conduct the aforementioned public offering or otherwise provided by Applicable Law. However, if a percentage higher than the aforementioned 10% is resolved by the Members in a general meeting by Ordinary Resolution to be offered, the percentage determined by such resolution shall prevail and shares corresponding to such percentage shall be reserved as Public Offering Portion. The Company may also reserve 10% to 15% of such new shares for subscription by the employees of the Company and its Subsidiaries (the "**Employee Subscription Portion**"). The Company may prohibit such employees from transferring the shares so subscribed within a certain period; provided, however, that such a period cannot be more than two years.
- 2.4 Unless otherwise resolved by the Members in general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new shares for cash consideration pursuant to Article 2.3 hereof, after allocation of the Public Offering Portion, including, for the avoidance of doubt, any percentage in excess of 10% of the total amount of the new shares to be issued for offering in the ROC to the public as resolved by the Members in general meeting be offered pursuant to Article 2.3, and the Employee Subscription Portion pursuant to Article 2.3 hereof, the Company shall make a public announcement and notify each Member in writing that he is entitled to exercise a pre-emptive right to purchase his pro rata portion of the remaining new shares, to be issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members the procedures for exercising such pre-emptive rights and that if any Member fails to purchase his pro rata portion of such remaining newly-issued shares within the prescribed period, such Member shall be deemed to forfeit his pre-emptive right to purchase such newly-issued shares. Where an exercise of the pre-emptive right may result in fractional entitlement of a Member, the entitlements (including

fractional entitlements) of two or more Members may be combined to jointly subscribe for one or more whole new shares in the name of a single Member, subject to compliance with such directions and terms and conditions as determined by the Board and the Applicable Public Company Rules. If the total number of the new shares to be issued has not been fully subscribed for by the Members within the prescribed period, the Company may consolidate such shares into the public offering tranche or offer any un-subscribed new shares to a specific person or persons in such manner as is consistent with the Applicable Public Company Rules.

- 2.5 Subject to the Applicable Law, the Company may issue new shares with restricted rights ("**Restricted Shares**") to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution provided that Article 2.3 hereof shall not apply in respect of the issue of such shares. For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the terms of issue of Restricted Shares, including but not limited to the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.
- 2.6 The pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes:
- (a) in connection with a Merger, spin-off, acquisition, share exchange, or pursuant to any reorganization of the Company;
 - (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.11 hereof;
 - (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;
 - (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
 - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; or
 - (f) in connection with Private Placement of the securities issued by the Company.
- 2.7 The Company shall not issue any unpaid shares or partly paid-up shares.
- 2.8 Notwithstanding Article 2.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more employee incentive programmes and may issue shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries, and for the avoidance of doubt, resolution of the Members is not required.
- 2.9 Options, warrants or other similar instruments issued in accordance with Article 2.8 above are not transferable save by inheritance.

- 2.10** Directors of the Company and its Subsidiaries shall not be eligible for Restricted Shares pursuant to Article 2.5 hereof or the incentive programmes pursuant to Article 2.8 hereof, provided that directors who are also employees of the Company or its Subsidiaries may subscribe for Restricted Shares or participate in an incentive programme in their capacity as an employee and not as a director of the Company or its Subsidiaries.
- 2.11** The Company may enter into agreements with employees of the Company and/or the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 2.8 above, whereby employees may subscribe for, within a specific period, a specific number of the shares. The terms and conditions of such agreements shall be no less restrictive on the relevant employee than the terms specified in the applicable incentive programme.
- 2.12** Where a subscriber of new shares delays payment for the shares, the Company shall fix a period of not less than one month and request the subscriber to pay, declaring that in case of default of payment within the stipulated period the right shall be void. After the Company has made the aforesaid request, the right of the subscriber who fails to pay accordingly shall be void. Under the aforesaid circumstances, compensation for losses or damages of the Company, if any, may still be claimed against such subscriber.
- 2.13** For so long as the Company issues new shares and the shares of the Company are traded on the ESM or listed on the TPEx or TSE, where the publicly announces period for payment of subscription is longer than one month, the rights of the subscribers who fail to pay shall be void, and Article 2.12 shall not be applicable.

3. Redemption and Purchase of Shares

- 3.1** Subject to the Law and Applicable Public Company Rules, the Company is authorised to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member.
- 3.2** Subject to the Applicable Public Company Rules, the Company is authorised to make payments in respect of the redemption of its shares out of capital or out of any other account or fund authorised for this purpose in accordance with the Law.
- 3.3** The redemption price of a redeemable share, or the method of calculation thereof, shall be fixed by the Board at or before the time of issue.
- 3.4** Every share certificate relating to redeemable share shall indicate that the share is redeemable.
- 3.5** Subject to the Applicable Law and the Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own shares (including any redeemable shares) on such terms and in such manner as the Directors may determine and hold them as Treasury Shares in accordance with the Applicable Law PROVIDED THAT if any purchase of the Company's own shares involves any immediate cancellation of shares of the Company, such repurchase of shares is subject to approval by the Members by way of an Ordinary Resolution and the number of shares of the Company to be cancelled shall be allocated among all the Members as of the date of such cancellation on a pro rata basis (as rounded up or down to the nearest whole number as determined by the Directors) based on the then prevailing percentage of shareholding of the Members, unless otherwise provided for in the Law or the

Applicable Public Company Rules.

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

3.6 In the event that the Company proposes to purchase any share traded on the ESM or listed on the TPEx or TSE pursuant to the preceding Article, the resolution of the Board approving such proposal and the implementation thereof should be reported to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase its shares traded on the ESM or listed on the TPEx or TSE for any reason.

3.7 For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the Company is authorised to purchase any share traded on the ESM or listed on the TPEx or TSE in accordance with the following manner of purchase:

- (a) the total price of the shares purchased by the Company shall not exceed the sum of retained earnings minus earnings distribution resolved by the Board or the general meeting, plus the following realized capital reserve:
 - (i) the premium received from the disposal of assets that has not been booked as retained earnings;
 - (ii) the premium paid on the issuance of any share and income from endowments received by the Company provided however that income from the shares shall not be included before such shares have been transferred to others;
- (b) the maximum number of shares purchased by the Company shall not exceed ten percent of the total number of issued and outstanding shares of the Company; and
- (c) the purchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in its sole discretion provided however that:

such purchase transactions shall be in accordance with the laws and regulations of the ROC relating to securities transactions and Applicable Public Company Rules; and

such purchase transactions shall be in accordance with the Law.

- 3.8** Subject to Article 3.5 and the Applicable Public Company Rules, the redemption or repurchase price may be paid in any manner permissible under the Law as determined by the Board.
- 3.9** A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due enquiry, estimate to be representative of the rates being offered by banks holding “A” licenses (as defined in the Banks and Trust Companies Law (Revised) of the Cayman Islands) in the Cayman Islands for thirty day deposits in the same currency.
- 3.10** The Directors may exercise as they think fit the powers conferred on the Company by Section 37(5) of the Law (payment out of capital) but only if and to the extent that the redemption could not otherwise be made (or not without making a fresh issue of shares for this purpose).
- 3.11** Subject as aforesaid, the Directors may determine, as they think fit all questions that may arise concerning the manner in which the redemption of the shares shall or may be effected.
- 3.12** No share may be redeemed unless it is fully paid-up.
- 3.13** The Board may designate as Treasury Shares any of its shares that it purchases or redeems, or any shares surrendered to it, in accordance with the Applicable Law.
- 3.14** No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up of the Company) may be made to the Company in respect of a Treasury Share.
- 3.15** The Company shall be entered in the Register of Members as the holder of the Treasury Shares provided that:
- (d) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
 - (e) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the Articles or the Law.
- 3.16** After the Company purchases the shares traded on the ESM or listed on the TPEx or TSE, any proposal to transfer the Treasury Shares to the employees of the Company and its Subsidiaries at a price below the average actual repurchase price must be approved by Special Resolution in the next general meeting and the items required by the Applicable Public Company Rules shall be specified in the notice of the general meeting and may not be proposed as an extemporaneous motion. The aggregate number of Treasury Shares resolved at all general meetings and transferred to the employees of the Company and its Subsidiaries shall not exceed 5% of the total issued shares, and each employee may not subscribe for more than 0.5% of the total issued shares in aggregate. The Company may prohibit such employees from transferring such Treasury Shares within a certain period; provided, however, that such a period cannot be more than two years.

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

4. Rights Attaching to Shares

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

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

5. Share Certificates

5.1 The Company may issue shares in uncertificated/scripless form or issue share certificates. Where share certificates are issued, every Member shall be entitled to a certificate issued under the Seal (or a facsimile thereof), which shall be affixed or imprinted with the authority of the Board, specifying the number and, where appropriate, the class of shares held by such Member. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means. For so long as the shares are traded on the ESM or listed on the TPEx or TSE, shares of the Company shall be issued in uncertificated/scripless form unless the issuance of share certificates is required by the provisions of the Applicable Public Company Rules.

5.2 If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.

5.3 Share may not be issued in bearer form.

5.4 When the Company shall issue share certificates pursuant to Article 5.1 hereof, the Company shall deliver the share certificates to the subscribers within thirty (30) days from the date such share certificates may be issued pursuant to the Law, the Memorandum, the Articles, and the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules.

- 5.5 Where the Company shall issue the shares in uncertificated /scripless form, the Company shall upon the issue of such shares cause the name of the subscriber and other particulars to be entered onto the Register of Members in accordance with the Law and the Applicable Public Company Rules. The Company shall deliver the uncertificated/scripless shares to the subscribers by recording the issuance of uncertificated/scripless shares on the book-entry system of the TDCC within thirty (30) days from the date such uncertificated/scripless shares may be issued pursuant to the Law, the Memorandum, the Articles, and the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such uncertificated /scripless shares pursuant to the Applicable Public Company Rules.

6. Preferred Shares

- 6.1 The Company may by Special Resolution designate one or more classes of shares with preferred or other special rights as the Company, by Special Resolution, may determine (shares with such preferred or other special rights, the "Preferred Shares"), and cause to be set forth in the Articles.
- 6.2 For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the rights and obligations of Preferred Shares may include (but not limited to) the following terms and shall be consistent with the Applicable Public Company Rules:
- (a) the order of priority and fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
 - (b) the order of priority and fixed amount or fixed ratio of allocation of surplus assets of the Company;
 - (c) the order of priority for or restriction on the voting right(s) (including declaring no voting rights whatsoever) of the Members holding the Preferred Shares;
 - (d) the number, method or formula for Preferred Shares to be converted into common shares (for the avoidance of doubt, in accordance with the Applicable Public Company Rules, a public company shall not issue Preferred Shares to be converted into multiple common shares);
 - (e) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
 - (f) other matters concerning rights and obligations incidental to Preferred Shares.

REGISTRATION OF SHARES

7. Register of Members

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

8. Registered Holder Absolute Owner

Except as required by law:

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

9. Transfer of Registered Shares

- 9.1** Title to shares traded on the ESM or listed on the TPEx or TSE may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules (including through the book-entry system of the TDCC).
- 9.2** All transfers of shares which are in certificated form may be effected by an instrument of transfer in writing in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and, if the Board so requires, by or on behalf of the transferee. Without prejudice to the foregoing, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. Notwithstanding the foregoing, an instrument of transfer shall not be required for a repurchase of shares by the Company for purposes of changing the currency of share capital of the Company.
- 9.3** The Board may refuse to recognise any instrument of transfer in respect of shares in certificated form unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- 9.4** The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.
- 9.5** The Board may in its absolute discretion and without assigning any reason therefor

refuse to register the transfer of a share in certificated form in the event such registration of transfer would (i) conflict with the Applicable Law; or (ii) conflict with the Memorandum and/or the Articles. If the Board refuses to register a transfer of any share, the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

10. Transmission of Registered Shares

- 10.1** In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.
- 10.2** Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share.
- 10.3** On the presentation of the evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration or refuse registration as stipulated in Article 9.3 hereof as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.
- 10.4** Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

ORDINARY RESOLUTION, SPECIAL RESOLUTION AND SUPERMAJORITY RESOLUTION

11. Alteration of Capital

11.1 The Company may from time to time by Ordinary Resolution alter the conditions of its Memorandum to:

- (a) increase its share capital by new shares of such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- (c) convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination;
- (d) sub-divide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares; or
- (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

11.2 The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the new proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

12. Special Resolution and Supermajority Resolution

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

- (a) change its name;
- (b) alter or add to the Articles;
- (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein;
- (d) reduce its share capital and any capital redemption reserve fund; or
- (e) effect a Merger under the Law ; in the event the Company participates in the merger and is dissolved thereafter, and the trading of Company shares on the stock exchange market shall be terminated consequently, while the surviving or the newly incorporated company is not a listed or OTC company, the resolution of the general meeting shall be adopted by two-thirds or more of the votes of the shareholders who represent the total number of issued shares of the Company.

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

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

- (a) effecting any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 17 hereof;
- (b) effecting any Merger (except for any Merger which falls within the definition of "merger" and/or "consolidation" under the Law, which requires the approval of the Company by Special Resolution only) ,~~or~~ spin-off, or shares exchange of the Company; provided, however, that the trading of Company shares on the stock exchange market shall be terminated because the Company participates in the merger and is dissolved thereafter, or in the acquisition by a company under general assumption or transfer, or in the acquisition by share exchange, or spin-off, while the surviving, or the transferee company, or the newly incorporated company is not a listed or OTC company, the resolution of the general meeting shall be adopted by two-thirds or more of the votes of the shareholders who represent the total number of issued shares of the Company.
- (c) entering into, amend, or terminate any Lease Contract, Management Contract or Joint Operation Contract;

- (d) the transferring of the whole or any essential part of the business or assets of the Company; provided, however, that the trading of Company shares on the stock exchange market shall be terminated because the Company transferred its business or assets to another company, the resolution of the general meeting shall be adopted by two-thirds or more of the votes of the shareholders who represent the total number of issued shares of the Company ; or
- (e) acquiring or assuming the whole business or assets of another person, which has a material effect on the Company's operation ; provided, however, that the trading of Company shares on the stock exchange market shall be terminated because of the preceding event, the resolution of the general meeting shall be adopted by two-thirds or more of the votes of the shareholders who represent the total number of issued shares of the Company.

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

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

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

13. Variation of Rights Attaching to Shares

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

DIVIDENDS AND CAPITALISATION

14. Dividends

- 14.1** The Board may, subject to approval by the Members by way of Ordinary Resolution or, in the case of Article 12.3(a), Supermajority Resolution and subject to the Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members in proportion to the number of shares held by them, and such dividend may be paid in cash or shares.
- 14.2** Subject to the Applicable Law, no dividends or other distribution shall be paid except out of profits of the Company, realised or unrealised, out of share premium account or any reserve, fund or account as otherwise permitted by the Law. Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the number of the shares that a Member holds. If any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividends accordingly.
- 14.3** Subject to the Law and this Article and except as otherwise provided by the rights attached to any shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in annual general meetings.
- 14.4** If there is profit for the year (defined below), the Company shall set aside no less than one per cent (1%) of the profit as employee compensation and no more than three per cent (3%) of the profit as compensation for the Directors. However, if the Company has accumulated losses in previous years, it shall reserve an amount of the pre-tax profit for offsetting the accumulated losses. The employee compensation referred to in this Article 14.4 shall be distributed in the form of stock or cash and may be distributed to employees of the Company's Subsidiaries, if such employees satisfy certain qualifications as may be resolved by the Board from time to time. For the purpose of this Article 14.4, "profit" means the profit before tax and before the compensation for employees and Directors are set aside.
- 14.5** The Company operates in a market for specific demands and customized products and is in the growth stage. The Board shall prepare the dividend proposal by taking into account the profit of the year, overall development, financial plans, capital need, projection of the industry and the Company's prospects and so on and submit the proposal for the Members' approval. For so long as the shares are traded on the ESM or listed on the TPEx or TSE, if there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) ten per cent (10%) as reserve ("Statutory Reserve") unless such Statutory Reserve has reached the amount of paid-up capital; and (iv) a special surplus reserve as required by the applicable securities authority of the ROC under the Applicable Public Company Rules. If there should be any remaining profits, subject to the discretion of the Directors when preparing the dividend proposal, after combining all or part of the accumulated undistributed profits in the previous years and the reversed special surplus reserve, the combined amount shall be allocated as dividends to the Members in proportion to their shareholdings. Subject to the Law and the Applicable Public Company Rules and unless otherwise resolved by the Board and the Members, and after having considered the financial, business and operational factors of the Company, the dividends shall not be less than fifty per cent (50%) of profit after tax of the relevant

year. The distribution may be made by way of cash dividends or by way of stock dividends or a combination thereof, provided that, the cash dividends shall not be less than thirty per cent (30%) of the total amount of dividends payable.

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

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

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

15. Capital Reserve and Power to Set Aside Profits

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

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

16. Method of Payment

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

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

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

17. Capitalisation

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

MEETINGS OF MEMBERS

18. Annual General Meetings

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

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

18.3 The Company's shareholders' meeting can be held virtually or other methods declared by competent authority in accordance with ROC's Company Act. In the event of calamities, incidents, or force majeure, the competent authority in accordance with ROC's Company Act may declare a ruling not included in the Company's Articles of Association, and the Company may during the effective duration of this ruling, hold its shareholders' meeting virtually or through other appropriate means declared above.

18.4 In case a shareholders' meeting is conducted virtually, the shareholders participating in such virtual meeting shall be deemed to have attended the meeting in person.

18.5 In the event of conducting virtually for a shareholders meeting, the Company shall adhere to the rules & regulations, operating procedures and other compliance matters of ROC's Securities & Exchange Act.

19. Extraordinary General Meetings

19.1 General meetings other than annual general meetings shall be called extraordinary general meetings.

19.2 The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or is desirable.

19.3 For so long as the shares are traded on the ESM or listed on the TPEX or TSE, the Board shall on a Member's requisition as defined in Article 19.4 forthwith proceed to convene an extraordinary general meeting of the Company.

- 19.4** A Member's requisition set forth in Article 19.3 is a requisition of one or more Members of the Company holding in the aggregate at the date of deposit of the requisition not less than three per cent (3%) of the total number of issued shares of the Company which as at that date have been held by such Member(s) for at least one year.
- 19.5** The Member's requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor.
- 19.6** If the Board does not within fifteen (15) days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists, may themselves convene an extraordinary general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Board. If it is proposed that the extraordinary general meeting be held outside the ROC, an application shall be submitted by such requisitionists to the TPEX or TSE (as the case may be) for its prior approval.
- 19.7** Subject to the Law, one or more Members continuously holding more than fifty per cent (50%) of the total number of issued shares of the Company for at least three months may themselves convene an extraordinary general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Board. If it is proposed that the extraordinary general meeting be held outside the ROC, an application shall be submitted by such requisitionists to the TPEX or TSE (as the case may be) for its prior approval. The calculation of the holding period and holding number of shares in the preceding paragraph shall be based on the holding at the time immediately prior to the relevant book close period, during which the Company closed its Register of Members.

20. Notice

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

- 20.4** For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly in accordance with Applicable Public Company Rules.
- 20.5** For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the general meetings, including but not limited to, election or discharge of Directors, in accordance with Article 20.2 hereof, and shall transmit the same via the Market Observation Post System in accordance with Applicable Public Company Rules. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Article 20.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be made available to all Members and shall be transmitted to the Market Observation Post System in accordance with the Applicable Public Company Rules twenty-one (21) days prior to the annual general meetings or, in the case of extraordinary general meetings, fifteen (15) days prior to such meeting. However, in the event that a TWSE or TPEx listed company's fully paid-up capital is equivalent to NT\$10 billion or above on its latest financial year end, or when the fully paid-up capital of such Company consisted of 30% or above foreign or Mainland China investors in the register of members of its most recently held annual general meeting during its most recent financial year, then such Company shall upload the aforementioned electronic files by 30 days prior to annual general meeting.
- 20.6** For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion; the summary of the major contents may be posted on the website designated by the ROC competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice:
- (a) election or discharge of Directors,
 - (b) alteration of the Memorandum or Articles,
 - (c) (i) dissolution, Merger, share swap or spin-off, (ii) entering into, amending, or terminating any Lease Contract, Management Contract or Joint Operation Contract, (iii) transfer of the whole or any essential part of the business or assets of the Company, and (iv) acquisition or assumption of the whole of the business or assets of another person, which has a material effect on the operations of the Company,
 - (d) ratification of an action by Director(s) who engage(s) in business for himself or on behalf of another person that is within the scope of the Company's business (including but not limited to lifting Directors' and Officers' non-compete obligations),
 - (e) distribution of the whole or part of the surplus profit of the Company in the form of new shares, capitalization of Capital Reserve and any other amount in accordance with Article 17,

- (f) making distributions of new shares or cash out of the Statutory Reserve, the premium received on the issuance of any shares and income from endowments received by the Company to its Members,
- (g) Private Placement of any equity-related securities to be issued by the Company,
- (h) reduction of capital, and
- (i) application for the approval of ceasing its status as a public company.

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

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

20.9 The Board or other authorized conveners of Members' meetings may require the Company, the Registered Office (if applicable) or the stock affairs agent located in the ROC to provide with the Register of Members.

21. Giving Notice

21.1 Any Notice or document, whether or not to be given or issued under the Articles from the Company to a Member, shall be in writing either by delivering it to such Member in person or by sending it by letter mail or courier service to such Member at his registered address as appearing in the Register of Members or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address. For the purposes of this Article, a notice may be sent via electronic means if so agreed to by the shareholder in writing. And for the Members with fewer than 1,000 shares, the Company may furnish them such notice by the measure of public declaration 30 days in advance for the case of annual general meetings, and 15 days in advance in the event of extraordinary general meetings.

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

22. Postponement of General Meeting

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

23 Quorum and Proceedings at General Meetings

23.1 No resolutions shall be adopted unless a quorum is present. Unless otherwise provided for in the Articles, Members present in person or by proxy or in the case of a corporate Member, by corporate representative, representing more than one-half of the total issued shares of the Company entitled to vote, shall constitute a quorum for any general meeting.

23.2 For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members in a manner consistent with the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies of or announce to the public the ratified financial statements and the Company's resolutions on distribution of profits or allocation of losses, to each Member or otherwise make the same available to the Members in accordance with the Applicable Public Company Rules.

23.3 Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll.

23.4 For so long as the shares are traded on the ESM or listed on the TPEx or TSE, if and to the extent permitted under the Law, nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the convening of any general meeting or the passage of any resolution in violation of applicable laws or regulations or the Articles within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court for adjudicating any disputes arising out of the foregoing.

23.5 Unless otherwise expressly required by the Law, the Memorandum or the Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Members at any general meeting may be passed by an Ordinary Resolution.

23.6 For so long as the shares are traded on the ESM or listed on the TPEx or TSE, member(s) holding one per cent (1%) or more of the Company's total issued shares, may propose to the Company in writing or by electronic transmission one matter for discussion at an annual general meeting. Prior to the relevant book close period, during which the Company closed its Register of Members, the Company shall give a public notice in such manner as permitted by Applicable Law specifying the place, the method and a period of not less than ten (10) days for Members to submit proposals. Proposals submitted for discussion at an annual general meeting shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than one cent (1%) of the Company's total issued shares, (b) the

matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal (d) the proposal containing more than 300 words or (e) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s). A Member's proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a Meeting of Members by the Board.

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

24. Chairman to President

- 24.1** In the event that the general meeting is convened by the Board, the Chairman shall act as chairman at all meetings of the Members at which such person is present. In his absence the Directors who are present at the meeting of Members shall elect one from among themselves to act as the chairman at such meeting in lieu of the Chairman; where as for a Members' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.
- 24.2** For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the chairman at all meetings of the Members shall be appointed or elected in accordance with the Applicable Public Company Rules.

25. Voting on Resolutions

- 25.1** Subject to any rights, privileges or restrictions attached to any share, every Member who (being an individual) is present in person or by proxy or (in the case of a corporation or other non-natural person) by duly authorized corporate representative(s) or by proxy shall have one vote for every share of which he is the holder. A Member who holds shares for benefit of others, need not use all his votes or cast all the votes he holds in the same way as he uses his votes in respect of shares he holds for himself. The qualifications, scope, methods of exercise, operating procedures and other matters with respect to exercising voting power separately shall comply with the Applicable Public Company Rules.
- 25.2** No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of shares unless he is registered as a Member on the record date for such meeting nor unless he has paid all the calls on all shares held by such Member.
- 25.3** Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.
- 25.4** Subject to the Law, for so long as the shares are traded on the ESM or listed on the TPEx or TSE, the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members. A shareholder who exercises his/her/its voting

power at a shareholders meeting in writing or by way of electronic transmission as set forth in the preceding Paragraph shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived his/her/its voting power in respect of any extemporary motion(s) and/or the amendment (s) to the contents of the original proposal(s) at the said shareholders' meeting. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two (2) days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman of the general meeting as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the said general meeting. For the purpose of clarification, such Members voting in such manner shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.

- 25.5** In the event any Member who intended to exercise his voting power by way of a written ballot or electronic transmission and has served his voting decision on the Company pursuant to Article 25.4 hereof later intends to attend the general meetings in person, he shall, at least two (2) days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous voting decision. Such separate notice shall be sent to the Company in the same manner (e.g., by courier, registered mail or electronic transmission, as applicable) as the previous voting decision under Article 25.4 was given to the Company. Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke his voting decision before the prescribed time.
- 25.6** A Member who has served the Company with his voting decision in accordance with Article 25.4 for the purpose of exercising his voting power by way of a written ballot or by way of electronic transmission may appoint a person as his proxy to attend the meeting in accordance with the Articles, in which case the vote cast by such proxy shall be deemed to have revoked his previous voting decision served on the Company and the Company shall only count the vote(s) cast by such expressly appointed proxy at the meeting.

26. Proxies

- 26.1** The instrument of proxy shall be in the form approved by the Board from time to time and be expressed to be for a particular meeting only. The form of proxy shall include at least the following information: (a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Member, proxy and the solicitor (if any). The form of proxy shall be provided to the Members together with the relevant notice for the relevant general meeting, and such notice and proxy materials shall be distributed to all Members on the same day.

- 26.2** An instrument of proxy shall be in writing, be executed under the hand of the appointor, or, if the appointor is a corporation or other non-natural person, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
- 26.3** For so long as the shares are traded on the ESM or listed on the TPEx or TSE, subject to the Applicable Public Company Rules, except for an ROC trust enterprise or stock affair agents approved pursuant to Applicable Public Company Rules, save with respect to the Chairman being deemed appointed as proxy under Article 25.4, in the event a person acts as the proxy for two or more Members, the total number of issued and voting shares entitled to be voted as represented by such proxy shall be no more than three per cent (3%) of the total number of issued and voting shares of the Company immediately prior to the relevant book closed period, during which the Company close its Register of Member; any vote in respect of the portion in excess of such three per cent (3%) threshold shall not be counted.
- 26.4** In the event that a Member exercises his voting power by way of a written ballot or electronic transmission and has also authorised a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (2) days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.
- 26.5** The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company not less than five (5) days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, save with respect to the Chairman being deemed appointed as proxy under Article 25.4. Where more than one instrument to vote are received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.

27. Proxy Solicitation

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

28. Dissenting Member's Appraisal Right

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

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

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

28.3 The Member filing a request under the Article 28.1 and Article 28.2 shall make it in writing within 20 days since the resolution of the general meeting was made, specify the price for buying back. If the Member and Company reach an agreement about the price of purchasing, the Company shall pay for the shares within 90 days since the resolution of the general meeting was made. In case no agreement is reached, the Company shall pay the fair price which it has recognized to the Member who asks for a higher price within 90 days since the resolution of the general meeting was made. If the Company did not pay, the Company shall be considered to be agreeable to the price requested by the Member in writing as prescribed above.

28.4 In case the Member filing a request under the Article 28.2, but no agreement is reached within 60 days since the resolution of the general meeting was made, the Company shall apply to the court for a ruling on the fair price against all the dissenting Members as the opposing party within 30 days after the 60-day period mentioned above. The Taiwan Taipei District Court may be the first court for this matter.

29. Shares that May Not be Voted

29.1 Shares held:

- (a) by the Company itself;
- (b) by any entity in which the Company owns, legally or beneficially, more than fifty per cent (50%) of its total issued and voting share or share capital; or

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

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

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

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

30. Voting by Joint Holders of Shares

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

31. Representation of Corporate Member

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

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

32. Adjournment of General Meeting

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

33. Directors Attendance at General Meetings

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

DIRECTORS AND OFFICERS

34. Number and Term of Office of Directors

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

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

34.3 In the event that the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 34.2 hereof, the non-qualifying Director(s) who was elected with the fewest number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 34.2 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall be automatically discharged from his office effective from such violation without any action required on behalf of the Company.

34.4 For so long as the shares traded on the ESM or listed on the TPEx or TSE, unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the ROC and at least one of them shall have accounting or financial expertise. Before the shares are traded on the ESM or listed on the TPEx or TSE, the Board may resolve that the Company shall hold an election of Independent Director(s) at the general meeting.

34.5 Prior to the shares being traded on the ESM or listed on the TPEx or TSE, the Directors (including Independent Directors) may be nominated by adopting the

candidate nomination system specified in the Applicable Public Company Rules provided that the Directors (including Independent Directors) shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules for so long as the shares are traded on the ESM or listed on the TPEX or TSE.

- 34.6** Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be consistent with the Applicable Public Company Rules.

35. Election of Directors

- 35.1** The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 35.2 below. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to elect one or more Directors.

- 35.2** The Director(s) shall be elected by Members upon a poll vote by way of cumulative voting (the manner of voting described in this Article to be referred to as "**Cumulative Voting**") in the following manner:

on an election of Directors, the numbers of votes attached to each voting share held by a Member shall be cumulative and correspond to the number of Directors nominated for appointment at the general meeting;

the Member(s) may vote all or part of their cumulated votes in respect of one or more Director candidates;

such number of Director candidates receiving the highest number of votes in the same category (namely, independent or non-independent) of Directors to be elected shall be appointed; and

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

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

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

shall hold, within sixty (60) days from the date of the occurrence of vacancies, a general meeting to elect succeeding Directors to fill the vacancies.

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

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

36. Removal of Directors

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

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

37. Vacation of Office of Director

37.1 The office of Director shall be vacated:

- (a) if the Director is removed from office pursuant to the Articles;
- (b) if the Director dies;
- (c) if the Director is automatically discharged from his office in accordance with Article 34.3;
- (d) if the Director resigns his office by notice in writing to the Company;
- (e) if the Director is the subject of a court order for his removal in accordance with

Article 36.2; or

- (f) with immediate effect without any action required on behalf of the Company if
 - (i) the Director has been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and has not been reinstated to his rights and privileges;
 - (ii) an order is made by any competent court or official on the grounds that the Director has no legal capacity, or his legal capacity is restricted according to Applicable Law;
 - (iii) the Director has committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently has been adjudicated guilty by a final judgment, and has not started serving the sentence, has not completed serving the sentence, or the time elapsed since completion of serving the sentence, expiration of the probation, or pardon is less than five years;
 - (iv) the Director has committed an offence in terms of fraud, breach of trust or misappropriation and subsequently has been punished with imprisonment for a term of more than one year by a final judgment, and has not started serving the sentence, has not completed serving the sentence, or the time elapsed since completion of serving the sentence, expiration of the probation, or pardon is less than two years;
 - (v) the Director has been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and has not started serving the sentence, has not completed serving the sentence, or the time elapsed since completion of serving the sentence, expiration of the probation, or pardon is less than two years;
 - (vi) the Director has been dishonored for use of credit instruments, and the term of such sanction has not expired yet.
 - (vii) the Director has been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

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

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

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

then he shall immediately cease be a Director and no shareholders' approval shall be required.

38. Compensation of Directors

- 38.1** For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the Board shall, in accordance with the Applicable Public Company Rules, establish a Compensation Committee comprised of at least three members, one of whom shall be an Independent Director. The professional qualifications of the members of the Compensation Committee, the responsibilities, powers and other related matters of the Compensation Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Compensation Committee, the Board shall, by a resolution, adopt a charter for the Compensation Committee the provisions of which shall be consistent with the Applicable Public Company Rules. Before the shares are traded on the ESM or listed on the TPEx or TSE, the Board may resolve to establish a Compensation Committee.
- 38.2** The compensation referred in the preceding Article shall include the compensation, stock option and other incentive payments of Directors and managers of the Company.
- 38.3** The compensation of the Directors may be decided by the Board by reference to recommendation made by the Compensation Committee, the standard generally adopted by other enterprises in the same industry, and shall be paid in cash only. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to distribution of profits of the Company if permitted by the Law, the Applicable Public Company Rules, the service agreement or other similar contract that he/she has entered into with the Company.

39. Defect in Election of Director

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

40. Directors to Manage Business

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

41. Powers of the Board of Directors

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

may:

- (a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their compensation and determine their duties;
- (b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;
- (c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;
- (d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;
- (e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney. Such attorney may, if so authorised, execute any deed or instrument in any manner permitted by the Law;
- (f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;
- (g) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board and every such committee shall conform to such directions as the Board shall impose on them. Subject to any directions or regulations made by the Directors for this purpose, the meetings and proceedings of any such committee shall be governed by the provisions of the Articles regulating the meetings and proceedings of the Board;
- (h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board sees fit;
- (i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;
- (j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and
- (k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any agreement, document or instrument on behalf of the Company.

42. Register of Directors and Officers

42.1 The Board shall cause to be kept in one or more books at the Registered Office a

Register of Directors and Officers in accordance with the Law and shall enter therein the following particulars with respect to each Director and Officer:

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

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

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

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

43. Officers

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

44. Appointment of Officers

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

45. Duties of Officers

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

46. Compensation of Officers

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

47. Conflicts of Interest

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

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

- 47.3** Notwithstanding anything to the contrary contained in this Article 47, a Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.
- 47.4** Notwithstanding anything to the contrary contained in this Article 47, a Director who is engaged in anything on his own account or on behalf of another person, which is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek their approval by Supermajority Resolution.
- 47.5** Notwithstanding anything to the contrary contained in this Article 47, in the Merger, spin-off, or acquisition by the Company, a Director who has a personal interest in the transaction of Merger, spin-off, or acquisition shall explain to the Board and the general meeting the essential contents of such personal interest and the reasons of approval or dissent to the resolution of Merger, spin-off, or acquisition.
- 47.6** Where the spouse, a blood relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director, who has a person interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, such Director shall be deemed to have a personal interest in the matter.

48. Indemnification and Exculpation of Directors and Officers

- 48.1** The Directors and Officers of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, officer or trustee and their respective heirs, executors, administrators, and personal representatives (each of which persons being referred to in this Article as an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud, dishonesty or breach of duties provided under Article 48.4 which may attach to any of the said persons.
- 48.2** The Company may purchase and maintain insurance for the benefit of any Director or Officer of the Company against any liability incurred by him in his capacity as a Director or Officer of the Company or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any Subsidiary thereof.
- 48.3** To the extent permitted under the laws of the Cayman Islands, Members continuously

holding one per cent (1%) or more of the total issued shares of the Company for six months or longer may file a petition with the Taipei District Court, ROC for and on behalf of the Company against the relevant Directors.

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

MEETINGS OF THE BOARD OF DIRECTORS

49. Board Meetings

- 49.1** Board meetings shall be convened by the Chairman, and the Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. To the extent permitted under the laws of the Cayman Islands, the majority or more of the Directors may, by filing a written proposal setting forth therein the subjects for discussions and the reasons, request the Chairman to convene a Board meeting. If the Chairman fails to convene a board meeting within 15 days after the filing of the request under the preceding paragraph, the proposing Directors may convene a board meeting on their own.
- 49.2** For so long as the shares are traded on the ESM or listed on the TPEx or TSE, the Company shall hold regular meetings of the Board at least on a quarterly basis and such meetings shall be held in compliance with the Applicable Public Company Rules.
- 49.3** A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

50. Notice of Board Meetings

- 50.1** The Chairman may, and the Secretary on the requisition of the Chairman shall, at any time summon a meeting of the Board.
- 50.2** Before the shares are traded on the ESM or listed on the TPEx or TSE, at least three

(3) days prior notice shall be given for any meeting of the Board provided that in the case of urgent circumstances, a meeting of the Board may be convened at any time. For so long as the shares are traded on the ESM or listed on the TPEx or TSE, to convene a meeting of the Board, a notice setting forth therein the matters to be considered and if appropriate, approved at the meeting shall be given to each Director no later than seven (7) days prior to the scheduled meeting date. However, in the case of urgent circumstances, the meeting may be convened at any time with the Applicable Public Company Rules. For the purposes of this Article, a notice may be sent via electronic means if so agreed to by the Directors.

51. Participation in Meetings

51.1 Each Director shall attend the meeting of the Board in person or appoint another Director to attend a meeting of the Board. In case a Director appoints another Director to attend a meeting of the Board, he/she shall, in each time, give a proxy instrument and specify the scope of appointment with reference to the subjects to be discussed at the meeting. A Director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other Director only.

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

52. Quorum at Board Meetings

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

53. Board to Continue in the Event of Vacancy

The Board may act notwithstanding any vacancy in its number.

54. Chairman to Preside

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

55. Validity of Prior Acts of the Board

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

CORPORATE RECORDS

56. Minutes

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

(a) of all elections and appointments of Officers;

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

57. Register of Mortgages and Charges

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

58. Form and Use of Seal

- 58.1** The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf; and, until otherwise determined by the Directors, the Seal shall be affixed in the presence of a Director or the Secretary or an assistant secretary or some other person authorised for this purpose by the Directors or the committee of Directors.
- 58.2** Notwithstanding the foregoing, the Seal may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.
- 58.3** The Company may have one or more duplicate Seals, as permitted by the Law; and, if the Directors think fit, a duplicate Seal may bear on its face of the name of the country, territory, district or place where it is to be issued.

TENDER OFFER AND ACCOUNTS

59. Tender Offer

For so long as the shares are traded on the ESM or listed on the TPEx or the TSE, any public announcement in connection with any tender offer of the Company's shares shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing Public Tender Offers for Securities of Public Companies."

60. Books of Account

- 60.1** The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:
 - (a) all sums of money received and expended by the Company and the matters in

respect of which the receipt and expenditure relates;

(b) all sales and purchases of goods by the Company; and

(c) all assets and liabilities of the Company.

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

60.2 Such records of account shall be kept and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept, at such place as the Board thinks fit, such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

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

61. Financial Year End

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

(a) shall end on 31st December in the year of its incorporation and each following year; and

(b) shall begin when it was incorporated and on 1st January each following year.

AUDIT COMMITTEE

62. Number of Committee Members

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

63. Powers of Audit Committee

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

- (a) adoption of or amendment to an internal control system;
- (b) assessment of the effectiveness of the internal control system;
- (c) adoption of or amendment to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others;
- (d) any matter relating to the personal interest of the Directors;
- (e) a material asset or derivatives transaction;
- (f) a material monetary loan, endorsement, or provision of guarantee;
- (g) the offering, issuance, or Private Placement of any equity-related securities;
- (h) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
- (i) the appointment or discharge of a financial, accounting, or internal auditing officer;
- (j) approval of annual and semi-annual financial reports (if applicable under the Applicable Public Company Rules); and
- (k) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

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

- 63.2** Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Independent Directors of the Audit Committee shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, examine the accounting books and documents, and request the Board or officers to report on matters referred to above. Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Board may authorise any Independent Director of the Audit Committee to appoint on behalf of the Company, a practicing lawyer and independent auditors to conduct the examination.
- 63.3** The Audit Committee shall audit the various financial statements and records prepared by the Board for submission to the general meeting, and shall report their findings and opinions at such meeting.
- 63.4** Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, for so long as the shares are traded on the ESM or listed on the TPEx or TSE, the Audit Committee shall review the fairness and reasonableness of the plan and transaction of the Merger, spin-off, or acquisition before any resolution of Merger, spin-off, or acquisition by the Board, and then to report the review results to the Board and the general meeting. If the resolution by the general meeting is required under the Law, to the general meeting.

63.5 When the Audit Committee reviews matters, it shall seek opinions from an independent expert on the justification of the share exchange ratio or distribution of cash or other assets. The review results of the Audit Committee and opinions of the independent experts shall be delivered to each Member together with the notice of the general meeting for the Merger, spin-off, or acquisition. If the resolution by the general meeting is not required under the Law, the Company shall report the review results of the Audit Committee and opinions of the independent experts on the recently general meeting. In case the Company announces the same content as the approved documents that shall send to Members on a website designated by the competent securities authority of R.O.C and those documents are prepared in the Company and at the venue of the general meeting, those documents shall be deemed as having been sent to Members.

VOLUNTARY DISSOLUTION AND WINDING-UP

64. Voluntary Dissolution and Winding-Up

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

64.2 If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members subject to the Applicable Law. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO CONSTITUTION

65. Changes to Articles

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

LITIGIOUS AND NON-LITIGIOUS AGENT

66. Appointment of Litigious and Non-Litigious Agent

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

OTHERS

67. ROC Securities Laws and Regulations

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

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

REGAL HOLDING CO., LTD.

Rules And Regulations of Shareholders Meetings (Before Revision)

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 Its Proxy

- (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 its designated professional shareholder services agent, 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.

Rules And Regulations of Assets Acquisition And Disposal (Before Revision)

Article 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.

Article 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

Article 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 Article 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 Article 2-1 of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants or Article 5 of the Relevant Regulations Governing the Auditing and Attestation of Financial Statements of Financial Institutions by Engaged Certified Public Accountants.

Article 4 Exclusion of Related Parties

- 1) Professional appraisers and its related appraiser officers, certified public accounts, attorneys, and securities underwriters that provide the Company 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 Article 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. Evaluation shall be taken to ensure the completeness, accuracy, and reasonableness of the sources of each data, criteria, and information used, and apply as the basis for issuance of the appraisal report or the opinion.
 - D. 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.

Article 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 Article 6 Clause three.

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.

Article 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.

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 Clause 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.

Article 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 Article 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-to-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Clause three.
- 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 Clause one.
- G. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts aforementioned shall be made in accordance with Article 31 Clause 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 Clause, 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 Clause, 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 Paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors Meeting.
 - K. The terms "all Audit Committee members" as mentioned in such procedure 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:
 - 1. 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.

2. 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 Paragraph.
- C. In the event that the Company that acquires real property or right-to-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 Article three Paragraph (A) and Paragraph (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-to-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article one, Article two in respect of its evaluation and operating procedure, Article three number Paragraph (A), Paragraph (B), and Paragraph (C) do not apply :
1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
 4. 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 Article three number Paragraph A and Paragraph B are uniformly lower than the transaction price, the matter shall be handled in compliance with Article three number Paragraph F. 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, 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 Article, 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 Clause 3 of such Article are uniformly lower than the transaction price, the following steps shall be taken:
- Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the Article three two Articles are uniformly lower than the transaction price, the following steps shall be taken:
1. A special reserve shall be set aside in accordance with Article 41 Clause 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 Article 41 Clause 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.
 2. The company's independent directors in Audit Committee shall comply with Article 218 of Republic of China Companies Act.
- Actions taken pursuant to Subparagraphs 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 Paragraph 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 Clause three Paragraph F and Paragraph G if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 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.

Article 9 Derivatives Transactions

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

Article 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 Clause 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 Paragraphs number A and Paragraph number B 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 Clause.
- 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 the companies that participate in merger, demerger, acquisition, or transfer of shares is not a public Company itself, the Company shall sign an agreement with the non-public Company, and shall also comply with Article three, Clause four, and Clause seven of such Article.

Article 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 Paragraphs, 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 in previous Paragraph 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) When the followings happen after Company has already published its the transactions in accordance with the preceding Article, it shall immediately request its Parent Company to publish the additional information at the website designated by the FSC within 2 days from the date of occurrence :
- 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.

Article 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.

Article 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 procedure 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. The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Article 14 Other Matters

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

REGAL HOLDING CO., LTD.

Procedures for the Election of Board 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.

Current Shareholding of All Directors

As of March 28th, 2023, 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	35.84%
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%

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 March 28th, 2023 were 38,396,032 shares.

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

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 March 21st, 2023 to March 31st, 2023. The proposals must be sent to the Company before 5 P.M., March 31st, 2023. 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.