Stock Code 2724

FX HOTELS GROUP INC.

2019 Annual General Meeting of Shareholders

Meeting Handbook

Date: June 24, 2019

Venue: 15F, No. 99, Fuxing North Road, Songshan District, Taipei City

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FX HOTELS GROUP INC.

2019 Annual General Meeting of Shareholders

Meeting Agenda

Time: 9:00 am, Monday, June 24, 2019

Venue: 15F, No. 99, Fuxing North Road, Songshan District, Taipei City

Meeting Called to Order

Chairperson in Position

Chairperson Address

1. Report Issues:

(1)Business Report of 2018.

(2)Supervisor's Review of financial statement of 2018.

(3)Accumulated deficits reaching one half of Paid-in capital of 2018.

(4)Changes in accounting estimates from adjusting depreciation years of real estate, plants, and equipment (Lease Improvements).

(5)The disposal of 100% equity in Subsidiary FX HOTELS MANAGEMENT INTERNATIONAL LIMITED.

2. Matters for Ratification:

(1) Admitting the business report and financial statement of 2018.

(2) Admitting the Statement of Appropriations for Profits and Losses.

3. Matters for Discussions:

(1) Revision of "Acquisition or Disposal of Assets."

(2) Revision of "Articles of Incorporation."

4. Motions

5. Adjournment

1. Report Issues

(1)Business Report of 2018

In 2018, the headcount of domestic and international visitors received by Mainland China exceeded 5.679 billion and the total travel income reached RMB .597 billion. The combined contributions from tourism to the national economy and employment in society would exceed 10%, realizing respective goals set in the beginning of the year comprehensively. As far as the incoming travel market is concerned, a headcount of 141.2 million people arrived in the country throughout 2018, a year-on-year growth of 1.2%. The international travel income came to US$127.1 billion, a year-on-year growth of 3.0%. (Source: The Chinese Academy of Industry Economy Research)

In 2018, the headcount of domestic and international travelers in Taiwan exceeded 50.73 million and the total travel income came to NT$77 billion. The subsidies available for people visiting the southern part of Taiwan, the warm winter travel subsidies for the elderly, the extended warm winter travel program introduced in March 2018 and the coming spring travel project subsidies in April this year are a series of measures enforced by the Tourism Bureau of the Ministry of Transportation and Communications. In addition, there were the “Hualien Tourism Revitalization Plan” introduced after the earthquake in Hualien in 2018 and the “Normal Warm Winter Travel” enforced in the fourth quarter. A total of six major subsidy solutions give optimistic hopes for the overall tourism economy in 2019. It is expected that domestic travels will continue to grow. The press release of the Tourism Bureau claims that the number of visitors to Taiwan has broken the threshold of ten million for four years in a row and in 2018, it broke 11 million for the first time.

Mid-end fine hotels benefit from personalized consumption and the mid-end-oriented public consumption. As people’s living standards climb, they are pursuing personalized and quality consumptions and mid-end fine hotels are getting more and more popular in this trend.

Under the above-mentioned policy, we concurrently eliminate the weak and focus on the strong among our franchise stores. Operation sites with undesirable profits were disposed of and hence the revenue decreased. Ultimately, the consolidated revenue throughout the year totaled NT$644,489 thousand and the consolidated net losses after tax came to NT$4.248 thousand; the after-tax EPS was NT$0.06. The occupancy rate throughout 2018 for the main scope of operation, guest rooms of hotels, was 71.35% and the ADR of the guest rooms was NT$1,453.98. In addition, the total value of endorsement and guarantee of the Company and its subsidiaries reached in 2017, 25% of the net worth of the Company. This is the result of the collateral for the operations of subsidiaries by means of endorsement and guarantee between the Company and its subsidiaries.

FX HOTELS GROUP INC. is headed towards a different operation model from last year's while at the same time adding new measures that are up to date. Its main operational strategies are as follows:

1) Secure existing hotels by upgrading the quality of their software and hardware and unifying the standards for products and services, turning them smart and further differentiating from low-end economic hotels.
2) Collaborate with affiliated hotels in the Asia Pacific Region and make the best of hotel resources in 17 popular travel spots that are unprecedented in the industry in order to add to the divergence of FX as the brand.
3) Extensive efforts are made to develop the official website and Wechat of the Group, make online payment, booking, and prize claiming available, and promote preferred deal agreements with corporate customers when booking rooms on the official website. Meanwhile, the self-owned hotel system is perfected and upgraded to establish a relationship with the OTA reservation platform, such as the DLHIS product to attract quality customers. Taiwan tourism is proactively promoted through collaboration with airliners. Preferred deals are introduced to effectively increase the willingness of nationals to travel domestically and also to attract international visitors from the Top 5 countries, namely Mainland China, Japan, Macao and Hong Kong, Korea, and Thailand.
4) As smart hotels emerge, the Group will further introduce smart hotel products in order to add technology as part of the fashionable features of our hotels.
5) In order to increase the scale of revenue and to strengthen its brand image, the Company will focus on the operations and developments of existing hotels and proactively promote the membership system so that brand awareness of FX will be maximized. A high return rate and a high level of loyalty among the members also help support the occupancy. Meanwhile, the Company attends various international travel fairs in order to maximize its exposure and distribution channels and to attract customers from more markets for maximized interests and more diversified opportunities to explore additional channels.

FX has been adhering to correct beliefs and with the market presence and accumulated customer base over the years and the combination of trendy fashion and internationalization, it has been devoted to internal control and management and proactively reduces expenses in order to fulfill the goal of maximized profits. In addition, FX is constantly enhancing and innovating on proposals and measures. It is hence believed that the market share of FX will climb further in 2019.

Chairman：Chung, Sheng Young   Manager：WELLY JAMIN   Accounting Manager：Cheng, Min-Jen

(2) Supervisor’s Review of financial statement of 2018.

Description: 1. The Company’s 2018 Final Accounting Books have been audited by the CPAs and been reviewed by the supervisor. The Review Report is submitted herein.

2. The supervisor is asked to read out the Review Report.

FX HOTELS GROUP INC.
Supervisor’s Review Report

Among the 2018 Business Report, Consolidated Financial Statement, and Statement of Appropriations for Profits and Losses prepared by the Board of Directors, the 2018 Financial Statement, in particular, was completely audited by HLB Candor Taiwan CPAs and the Audit Report was issued. The above-mentioned Consolidated Financial Statement, Business Report, and Statement of Appropriations for Profits and Losses have been reviewed by the supervisor’s, and it is considered that there is no disagreement.The Report of Article 219 of the Company Act are as mentionaed above,please review it.

To:
FX HOTELS GROUP INC. 2019 General Shareholders' Meeting

FX HOTELS GROUP INC.
Supervisor: Kao, The-Shing
Supervisor: Chien, Shao-Feng
Supervisor: Hsu, Yea-Fang

March 29, 2019

(3)Accumulated deficits reaching one half of Paid-in capital of 2018.

Description: Due to the sluggish external environment for the tourism industry in 2018 and depreciation, the Company's accumulated deficits in 2018 came to $841,817,220.

(4)Changes in accounting estimates from adjusting depreciation years of real estate, plants, and equipment (Lease Improvements).

Description: (1) In accordance with International Accounting Standard 8 and as is required by Article 6 of the Regulations Governing Securities Issuers' Financial Statements, in order to reasonably reflect the future economic benefits of assets, after the economic durability of real estate, plants and equipment of the 8 affiliates including the branch office on Nanjing East Road in Taiwan of FX HOTELS GROUP INC. was re-evaluated by Prudential Cross-Strait Real Estate Appraisers Firm, the depreciation years were adjusted and the legitimacy in the change of the years has been analyzed item by item by HLB Candor Taiwan CPAs, with review opinions provided.

(2) The depreciation years of the 8 affiliates including the branch office on Nanjing East Road in Taiwan of FX HOTELS GROUP INC. were adjusted from 10 to the end of the lease. Such changes in accounting estimates will be applicable starting from the first quarter of 2019. It is expected that the depreciation cost in 2019 will be reduced by NT$50,364,595.

(5)The disposal of 100% equity in Subsidiary FX HOTELS MANAGEMENT INTERNATIONAL LIMITED.

Description: 1. To meet the operational and developmental demand, adjustment of the Company's internal organizational framework is intended. The Company's subsidiary FX HOTELS MANAGEMENT INTERNATIONAL LIMITED (FX HK) transferred 100% of the stock options in its subsidiary CHINA CAPITAL MANAGEMENT GROUP INC. (CHINA CAPITAL) to the Company and FX HK also transferred 100% of the stock options in the subsidiary of its subsidiary SHENZHEN CO., LTD. (FX SHENZHEN) to CHINA CAPITAL. This internal organizational framework adjustment of the Group does not involve related profits and losses for the Company.

2. After the organizational framework is adjusted, FX HK holds 100% of the reinvestment company Boutix Hotel Management and Development (Nanjing) Company Limited, Suzhou Hotel One Co., LTD., and FURAMAXPRESS HOTEL MANAGEMENT AND DEVELOPMENT(BJ) CO.,LTD. (Including 100% held 4 operational self-owned hotels in Zhongguan Village Beijing, Yansha Beijing, Quanjian Suzhou, and Jianning Nanjing). As part of long-term planning for corporate developments and re-configuration of resources as a whole, the Company's Board of Directors decided on May 9, 2019 to sell 100% stock options of FX HK to GMCM Capital Partners – SPC. The counterparty is not a related party. With reference to the stock option value evaluation report and review opinions regarding the legitimacy of the transaction value from a third-party independent expert, it is expected that the transaction value is not below US$10,000,000. Income from the disposal is NT$40,000,000 (tentative). After all of the FX HK's stock options are transferred, the outsourced operation contract will be signed with the Company. FX HK will outsource operations of its hotels in Mainland China to the Company and hence we can collect the franchise income and outsourcing income. It will help with the Company's brand development and continuous operation.

3. Related contract signing and stock options disposal processes are authorized to the Chairman, who will follow the Company's Procedure for the Acquisition or Disposal of Assets and applicable laws and regulations.

4. The transaction in Description 2 does not involve the requirements in Article 32 of the Company's Articles of Incorporation; the Company has obtained the legal opinions.

5. Due to the fact that the proposal has to do with the acknowledgments made upon getting traded over the counter. The Company already obtained approval from the Taipei Exchange through Zheng-Gui-Jian-Zi No. 1080003484 letter for the said disposal on May 3, 2019.

2. Matters for Ratification

(1) Admitting the business report and financial statement of 2018. (Board of directors' proposal)

Description: (1) The Company's 2018 Business Report and the 2018 Consolidated Financial Statement that has been audited and certified by CPA Chao-Min Lin and CPA Wen-Bin Chen at HLB Candor Taiwan CPAs have been submitted to and audited by the supervisor, with the Supervisor's Review Report issued.

(2) For the financial statement and CPA audit report, please refer to Attachment 1 of this handbook (Pages 9 to 20). The Business Report is as stated under Reports.

(3) Please rafity.

Resolution:

(2)Admitting the Statement of Appropriations for Profits and Losses. (Board of directors' proposal)

Description: (1) 2018 Statement of Appropriations for Profits and Losses. Please refer to Attachment 2 of this handbook (Page 21).

(2) Due to the fact that deficits were accumulated this year for the Company, it will not allocate or distribute dividends.

(3) Please rafity.

Resolution:

3. Matters for Discussions

(1) Revision of "Acquisition or Disposal of Assets." (Board of directors' proposal)

Description: (1) In the beginning of the Company being traded over the counter, it signed the "acknowledgments for trading over the counter" with the Taipei Exchange and added some articles to its Procedure for the Acquisition or Disposal of Assets. Later, the said acknowledgments changed and to go with revisions made to laws and regulations such as the Company Act, it is intended to adjust some of the articles.

(2) As is required by Article 18 of the Procedure for the Acquisition or Disposal of Assets by Public Companies, the overall value of the contract on transactions of derivatives and the upper limits of all and individual contract losses were set in the Company's Procedure for the Acquisition or Disposal of Assets.

(3) This is handled in accordance with the No. 10703410725 letter dated November 26, 2018 from the Financial Supervisory Commission.

(4) For the revised articles mentioned above, refer to Attachment 3 of this handbook (Pages 22 to 54).

(5) Please proceed with the discussion

Resolution:

(2)Revision of "Articles of Incorporation." (Board of directors' proposal)

Description: (1) In order to comply with the statutory amendments and to meet actual needs, we propose to amend the Articles of Incorporation of the Company.

(2) Please refer to Attachment 4 (Pages 55-63) of this manual for the above revised provisions.

(3) Please proceed with the discussion

Resolution:

4. Motions

5. Adjournment

[Attachment 1] 2018 Final Accounting Books

德昌聯合會計師事務所
HLB Candor Taiwan CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
FX Hotels Group Inc.

Opinion

We have audited the accompanying consolidated financial statements of FX Hotels Group Inc. and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 FX Hotels Group Inc. and subsidiaries as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Material Uncertainties Related to Going Concern

As if the accompanying note 1 of the consolidated financial statements, FX Hotels Group Inc. and Subsidiaries' accumulated deficits are NT$841,818 thousands and NT$847,042 thousands at December 31, 2018 and 2017, respectively, up to 123% and 124% of the capital stock. The debt ratios are 96% and 95%, and the current ratios are 65% and 37%. Current liabilities are NT$149,287 thousands and NT$388,461 thousands more than current assets. FX Hotels Group Inc. and subsidiaries have explained the measure solutions they intend to take in the accompanying note 1, but there are material uncertainties in their ability to continue as a going concern, and we have not modified 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 for the year ended December 31, 2018. 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. Except the matters of Material Uncertainties Related to Going Concern section of our opinion, key audit matters for FX Hotels Group Inc. and subsidiaries' consolidated financial statements for the year ended December 31, 2018 are stated as follows:

<u>Income recognition</u>

The effect of FX Hotels Group Inc. and subsidiaries' guest room and other hospitality service income in 2018 is significant on the overall financial statements as a key audit matter. We performed the internal control tests for the income from the reservation agreement and the contracted travel agency in 2018 which is 90% of the net operating income. For the accounting policies and related information disclosed in the relevant income, please refer to the accompanying note 4(12) and 6(14) of the consolidated financial statements. Our key audit procedures performed in respect of the above area included the following:

1. Obtain the transactions summary of the above-mentioned sales targets' full-year income, confirm the completeness of the transaction details, and selected the appropriate samples from the details to check whether the passenger accommodation registration forms, the guest transaction bills, the

housing accounting system, etc. match. And confirm the authenticity and correctness of its income recognition;

2. Perform an analytical review of the annual revenue growth rate and the receivables turnover rate of the aforementioned transaction objects to confirm the reasonableness of the sales targets and the transactions.

Impairment assessment of account receivables

FX Hotels Group Inc. and subsidiaries' balance of accounts receivable of December 31, 2018, was NT$32,083 thousands, 3% of the total assets of FX Hotels Group Inc. and subsidiaries. For the related information, please refer to the accompanying note 4(11), 5(1) and 6(4). The effect on the consolidated financial statements of FX Hotels Group Inc. and subsidiaries is significant. Whether the expected credit loss assessment reflects the credit risk of the accounts receivable and the appropriateness of the adopted policies involve the subjective judgment of the management, therefore we have identified the impairment assessment of account receivables as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

1. Review the customers' historical payment status analysis allowance loss, evaluate the reasonableness of the receivables recoverable ratio based on the customers' historical payment status, and verify the individual large overdue accounts receivable with reference to the current year's payment status and other available customer information for verifying the sufficiency of the impairment rate.
2. The recoverability of cash recovered from overdue receivables after the assessment period, taking into account whether additional allowances are required.
3. Understand the management's policy on the accounts receivable generated by the major customer base and test the correctness and completeness of the accounts receivable aging analysis table, and calculate the receivables allowances provided by the management.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and 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 FX Hotels Group Inc. and subsidiaries' 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 FX Hotels Group Inc. and subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including supervisors) are responsible for overseeing FX Hotels Group Inc. and subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China wi1l 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 inf1uence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of materiaI 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 FX Hotels Group Inc. and subsidiaries' 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 FX Hotels Group Inc. and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause FX Hotels Group Inc. and subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within FX Hotels Group Inc. and subsidiaries 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, 2018 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 Lin Chao-Min and Chen Wen-Pin.

Candor Taiwan CPAs
Taipei, Taiwan
Republic of China
March 28, 2019

FX Hotels Group Inc.and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2018 and 2017
(In Thousands of New Taiwan Dollars)

		December 31, 2018		December 31, 2017	
ASSETS		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	Note 4(5), 6(1) and 6(21)	$ 47,545	5	$ 52,715	5
Notes and accounts receivable, net	Note 6(3), 6(21), 7	32,083	3	32,808	3
Receivables from related parties	Note 6(21), 7	2,511	-	3,069	-
Other receivables	Note 6(21), 7	54,741	5	53,930	5
Inventories		169	-	468	-
Prepayments	Note 7	109,364	11	54,584	5
Non-current assets held for sale	Note 4(10), 6(5)	-	-	13,650	1
Other financial assets - current	Note 6(21), 8	33,637	4	8,258	1
Other current assets		2,113	-	8,312	1
Total current assets		282,163	28	227,794	21
NON-CURRENT ASSETS					
Financial assets at fair value through other comprehensive income - non-current	Note 4(11), 6(2), 6(21)	-	-	-	-
Financial assets measured at cost - non-current	Note 4(11), 6(3)	-	-	-	-
Property, plant and equipment	Note 4(7), 6(8), 6(19), 8, 9	575,259	57	766,589	67
Intangible assets	Note 4(8)	1,944	-	2,758	-
Deferred income tax assets	Note 4(16), 6(16)	35,485	4	37,298	3
Refundable deposits	Note 6(21)	67,683	7	68,667	6
Long-term notes, accounts receivables	Note 6(21)	28,086	3	34,771	3
Other noncurrent assets		13,805	1	281	-
Total noncurrent assets		722,262	72	910,364	79
Total		$ 1,004,425	100	$ 1,138,158	100

		December 31, 2018		December 31, 2017	
LIABILITIES AND EQUITY		Amount	%	Amount	%
CURRENT LIABILITIES					
Short-term loans	Note 6(9) and 6(21)	$ -	-	$ 375,817	33
Notes and accounts payable	Note 6(21)	6,586	1	7,241	2
Other accounts payable	Note 6(10), 6(21) and 7	76,054	8	117,537	10
Income tax payable	Note 4(16) and 6(16)	2,072	-	1,754	-
Provisions - current	Note 6(11)	-	-	21,985	2
Liabilities from non-current assets held for sale	Note 6(5)	-	-	11,074	1
Long-term liabilities - current portion	Note 6(9) and 6(21), 7	326,384	32	65,338	6
Other current liabilities	Note 6(10)	20,354	2	15,509	1
Total current liabilities		431,450	43	616,255	55
NONCURRENT LIABILITIES					
Long-term loans	Note 6(10)、6(21)、7	435,487	43	368,029	32
Other noncurrent liabilities	Note 6(10)	95,781	10	106,725	8
Total noncurrent liabilities		531,268	53	474,754	40
Total liabilities		962,718	96	1,091,009	95
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	Note 6(13)				
Capital stock		681,723	67	681,723	60
Capital surplus		198,523	20	198,523	17
Retained earnings					
Appropriated as legal capital reserve		5,902	1	5,902	1
Accumulated deficits		(841,818)	(84)	(847,042)	(74)
Other equity		(2,623)	-	8,043	1
Equity attributable to shareholders of the parent		41,707	4	47,149	5
Total equity		41,707	4	47,149	5
Total		$ 1,004,425	100	$ 1,138,158	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Candor Taiwan CPAs auditor's report dated March 28, 2019)

FX Hotels Group Inc.and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For The Year Ended December 31, 2018 and 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2018		2017	
		Amount	%	Amount	%
NET REVENUE	Note 4(12), 6(14) and 7	$ 644,489	100	$ 757,162	100
COST OF REVENUE	Note 6(15) and 7	(602,599)	(94)	(645,157)	(85)
GROSS PROFIT		41,890	6	112,005	15
OPERATING EXPENSES	Note 6(15) and 7				
Selling and marketing		(21,133)	(3)	(20,503)	(3)
General and administrative		(130,841)	(20)	(220,584)	(29)
Expected Credit Loss	Note 6(4)	(8,425)	(1)	-	-
Total operating expenses		(160,399)	(24)	(241,087)	(32)
INCOME FROM OPERATIONS		(118,509)	(18)	(129,082)	(17)
NON-OPERATING INCOME AND EXPENSES					
Finance costs	Note 6(15) and 7	(12,571)	(2)	(43,237)	(6)
Interest income	Note 4(12)	435	-	683	-
Other income	Note 6(15), 7	162,300	25	53,963	7
Net gain on disposal of investment	Note 6(18)	51,192	8	-	-
Foreign exchange gain	Note 4(5)	-	-	30,337	4
Other losses	Note 6(15)	(17,807)	(3)	(32,158)	(4)
Loss on disposal of property, plant and equipment,net		(38,217)	(6)	(67,354)	(9)
Foreign exchange loss	Note 4(5)	(27,859)	(4)	-	-
Impairment loss	Note 6(15)	-	-	(48,834)	(6)
Total non-operating income and expenses		117,473	18	(106,600)	(14)
INCOME BEFORE INCOME TAX		(1,036)	-	(235,682)	(31)
INCOME TAX EXPENSE	Note 4(16) and 6(16)	(3,212)	-	(9,911)	(1)
NET INCOME		(4,248)	-	(245,593)	(32)

(Continued)

FX Hotels Group Inc.and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For The Year Ended December 31, 2018 and 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2018		2017	
		Amount	%	金 額	%
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that may be reclassified					
subsequently to profit or loss:					
Exchange differences arising		$ (1,194)	-	$ 403	-
on translation of foreign operations		-	-	-	-
Other comprehensive income (loss) for the year, net of income tax		(1,194)	-	403	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ (5,442)	-	$ (245,190)	(32)
NET INCOME ATTRIBUTABLE TO:					
Shareholders of the parent	Note 6(16)	$ (4,248)	-	$ (245,593)	(32)
Non-controlling interests		-	-	-	-
		$ (4,248)	-	$ (245,593)	(32)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Shareholders of the parent		$ (5,442)	-	$ (245,190)	(32)
Non-controlling interests		-	-	-	-
		$ (5,442)	-	$ (245,190)	(32)

EARNINGS PER SHARE		2018	2017
Basic earnings per share	Note 6(17)	$ (0.06)	$ (4.05)

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)
(With Candor Taiwan CPAs auditor's report dated March 28, 2019)

FX Hotels Group Inc.and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For The Year Ended December 31, 2018 and 2017
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity			
	Capital Stock	Capital Surplus	Legal Capital Reserve	Accumulated Deficits	Total	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
BALANCE, JANUARY 1, 2017	$ 381,723	$ 228,523	$ 5,902	$ (601,449)	$ (595,547)	$ 7,640	$ -	$ 7,640	$ 22,339
Conversion preference share	300,000	(30,000)	-		-	-	-	-	270,000
Net income in 2017	-	-	-	(245,593)	(245,593)	-	-	-	(245,593)
Other comprehensive income (loss) in 2017, net of income tax	-	-	-	-	-	403	-	403	403
BALANCE, DECEMBER 31, 2017	$ 681,723	$ 198,523	$ 5,902	$ (847,042)	$ (841,140)	$ 8,043	$ -	$ 8,043	$ 47,149
BALANCE, JANUARY 1, 2018	$ 681,723	$ 198,523	$ 5,902	$ (847,042)	$ (841,140)	$ 8,043	$ -	$ 8,043	$ 47,149
Effect of retrospective application				9,472	9,472		(9,472)	(9,472)	-
ADJUSTED BALANCE, JANUARY 1, 2018	681,723	198,523	5,902	(837,570)	(831,668)	8,043	(9,472)	(1,429)	47,149
Net income in 2018	-	-	-	(4,248)	(4,248)	-	-	-	(4,248)
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	-	(1,194)	-	(1,194)	(1,194)
BALANCE, DECEMBER 31, 2018	$ 681,723	$ 198,523	$ 5,902	$ (841,818)	$ (835,916)	$ 6,849	$ (9,472)	$ (2,623)	$ 41,707

The accompanying notes are an integral part of the consolidated financial statements.
(With Candor Taiwan CPAs auditor's report dated March 28, 2019)

FX Hotels Group Inc.and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Year Ended December 31, 2018 and 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ (1,036)	$ (235,682)
Adjustments for:		
Depreciation expense	135,272	155,888
Amortization expense	2,092	5,785
Expected credit Loss	8,425	-
Expected credit loss recognized (reversed) on trade receivables	-	62,906
Finance costs	12,571	43,237
Interest income	(435)	(683)
Loss on disposal of property, plant and equipment, net	38,217	67,354
Net gain on disposal of investments	(51,192)	-
Impairment loss on financial assets	-	36,508
Impairment loss on non-financial assets	-	12,326
Other income	(28,571)	-
Other losses	1,000	-
Changes in operating assets and liabilities:		
(Increase)decrease in accounts receivable	(3,021)	(21,304)
(Increase)decrease in other accounts receivable	(4,004)	(17,623)
(Increase)decrease in inventories	299	476
(Increase)decrease in prepayments	(56,004)	29,375
(Increase)decrease in other current assets	5,199	2,604
(Increase)decrease in other non-current assets	(13,524)	220
Increase(decrease) in notes and accounts payable, net	(425)	84
Increase(decrease) in other accounts payable	15,627	(20,172)
Increase(decrease) in provisions	-	21,985
Increase(decrease) in advance receipts	5,193	(10,648)
Increase(decrease) in other current liabilities	(348)	1,125
Increase(decrease) in other non-current liabilities	(10,944)	(18,135)
Cash generated (used in) from operations	54,391	115,626
Interest received	435	683
Interest paid	(11,676)	(25,426)
Income taxes paid	(1,758)	(1,430)
Net cash generated (used in) by operating activities	41,392	89,453

(Continued)

FX Hotels Group Inc.and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Year Ended December 31, 2018 and 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in other receivables	$ 6,685	$ 6,975
Payments for property, plant and equipment	(5,306)	(13,608)
Proceeds from disposal of property, plant and equipment	21,934	15,731
(Increase) decrease in refundable deposits	(1,896)	13,775
Payments for intangible assets	-	(412)
(Increase) decrease in other current financial assets	(25,379)	67,229
Cash outflow from disposal of subsidiary	(390)	-
Net cash generated (used in) from investing activities	(4,352)	89,690
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase(decrease) in short-term loans	(375,817)	(65,142)
Proceeds from long-term borrowings	393,069	42,417
Repayment of long-term borrowings	(57,067)	(132,403)
Increase(decrease) in guarantee deposits received	-	(478)
Increase(decrease) leases payable	-	(2,086)
Net cash generated (used in) financing activities	(39,815)	(157,692)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(2,395)	404
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(5,170)	21,855
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	52,715	30,860
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 47,545	$ 52,715

The accompanying notes are an integral part of the consolidated financial statements.
(With Candor Taiwan CPAs auditor's report dated March 28, 2019) (Concluded)

[Attachment 2]   2018 Statement of Appropriations for Profits and Losses

FX HOTELS GROUP INC.
2018 Statement of Appropriations for Profits and Losses

	Currency unit: NTD
Beginning Undistributed Retained Earnings	$(847,041,743)
Plus: Net loss after-tax of 2018	(4,247,846)
Plus: Impact from retrospective application and restatement	9,472,369
Undistributed Retained Earnings at end of the period	$(841,817,220)

Note: No dividends will be assigned to shareholders this year.

Chairman：Chung, Sheng Young   Manager：WELLY JAMIN   Accounting Manager：Cheng, Min-Jen

[Attachment 3] Comparison Table for "Regulations Governing the Acquisition

Before	After	Description:
Article 3 Scope of Application: I. Securities: Investments in shares, government bonds, corporate bonds, bank debentures, securities symbolic of funds, depository receipts, subscription (sale) warrant, beneficiary securities, and asset-based securities, etc. II. Real estate (including land, premises and buildings, investment-oriented real estate, land user right) and equipment III. Membership card. IV. Patent rights, copyrights, trademark rights, and franchise, among other intangible assets. V. Financial institution's creditor's right (including accounts receivable, negotiations discount and loans, accounts collectible). VI. Derivatives. VII. Assets acquired or disposed of because of consolidation, severance, acquisition, or assignment of shares according to law VIII. Other important assets	Article 3 Scope of Application: I. Securities: Investments in shares, government bonds, corporate bonds, bank debentures, securities symbolic of funds, depository receipts, subscription (sale) warrant, beneficiary securities, and asset-based securities, etc. II. Real estate (including land, premises and buildings, investment-oriented real estate,~~- land user right~~) and equipment III. Membership card. IV. Patent rights, copyrights, trademark rights, and franchise, among other intangible assets. V. User right-associated assets. VI. Financial institution's creditor's right (including accounts receivable, negotiations discount and loans, accounts collectible) VII. Derivatives VIII. Assets acquired or disposed of because of consolidation, severance, acquisition, or assignment of shares according to law IX. Other important assets	I. As is required by International Financial Reporting Standard 16 "Lease", Sub-paragraph 5 is added to maximize the scope of user right-associated assets and to move the land user right under existing Subparagraph 2 to Sub-paragraph 5. II. Existing Sub-paragraphs 5 through 8 are relocated to Sub-paragraphs 6 to 9.
Article 4 Terms and definitions herein are as follows. For any term not defined herein, follow the requirements of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies established by the competent authority for securities of the Republic of China: I. "Derivatives" herein refers to forward contracts, option contracts, futures contracts, leverage contracts, swap contracts, and combination contracts of the	Article 4 Terms and definitions herein are as follows. For any term not defined herein, follow the requirements of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies established by the competent authority for securities of the Republic of China: I. "Derivatives" are forward contracts, option contracts, futures contracts, leverage contracts, swap contracts, combinations of the above contracts, or combination contracts of embedded derivatives, or	I. To go with the definition in International Financial Reporting Standard 9 "Financial Instruments", Sub-paragraph 1 is revised and the wordings in the scope of derivatives herein are adequately modified. II. Due to the fact that the revised articles released on August 1, 2018 of the Company Act were already enforced on November 1, 2018, to go with the

above-mentioned commodities, etc. whose value is derived from assets, interest rates, exchange rates, indexes, or other interests. The so-called forward contracts do not contain insurance contracts, fulfillment contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sale) contracts. II. Assets acquired or disposed of because of consolidation, severance, acquisition, or assignment of shares according to law or as a result of release of new shares as required by Article 156 Paragraph 6 of the Company Act of the Republic of China. III. …. IV. .... V. …. VI. ….	structural commodities, etc. whose value is derived from assets, specific interest rates, prices of financial instruments, prices of commodities, exchange rates, price or rate indexes, credit rating or credit index, or other variables or other interests. The so-called forward contracts do not contain insurance contracts, fulfillment contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sale) contracts. II. Assets acquired or disposed of because of consolidation, severance, acquisition, or assignment of shares according to law or as a result of release of new shares as required by Article 156 Paragraph 6 of the Company Act of the Republic of China. (Hereinafter referred to as "Assignment of Shares") III. …. IV. .... V. …. VI. ….	revised article numbers, "Article 156 Paragraph 8" cited in Sub-paragraph 2 is revised as "Article 156-3".
Article 6 For the appraisal report or opinions from the CPA, the attorney, or the securities underwriter obtained by the The Company, the professional appraiser and the appraisal staff, CPA, attorney, or securities underwriter may not be related to the client of the transaction.	Article 6 For the appraisal report or opinions from the CPA, the attorney, or the securities underwriter obtained by the The Company, the professional appraiser and the appraisal staff, CPA, attorney, or securities underwriter may not be related ~~to the client of the transaction.~~ The following requirements should be fulfilled: I. No finalized sentence in prison of at least one year due to violation of the Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Entity Accounting Act or frauds, breach of trust, embezzlement, forgery, or criminal act during business operation. This, however, does not	I. To simplify the laws and regulations, the precautions for public offering companies in consulting professional appraisers and their appraisal staff, CPAs, attorneys, or security brokers, among other experts added to Point 4 of supplementary requirements indicated in the Tai-Cai-Zheng-I-Zi No. 0920001151 order dated March 20, 2003 from the former Securities and Futures Commission under the Ministry of Finance are included herein and the requirements in Article

	apply to those having served their sentence in prison, probation period, or when it has been three years following a pardon. II. No correlation or substantial relationship with the parties to the transaction III. If the appraisal report shall be obtained from at least two professional appraisers, different professional appraisers or appraisal staff may not be related to one another or are substantially correlated. The said parties in the preceding paragraph, to issue an appraisal report or opinions, shall follow the requirements below: (I) Prior to undertaking a case, careful self-assessment of professionalism, practical experiences, and independence shall be performed. (II) When auditing a case, appropriate operating procedures shall be properly planned and enforced in order to render a conclusion and produce a report or opinions accordingly and the procedure enforced, data collected, and conclusions reached shall be truthfully and thoroughly documented in the work sheet. (III) For the sources of data, parameters, and information, among others, used, the integrity, accuracy, and legitimacy shall be evaluated item by item and accordingly the appraisal report or opinions may be issued. (IV) The disclaimer shall cover the statement that related staff has the professionalism and is independent and that the information used has been determined to be reasonable and accurate and compliant with applicable laws and regulations.	53 Sub-paragraph 4 of the Securities Exchange Act about the passive eligibilities of directors, supervisors, and managers and in Article 8 Paragraph 1 Sub-paragraph 15 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers about the integrity principles of the issuer or the person in charge are adequately referred to. Paragraph 1 Sub-paragraphs 1 through 3 are added to specify the passive eligibilities of related experts and the above-mentioned order is abolished. II. The responsibilities of external experts are defined, with reference to Article 9 of the Regulations Governing Securities Issuers' Financial Statements regarding related evaluations, audits, and statements about opinions from the CPAs on the legitimacy of the appraisal report on investment-oriented real estate. Paragraph 2 is added herein to specify the evaluations, audits, and statements about appraisal reports or opinions provided by related experts.

Article 8 Operating procedure for the acquisition or disposal of real estate or equipment: The Company follows its internal control system regarding real estate, plants and equipment cyclic operations when acquiring or disposing of real estate or equipment. I. Price determination and reference basis: (I) When acquiring or disposing of real estate, the Company shall refer to the announced current value, assessed value, or actual strike prices and price negotiations of real estate in the surroundings in order to finalize the transaction conditions and strike prices or analyze the purpose and motives, prices, and benefits involved in the acquisition or disposal for the feasibility before producing the analysis report and submitting it to the responsible supervisor for approval. (II) Respective operating procedures for the acquisition, disposal, use, custodianship, and documentation of equipment shall be based on the Company's internal control system - real estate, plants and equipment cycles. II. Appraisal report provided by authorized expert: When acquiring or disposing of real estate or equipment, except for transactions with government agencies, outsourced construction on self-owned land, outsourced construction on rented land, or the acquisition or disposal of operating machine equipment, as long as the transaction value	Article 8 Operating procedure for the acquisition or disposal of real estate or equipment or the user right-associated assets： The Company follows its internal control system regarding real estate, plants and equipment cyclic operations when acquiring or disposing of real estate or equipment or the user right-associated assets. I. Price determination and reference basis: (I) When acquiring or disposing of real estate, equipment or the user right-associated assets, the Company shall refer to the announced current value, assessed value, or actual strike prices and price negotiations of real estate in the surroundings in order to finalize the transaction conditions and strike prices or analyze the purpose and motives, prices, and benefits involved in the acquisition or disposal for the feasibility before producing the analysis report and submitting it to the responsible supervisor for approval. (II) Respective operating procedures for the acquisition, disposal, use, custodianship, and documentation of equipment or the user right-associated assets shall be based on the Company's internal control system - real estate, plants and equipment cycles. II. Appraisal report provided by authorized expert: When acquiring or disposing of real estate or equipment or the user right-associated assets, ~~except for transactions~~ with domestic government agencies, outsourced construction on self-owned land, outsourced construction on rented land, or the acquisition or disposal of	I. As is required by International Financial Reporting Standard 16 "Lease", Paragraph 1 is amended to include user right-associated assets hereunder. II. "Government agencies" in Paragraph 2 refers to the central and local governments in our country mainly in light of the sales or bidding processes according to applicable requirements in transactions with the central and local governments in our country and hence the relatively low possibility of prices being manipulated. This is why opinions from experts may be waived. Transactions with foreign governments, on the other hand, due to the relatively non-specific applicable requirements and price negotiation system, are not within the scope of waiver herein yet. Therefore, Paragraph 1 is revised to specify that only domestic government agencies are applicable. III. Wordings are modified in Paragraph 2 to comply with the regulatory procedure. IV. Originally Paragraph 2 only defined machinery as part of equipment. The requirements in the scope of application in Article 3 herein shall be referred to by using

reaches 20% of the Company's paid-in capital size or NT$ 300 million and above, the quotation report issued by a professional appraiser shall be obtained prior to the actual occurrence date and the following requirements shall be fulfilled: (I) When restricted prices, specific prices, or special prices need to serve as the reference for the transaction price for special reasons, such transaction shall be submitted to the Board of Directors for a decision first. The above procedure shall be followed upon changes to the transaction conditions in the future. (II) When the transaction value reaches NT$1 billion and above, appraisals shall be provided by at least two professional appraisers. (III)… (IV)… (V)… III. … IV. …	operating machine equipment, as long as the transaction value reaches 20% of the Company's paid-in capital size or NT$ 300 million and above, the quotation report issued by a professional ~~appraiser~~ shall be obtained prior to the actual occurrence date and the following requirements shall be fulfilled: (I) When restricted prices, specific prices, or special prices need to serve as the reference for the transaction price for special reasons, such transaction shall be submitted to the Board of Directors for a decision first. The above procedure shall be followed upon changes to the transaction conditions in the future. (II) When the transaction value reaches NT$1 billion and above, appraisals shall be provided by at least two professional appraisers. (III)… (IV)… (V)… III. … IV. …	"equipment" as the collective term.
Article 9 Evaluation and Operating Procedure for Acquiring or Disposing of Securities: The Company follows procedure for investment cycles as part of its internal control system when acquiring or disposing of securities. I. … II. … III. … IV. Executive Unit: To investing in securities, the Company shall submit the application according to the above-mentioned requirement about approval authority for approval and the Executive	Article 9 Evaluation and Operating Procedure for Acquiring or Disposing of Securities: The Company follows procedure for investment cycles as part of its internal control system when acquiring or disposing of securities. I. … II. … III. … IV. Executive Unit: To investing in securities, the Company shall submit the application according to the above-mentioned requirement about approval authority for approval and the Executive Unit	I. The Company needs to revise its acknowledgments with the Taipei Exchange due to the disposal of all stock options in its subsidiaries, namely FX HOTELS SHANGHAI CO.,LTD., X Airport Hotels Management and Development (Bijing) Company Limited, and Hangzhou Milan Fashion Hotel Company Limited. Therefore, the requirements in Paragraphs 5 and 7 hereunder are revised. II. Due to the fact that

Unit designated by the Board of Directors or the Chairman shall take charge, with assistance provided by related financial and accounting units. V. The Company may not give up on capital increases in respective coming years for FX HOTELS MANAGEMENT INTERNATIONAL LIMITED ("FX HK"), FX HOTELS SHANGHAI CO.,LTD., and TAIWAN FX HOTELS COMPANY LIMITED. VI. FX HK may not give up on capital increases in respective coming years for FURAMAXPRESS HOTEL MANAGEMENT AND DEVELOPMENT (BJ) CO.,LTD. (FX Beijing) and CHINA CAPITAL MANAGEMENT GROUP INC. VII. FX Fashion may not give up on capital increases in respective coming years for BEIJING FUSHANG CO., LTD., BEIJING YANSHA CO., LTD., FX Airport Hotels Management and Development (Bijing) Company Limited, SUZHOU CO., LTD., SHENZHEN CO., LTD., and Hangzhou Milan Fashion Hotel Company Limited. VIII. In the future, if the Company has to give up on capital increases for the above-mentioned companies or dispose of stock options in the above-mentioned companies due to strategic considerations or with approval from the Taipei Exchange, special approval by the Board of Directors of FX Hotels Group Inc. (FX) is	designated by the Board of Directors or the Chairman shall take charge, with assistance provided by related financial and accounting units. V. The Company may not give up on capital increases in respective coming years for FX HOTELS MANAGEMENT INTERNATIONAL LIMITED ("FX HK"), ~~FX HOTELS SHANGHAI CO.,LTD.,~~ and TAIWAN FX HOTELS COMPANY LIMITED. VI. FX HK may not give up on capital increases in respective coming years for FURAMAXPRESS HOTEL MANAGEMENT AND DEVELOPMENT (BJ) CO.,LTD. (FX Beijing) and CHINA CAPITAL MANAGEMENT GROUP INC. VII. FX Fashion may not give up on capital increases in respective coming years for BEIJING FUSHANG CO., LTD., BEIJING YANSHA CO., LTD., ~~FX Airport Hotels Management and Development (Bijing) Company Limited,~~ SUZHOU CO., LTD., ~~,~~ and SHENZHEN CO., LTD. and ~~Hangzhou Milan Fashion Hotel Company Limited~~. VIII. In the future, if the Company has to give up on capital increases for the above-mentioned companies or dispose of stock options in the above-mentioned companies due to strategic considerations or with approval from the Taipei Exchange, special approval by the Board of Directors of FX Hotels Group Inc. ~~(FX)~~ (FX-KY) is required. IX. ...	the Company is a holding company that is established in a third place and registered and traded over the counter first in Taiwan, as is required, the two-digit code for the registered location needs to be indicated after the abbreviation of the Company's name to be its security code. Therefore, the requirement in Paragraph 8 hereunder is revised.

required. IX. ...		
Article 10 Evaluation and operating procedure for the acquisition or disposal of membership cards or intangible assets: When acquiring or disposing of membership cards or intangible assets, the Company shall follow the procedure below: I. Price determination and reference basis: Considerations shall be given to the possible benefits and the fair value on the market of the specific asset in the future and expert opinions should be referred to if necessary and the acquisition or disposal of membership cards or intangible assets will be finalized through negotiations with the counterparty. II. Opinions provided by authorized expert: When acquiring or disposing of membership cards or intangible assets with a transaction value reaching 20% of the paid-in capital size of the Company or NT$300 million and above, except for transactions with domestic government agencies, CPAs shall be approached for opinions on the adequacy of the transaction price prior to the actual date of occurrence. The CPA shall also follow the requirements under Auditing Standard 20 released by the Accounting Research and Development Foundation. III. Authorized limit and level: For the acquisition or disposal of membership cards or intangible assets that are worth NT$ 50 million, inclusive, and	Article 10 Evaluation and operating procedure for the acquisition or disposal of membership cards or intangible assets or the user right-associated assets or membership cards: When acquiring or disposing of the membership cards ~~or intangible assets or~~ the user right-associated assets or membership cards, the Company shall follow the procedure below: I. Price determination and reference basis: Considerations shall be given to the possible benefits and the fair value on the market of the specific asset in the future and expert opinions should be referred to if necessary and the acquisition or disposal of the membership cards ~~or intangible assets or~~ the user right-associated assets or membership cards will be finalized through negotiations with the counterparty. II. Opinions provided by authorized expert: When acquiring or disposing of membership cards ~~or intangible assets or~~ the user right-associated assets or membership cards with a transaction value reaching 20% of the paid-in capital size of the Company or NT$300 million and above, except for transactions with domestic government agencies, CPAs shall be approached for opinions on the adequacy of the transaction price prior to the actual date of occurrence.The CPA shall also follow the requirements under Auditing Standard 20 released by the Accounting Research and Development Foundation. III. Authorized limit and level: For the acqusition or disposal of	Reasons for the revisions are the same as those stated in Descriptions 1 and 2 of Article 8 and wordings are adequately modified.

below, the Company authorizes the Chairman to grant the approval and it shall be brought forth in the latest Board of Directors meeting for endorsement. When the value exceeds NT$ 50 million, on the other hand, prior approval by the Board of Directors is required. IV. Executive Unit: To acquire or dispose of membership cards or intangible assets, the Company shall submit the application according to the above-mentioned requirement about approval authority for approval and the Executive Unit designated by the Board of Directors or the user department shall take charge of the implementation.	membership cards ~~or intangible assets or~~ the user right-associated assets or membership cards that are worth NT$ 50 million, inclusive, and below, the Company authorizes the Chairman to grant the approval and it shall be brought forth in the latest Board of Directors meeting for endorsement. When the value exceeds NT$ 50 million, on the other hand, prior approval by the Board of Directors is required. IV. Executive Unit: To acquire or dispose of membership cards ~~or intangible assets or~~ the user right-associated assets or membership cards, the Company shall submit the application according to the above-mentioned requirement about approval authority for approval and the Executive Unit designated by the Board of Directors or the user department shall take charge of the implementation.	
Article 11 The calculation of the transaction value stated in the foregoing three articles shall be based on the requirements in Article 27 Paragraph 2 and "within a year" as stated is based on the actual date of occurrence of the current transaction, retroactively by one year. It is allowed not to include those already included in the appraisal report or CPA opinions obtained from professional appraisers or CPA opinions as required herein.	Article 11 The calculation of the transaction value stated in the foregoing three articles shall be based on the requirements in ~~Article 27~~ 33 Paragraph 2 and "within a year" as stated is based on the actual date of occurrence of the current transaction, retroactively by one year. It is allowed not to include those already included in the appraisal report or CPA opinions obtained from professional appraisers or CPA opinions as required herein.	Due to the addition to Section 4, the subsequent changes to the article numbers are referred to hereunder and the revisions are made accordingly.
Article 12 Price determination and reference basis for related party transactions: To acquire or dispose of assets from a related party, besides following the requirements in	Article 12 Price determination and reference basis for related party transactions: To acquire or dispose of assets from a related party, besides following the requirements in ~~Articles 8 through 12 mentioned~~	The "requirements in Articles 8 through 12 hereunder for related resolution procedures and assessment of the legitimacy of transaction conditions" as stated in

Articles 8 through 12 hereunder for related resolution procedures and assessment of the legitimacy of transaction conditions, among others, for those with a transaction value reaching at least 10% of the Company's total assets, the Company shall also obtain the appraisal report issued by a professional appraiser or CPA's opinions as required by Articles 8 to 11. The calculation of the above-mentioned transaction value shall be based on the requirements in Article 11. When determining if a counterparty is a related party, besides paying attention to the legal form, substantial relationship shall be considered as well.	~~in the~~ preceding section and the current section for related resolution procedures and assessment of the legitimacy of transaction conditions, among others, for those with a transaction value reaching at least 10% of the Company's total assets, the Company shall also obtain the appraisal report issued by a professional appraiser or CPA's opinions as required by Articles 8 to 11. The calculation of the above-mentioned transaction value shall be based on the requirements in Article 11. When determining if a counterparty is a related party, besides paying attention to the legal form, substantial relationship shall be considered as well.	the original clause have to do with the scopes mentioned in Articles 13 through 16 of the current section because of related evaluation and operating procedures instead of Article 12 and related written descriptions are simplified.
Article 13 Evaluation and operating procedure: When the real estate acquired or disposed of by the Company from the related party or other assets than the real estate acquired or disposed of by the Company from the related party reaches 20% of the Company's paid-in capital size, 10% of the overall assets, or NT$300 million and above, except for trading of bonds, bonds with buy-back or sell-back requirements, subscription or buy-back of the money market funds issued by a domestic securities investment trust business, the following materials shall be submitted to the Board of Directors for approval and to supervisors for recognition before the transaction contract may be entered into and payment may be made: I. …	Article 13 Evaluation and operating procedure: When the real estate or the user right-associated assets acquired or disposed of by the Company from the related party, or other assets than the real estate or the user right-associated assets acquired or disposed of by the Company from the related party reaches 20% of the Company's paid-in capital size, 10% of the overall assets, or NT$300 million and above, except for trading of domestic bonds, bonds with buy-back or sell-back requirements, subscription or buy-back of the money market funds issued by a domestic securities investment trust business, the following materials shall be submitted to the Board of Directors for approval and to supervisors for recognition before the transaction contract may be entered into and payment may be made: I. …	I. Due to the addition to Section 4, the subsequent changes to the article numbers are referred to and Paragraph 2 hereunder is revised. II. "Bonds" defined in Paragraph 1 are domestic bonds. Mainly in light of the fact that there are defined bonds and credits with the central and local governments in our country and that they are easy to be found, the procedure for submitting to the Board of Directors for approval and to the supervisors for recognition may be waived. For foreign governments, however, they vary and hence they are not included as part of the waiver hereunder

II. … III. Related materials for evaluation of the legitimacy of expected transaction requirements as required by Articles 14 and 15 for the real estate acquired from the related party. IV. .... V. …. VI. …. VII. Restrictions and other important matters agreed upon of the current transaction. The calculation of the transaction value in the foregoing paragraph shall be based on the requirements in Article 27 Paragraph 2. And "within a year" as stated is based on the date of occurrence of the current transaction retroactively by one year. It is allowed not to include those already submitted to the Board of Directors and approved and to the supervisors and recognized according to the operating procedure in the Act. For the acquisition or disposal of operating equipment with subsidiaries worth NT$ 50 million, inclusive, and below, it is to be approved hierarchically as according to the power of approval determined by the Company and later brought forth in the latest Board of Directors meeting for endorsement. When the value exceeds NT$ 50 million, on the other hand, prior approval by the Board of Directors is required.	II. … III. Related materials for evaluation of the legitimacy of expected transaction requirements as required by Articles 14 and 15 for the real estate or the user right-associated assets acquired from the related party. IV. .... V. …. VI. …. VII. Restrictions and other important matters agreed upon of the current transaction. The calculation of the transaction value in the foregoing paragraph shall be based on the requirements in Article ~~27~~ 33 Paragraph 2. And "within a year" as stated is based on the date of occurrence of the current transaction retroactively by one year. It is allowed not to include those already submitted to the Board of Directors and approved and to the supervisors and recognized according to the operating procedure in the Act. When the acquisition or disposal of operating equipment or the user right-associated assets between the Company and its subsidiaries or between subsidiaries whose circulating shares or total capital value is owned directly or indirectly by the Company is worth NT$ 50 million, inclusive, and below, it is to be approved hierarchically as according to the power of approval determined by the Company and later brought forth in the latest Board of Directors meeting for endorsement. When the value exceeds NT$ 50 million, on the other hand, prior approval by the Board of Directors is required. When there are independent directors as required by the Act, when submitted to the Board of Directors for discussion as	yet. It is specified that only domestic bonds apply. In addition, as is required by International Financial Reporting Standard 16 "Lease", Paragraph 1 is amended to include user right-associated assets hereunder. III. In light of the necessity and demand for the transfer of operating equipment centrally and collectively purchased or leased as part of overall operational planning (including trading or subletting) among the Company, its subsidiaries, or subsidiaries that are directly or indirectly 100% owned by the Company or the possibility of subletting leased real estate, and the relatively low transactional risks, Paragraph 3 is revised to relax the restrictions over the acquisition or disposal of operating equipment, the user right-associated assets, or operating real estate user right-associated assets among the said companies; the Chairman is authorized to make a decision first. The wordings are adequately modified, too. IV. The requirements in Paragraphs 4 and 5 are added reflective of those in the Regulations.

	required in Paragraph 1, opinions from respective independent directors shall be sufficiently considered. In case of any disagreement or reserved opinions from independent directors, it shall be stated so in the meeting minutes of the Board of Directors. When there is the Audit Committee as required by the Act, matters to be recognized by supervisors indicated in Paragraph 1 shall be approved by at least one half of all members of the Audit Committee first and submitted to the Board of Directors for a final decision. The requirements under Article 6 Paragraphs 4 and 5 apply.	
Article 14 Evaluation over the legitimacy of the transaction cost: The Company shall evaluate the legitimacy of the transaction cost in the following ways for the real estate acquired from the related party: I. … II. … Consolidated purchase of the same target land and house: the transaction cost may be evaluated in any of the ways mentioned in the foregoing paragraph, respectively, for the land and the house. When the Company acquires real estate from the related party, the cost of the real estate shall be evaluated as required by Paragraphs 1 and 2 hereunder and the CPA shall be approached for reviewing it again and expressing substantial opinions. When the Company acquires real estate from the related party and one of the following conditions is found the	Article 14 Evaluation over the legitimacy of the transaction cost: The Company shall evaluate the legitimacy of the transaction cost in the following ways for the real estate acquired from the related party or the user right-associated assets: I. … II. … In the case of combined purchase or lease of the same target land and house, the transaction cost may be evaluated in any of the ways mentioned in the foregoing paragraph, respectively, for the land and the house. When the Company acquires real estate from the related party or the user right-associated assets, the ~~cost of the real estate~~ or the user right-associated assets shall be evaluated as required by Paragraphs 1 and 2 hereunder and the CPA shall be approached for reviewing it again and expressing substantial opinions. When the Company acquires real estate or the user right-associated assets from the related party and one of the	I. As is required by International Financial Reporting Standard 16 “Lease”, Paragraphs 1 to 4 are amended to include real estate user right-associated assets obtained from the related party. II. In light of the possibility of central and collective rental of real estate and subletting it a part of overall operational planning among the Company, its subsidiaries, or subsidiaries that are directly or indirectly 100% owned by the Company and the risks associated with unconventional transactions involved in the transactions mentioned above, Paragraph 4 Subparagraph 4 is added. The requirement for evaluating the legitimacy of transaction

requirements in Article 13 shall be followed and the requirements in the first three paragraphs do not apply: I. The related party acquired the real estate because of inheritance or as a gift. II. The related party acquired the real estate through a contract and the contract date is more than 5 years ago from the current transaction. III. The real estate is acquired through a contract over joint construction entered into with the related party or through outsourced construction on self-owned land, outsourced construction on rented land assigned to the related party.	following conditions is found, the requirements in Article 13 shall be followed and the requirements in the preceding three paragraphs do not apply: I. The related party acquired the real estate or the user right-associated assets because of inheritance or as a gift. II. The related party acquired the real estate or the user right-associated assets through a contract and the contract date is more than 5 years ago from the current transaction. III. The real estate is acquired through a contract over joint construction entered into with the related party or through outsourced construction on self-owned land, outsourced construction on rented land assigned to the related party. IV. Operating real estate user right-associated assets are acquired among the Company, its subsidiaries, or its subsidiaries whose circulating shares or total capital value is owned directly or indirectly by the Company.	hereunder for the said transactions (the transaction price for the related party to acquire real estate or the price paid to rent real estate) is eliminated. In addition, due to the fact that applicability of this article has been excluded for the said transactions, there is no need to follow the requirements in Article 17 for providing evidence on the legitimacy of the transaction price and in Article 18 for the setting aside the special reserve, either. III. The requirements in Paragraphs 4 are added reflective of those in the Regulations.
Article 15 When results of the evaluations performed as required according to Paragraphs 1 and 2 of the preceding article by the Company are consistently lower than the transaction price, the requirements in Article 16 shall be followed. This, however, does not apply in case of any of the following conditions and when objective evidence is provided and substantial justified opinions are obtained from the professional real estate appraiser and the CPA: I. …: (I)…	Article 15 When results of the evaluations performed as required according to Paragraphs 1 and 2 of the preceding article by the Company are consistently lower than the transaction price, the requirements in Article 16 shall be followed. This, however, does not apply in case of any of the following conditions and when objective evidence is provided and substantial justified opinions are obtained from the professional real estate appraiser and the CPA: I. … (I)… (II) Transactions completed involving other non-related parties completed within a year for the	I. To reflect the practical operations in the lease of real estate such as plants, it is relaxed that lease transactions involving non-related parties in adjacent areas within a year may serve as reference in the calculation and inference of the legitimacy of the transaction price when real estate user right-associated assets are obtained from the related party and existing Paragraph 1 Sub-paragraph 1 Item 3 is combined in Item 2

(II) Deals completed of other non-related parties within a year for the other floors of the same house/land or in the adjacent regions that are similar in area and transaction conditions having been evaluated against the reasonable floor or regional price differences according to real estate trading customs to be comparable. (III) Lease cases of other non-related parties within a year for the other floors of the same house/land and with the transaction conditions inferred to be comparable according to real estate lease customs. II. The Company provides evidence supporting that the transaction conditions of the real estate purchased are equivalent to transactions completed involving other non-related parties within a year in the adjacent regions and closer in area. The so-called deals completed in adjacent regions in Sub-paragraph 2 of the preceding paragraph are, in principle, those within the same or in adjacent blocks and not further than a radius of 500 meters from the transaction target or similar in the announced current value. By "closer in area", on the other hand, it means, in principle, that the area of the deals completed of other non-related parties is not below 50% of that of the transaction target. The so-called within a year is, in principle, from the actual date when the current acquisition of real estate or the user right assets occurs, retroactively by one year.	other floors of the same house/land or in the adjacent regions that are similar in area and transaction conditions having been evaluated against the reasonable floor or regional price differences according to real estate trading or lease customs to be comparable. ~~(III) Lease cases of other non-related parties within a year for the other floors of the same house/land and with the transaction conditions inferred to be comparable according to real estate lease customs.~~ II. The Company provides evidence supporting that the transaction conditions of the real estate purchased or user right-associated assets acquired by lease are equivalent to transactions completed involving other non-related parties within a year in the adjacent regions and closer in area. The so-called transactions completed in adjacent regions in Subparagraph 2 of the preceding paragraph are, in principle, those within the same or in adjacent blocks and not further than a radius of 500 meters from the transaction target or similar in the announced current value. By "closer in area", on the other hand, it means, in principle, that the area of the transactions completed involving other non-related parties is not below 50% of that of the transaction target. The so-called within a year is, in principle, from the actual date when the current acquisition of real estate or the user right-associated assets occurs, retroactively by one year.	and it is added that leases are also transactions. Therefore, Paragraph 1 Sub-paragraph 1 Item 2, Sub-paragraph 2, and Paragraph 2 are revised to be specific.

Article 16 For the real estate acquired from the related party, if determined to be below the transaction value, the following matters shall be addressed. For the real estate acquired from the related party by the Company, if determined to be below the transaction value as required by Articles 14 and 15, the following matters shall be addressed: I. The Company shall set aside special reserve as required by Article 41 Paragraph 1 of the Securities Exchange Act of the Republic of China for the difference between the transaction price and the evaluation cost of the real estate; assignment or allotment of shares transferred to capital increase is disallowed. If the investor appraising the Company's equity method is a public offering company, the special reserve shall also be set aside as required by Article 41 Paragraph 1 of the Securities Exchange Act of the Republic of China with regard to the said value to be appropriated according to the shareholding ratio. II. The supervisor of the Company shall follow the requirements in Article 218 of the Company Act. III. The Company shall report management of the conditions in Subparagraphs 1 and 2 hereunder during the shareholders' meeting and disclose detailed information of the transaction in the annual report and the prospectus. When special reserve is set aside as required in the foregoing by the Company,	Article 16 ~~For the real estate acquired from the related party, if determined to be below the transaction value, the following matters shall be addressed.~~ When results of evaluations performed by the Company on the real estate or the user right-associated assets acquired from the related party as required by Articles 14 and 15 are consistently lower than the transaction price, the following matters shall be addressed: I. The Company shall set aside special reserve as required by Article 41 Paragraph 1 of the Securities Exchange Act of the Republic of China for the difference between the transaction price and the evaluation cost of the real estate or the user right-associated assets; assignment or allotment of shares transferred to capital increase is disallowed. If the investor appraising the Company's equity method is a public offering company, the special reserve shall also be set aside as required by Article 41 Paragraph 1 of the Securities Exchange Act of the Republic of China with regard to the said value to be appropriated according to the shareholding ratio. II. The supervisor of the Company shall follow the requirements in Article 218 of the Company Act. When there is the Audit Committee as required by the Act, the first half of the this sub-paragraph shall apply to independent directors who are members of the Audit Committee. III. The Company shall report management of the conditions in Subparagraph 1 hereunder and the first two sub-paragraphs during the shareholders' meeting and disclose detailed information of	I. Wordings are adequately revised. II. As is required by International Financial Reporting Standard 16 "Lease", the introduction, Sub-paragraph 1 in Paragraph 1 and Paragraphs 2 to 3 are amended to include real estate user right-associated assets obtained from the related party as part of the matters to be addressed in case of lower cost determined than the transaction price and governed accordingly. III. The second half is added to Paragraph 1 Sub-paragraph 2 to define that the first half of the same paragraph shall apply to independent directors who are members of the Audit Committee for companies with an Audit Committee. IV. Wordings are adequately modified in the introduction and Sub-Paragraph 3 of Paragraph 1 to comply with the regulatory procedure.

such special reserve may only be allocated when price falling losses are recognized for the assets purchased at a high price or the lease contract is disposed of or it compensation or reinstatement has been adequately done or there is other evidence supporting absence of illegitimacy and after it is approved by the Financial Supervisory Commission under the Executive Yuan. For the real estate acquired by the Company from the related party, if there is other evidence showing conditions not compliant with the business practice in the transaction, the requirements in the preceding two paragraphs shall also be followed.	the transaction in the annual report and the prospectus. When special reserve is set aside as required in the preceding paragraph by the Company, such special reserve may only be allocated when price falling losses are recognized for the assets purchased or rented at a high price or the lease contract is disposed of or terminated or it compensation or reinstatement has been adequately done or there is other evidence supporting absence of illegitimacy and after it is approved by the Financial Supervisory Commission under the Executive Yuan. For the real estate or the user right-associated assets acquired by the Company from the related party, if there is other evidence showing conditions not compliant with the business practice in the transaction, the requirements in the preceding two paragraphs shall also be followed.	

Article 18 Evaluation and Operating Procedure for Acquiring or Disposing of Derivatives: The Company, in principle, is not engaged in the acquisition or disposal of derivatives. If such transactions are intended in the future, prior approval by the Board of Directors is required and then the specific evaluation and operating procedure will be prepared. 2. Opinions provided by authorized expert: When dealing with consolidation, severance, acquisition, or assignment of shares, the Company shall authorize the CPA, the attorney, or the securities underwriter, before calling for the Board of Directors' meeting, to express opinions over the legitimacy of the exchange Ratio the acquisition price, or the cash or other properties assigned to shareholders and bring it forth to be discussed and approved by the Board of Directors. For the consolidation between the Company and its subsidiary whose circulating shares or total capital size is 100% held directly or indirectly by the public offering company or the consolidation between the subsidiaries whose circulating shares or total capital size is 100% held directly or indirectly by the public offering company, however, the opinions over the legitimacy as provided by experts indicated in the foregoing may be waived. Article 20 Submission of related data and disclosure of information upon failure to be	Article 18 Evaluation and Operating Procedure for Acquiring or Disposing of ~~Derivatives:~~ ~~The Company, in principle, is not engaged in the acquisition or disposal of derivatives. If such transactions are intended in the future, prior approval by the Board of Directors is required and then the specific evaluation and operating procedure will be prepared.~~ When dealing with the transaction of derivatives, the Company shall not only follow the requirements herein but also refer to applicable requirements in the procedure for managing derivatives in "Investment Cycle" of the Company's internal control system. The scope of application of the so-called derivatives in the preceding paragraph shall be based on the requirements in Article 3 herein. For the authorized limit and level, the requirements in Article 9 shall apply. The total value of all derivatives involved and the limit available to be undertaken as per each contract shall be calculated together along with the limit available for investing in securities specified in Article 5 herein. The Company may have traders assigned by high-ranking supervisors to be engaged in derivatives reflective of the its financial standing or operational strategies. 2. Opinions provided by authorized expert: ~~When dealing with consolidation, severance, acquisition, or assignment of shares, the Company shall authorize the CPA, the attorney, or the~~	I. The original contents were deleted and the procedure and related regulations governing derivatives have been added. Therefore, the original Articles 18 to 24 are revised.

approved through the shareholders' meeting: When involved in consolidation, severance, or acquisition, the Company shall prepare public documents for the shareholders before a shareholders' meeting covering important terms and conditions agreed upon and related matters of the consolidation, severance, or acquisition and give them to the shareholders along with the expert opinions stated in Article 19 to serve as reference for whether or not to approve the said consolidation, severance, or acquisition. This, however, does not apply if a decision through a shareholders' meeting may be waived regarding consolidation, severance, or acquisition as required by other laws. If the shareholders' meeting of a company involved in the consolidation, severance, or acquisition is unable to take place or render a decision, or vetoes the proposal due to an insufficient number of attendants, insufficient voting power, or other legal restrictions, the company shall explain the cause, the subsequent management, and the re-scheduled date of the shareholders' meeting to the public immediately. Article 21 Date of the Board of Directors' meeting and the shareholders' meeting: When the Company is involved in the consolidation, severance, or acquisition, unless specified otherwise in other laws or for special reasons and with prior	~~securities underwriter, before calling for the Board of Directors' meeting, to express opinions over the legitimacy of the exchange Ratio the acquisition price, or the cash or other properties assigned to shareholders and bring it forth to be discussed and approved by the Board of Directors. For the consolidation between the Company and its subsidiary whose circulating shares or total capital size is 100% held directly or indirectly by the public offering company or the consolidation between the subsidiaries whose circulating shares or total capital size is 100% held directly or indirectly by the public offering company, however, the opinions over the legitimacy as provided by experts indicated in the foregoing may be waived.~~ Prior to each operation of derivatives, the Company shall define whether such operation is to meet operational demand and for hedging purpose. If it is defined as for hedging purpose yet falls short of meeting the determination criteria for highly effective hedging according to International Financial Reporting Standard 9 (IFRS 9), it may still not be kept as hedging accounting. If the initial purpose of the operation in the preceding paragraph was hedging but later fell short of meeting the determination criteria for highly effective hedging according to IFRS 9, transactions already recognized as hedge accounting as mentioned above shall be re-categorized as soon as awareness of the said fact and subsequent transactions shall be recognized according to the bookkeeping process when hedge	

approval from the Financial Supervisory Commission under the Executive Yuan, the Board of Directors' meeting and the shareholders' meeting shall take place on the same day to decide matters concerning the consolidation, severance, or acquisition. When the Company is involved in the assignment of shares, unless specified otherwise in other laws or for special reasons and with prior approval from the Financial Supervisory Commission under the Executive Yuan, the Board of Directors' meeting shall take place on the same day. When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, complete written records containing the following information shall be prepared and kept for five years to be available for inspection: I. Basic personnel information: Including the title, name, National ID number (or the passport number for an alien) of the person(s) involved in the consolidation, severance, acquisition, or assignment of shares plan or in implementing the plan prior to release of the news to the public. II. Dates of important events: Including the date when the Letter of Intent or the memorandum is signed, the date when a financial or legal consultant is authorized, or the date when a contract is signed or the Board of Directors' meeting takes place, among others. III. Important documentation	accounting is not fulfilled. Article 20 ~~Submission of related data and disclosure of information upon failure to be approved through the shareholders' meeting: When involved in consolidation, severance, or acquisition, the Company shall prepare public documents for the shareholders before a shareholders' meeting covering important terms and conditions agreed upon and related matters of the consolidation, severance, or acquisition and give them to the shareholders along with the expert opinions stated in Article 19 to serve as reference for whether or not to approve the said consolidation, severance, or acquisition. This, however, does not apply if a decision through a shareholders' meeting may be waived regarding consolidation, severance, or acquisition as required by other laws.~~ ~~If the shareholders' meeting of a company involved in the consolidation, severance, or acquisition is unable to take place or render a decision, or vetoes the proposal due to an insufficient number of attendants, insufficient voting power, or other legal restrictions, the company shall explain the cause, the subsequent management, and the re-scheduled date of the shareholders' meeting to the public immediately.~~ When operating derivatives, during the evaluation performed according to Article 23 herein or valuation performed by accounting staff at the end of each month, if the overall contract losses reach 10% of the net investment worth of all contracts combined in the beginning, the profits and losses of the portfolio	

and meeting minutes, Including the consolidation, severance, acquisition, or assignment of shares plan, the Letter of Intent or memorandum, important contracts, and Board of Directors' meeting minutes, among others. When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, the materials indicated in Sub-paragraphs 1 and 2 of the preceding paragraph in the required format shall be filed with the Financial Supervisory Commission under the Executive Yuan through the Internet information system within two days from the date it is approved by the Board of Directors. When companies that are not public companies or companies whose shares are traded at an operating site of securities dealers are involved in the consolidation, severance, acquisition, or assignment of shares, the Company shall sign an agreement with them and the requirements in Paragraphs 3 and 4 hereunder shall apply. Article 22 Confidentiality and avoidance of insider trading: All the parties involved in or aware of the consolidation, severance, acquisition, or assignment of shares plan shall present their commitment to confidentiality in writing and may not disclose contents of the plan to the public before the news is released to the public or buy and sell shares and other securities that are stock options in nature of all	shall be examined. If the losses associated with each contract reach 15% of the net investment value in the beginning, they shall be submitted to the high-ranking supervisor designated by the Board of Directors for deciding whether delivery may take place. During the said valuation in the preceding paragraph, if hedging purpose is defined in the previous article and the determination criteria for highly effective hedging in IFRS 9 are also fulfilled, due to the fact that the hedging instruments and hedge items may be able to completely offset, there is no need to include them in the calculation of the losses in the preceding paragraph. When calculating profits and losses in the preceding two paragraphs, besides the variation in the fair value of undertaken contract commodities, if the undertaking contract is valued in a foreign currency, impacts from the exchange rate will also be counted. The so-called net value is the value after the transaction fees and account management fees are subtracted from the initial undertaking value. Article 21 ~~Date of the Board of Directors' meeting and the shareholders' meeting:~~ ~~When the Company is involved in the consolidation, severance, or acquisition, unless specified otherwise in other laws or for special reasons and with prior approval from the Financial Supervisory Commission under the Executive Yuan, the Board of Directors' meeting and the shareholders' meeting shall take place on the same day to decide matters concerning the consolidation, severance, or acquisition.~~	

companies concerned in the consolidation, severance, acquisition, or assignment of shares plan in their own name or in the name of someone else. Article 23 Principle for changing the exchange ratio or the acquisition price: When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, the exchange ratio or the acquisition price, except for the following conditions, may not be freely changed and conditions where changes may be made shall be specified in the contract: I. Organizing capital increase in cash, issuance of convertible corporate bonds, stock dividend from paid-in capital, equity warrant corporate bonds, equity warrant preferred stock, stock option certificates, and other securities that are stock options in nature. II. Behavior that has an impact on the Company's finance such as disposal of important assets of the Company III. Major disasters or technical reforms that will affect the Company's shareholders' equity or security price IV. Adjustments made by any company involved in the consolidation, severance, acquisition, or assignment of shares by buying back the treasury stock according to law V. Change in the structure or the number of companies involved in the consolidation, severance, acquisition, or assignment of shares	~~When the Company is involved in the assignment of shares, unless specified otherwise in other laws or for special reasons and with prior approval from the Financial Supervisory Commission under the Executive Yuan, the Board of Directors' meeting shall take place on the same day.~~ ~~When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, complete written records containing the following information shall be prepared and kept for five years to be available for inspection:~~ ~~I. Basic personnel information: Including the title, name, National ID number (or the passport number for an alien) of the person(s) involved in the consolidation, severance, acquisition, or assignment of shares plan or in implementing the plan prior to release of the news to the public.~~ ~~II. Dates of important events: Including the date when the Letter of Intent or the memorandum is signed, the date when a financial or legal consultant is authorized, or the date when a contract is signed or the Board of Directors' meeting takes place, among others.~~ ~~III. Important documentation and meeting minutes, Including the consolidation, severance, acquisition, or assignment of shares plan, the Letter of Intent or memorandum, important contracts, and Board of Directors' meeting minutes, among others.~~ ~~When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, the materials indicated in Sub-paragraphs 1 and 2 of the preceding paragraph in the~~	

VI. Other conditions where changes may be made as specified in the contract and already disclosed to the public Article 24 Matters to be specified in the contract: When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, the contract shall not only specify the rights and obligations of companies involved in the consolidation, severance, acquisition, or assignment of shares but also the following: I. Management of defaults. II. Principles for handling securities that are stock options in nature already issued or the treasury stock that is already bought back by the company that is no longer existing or is severed as a result of consolidation. III. The quantity of and the management principle for the treasury stock that may be bought back according to law after the base date for the exchange ratio calculated by the participating companies. IV. Management of additions or deletions in the structure or the number of companies involved. V. Expected plan implementation schedule and expected date of completion. VI. The procedure for handling the expected date for holding the shareholders' meeting as required by law, among others, upon failure to complete the plan as scheduled.	~~required format shall be filed with the Financial Supervisory Commission under the Executive Yuan through the Internet information system within two days from the date it is approved by the Board of Directors.~~ ~~When companies that are not public companies or companies whose shares are traded at an operating site of securities dealers are involved in the consolidation, severance, acquisition, or assignment of shares, the Company shall sign an agreement with them and the requirements in Paragraphs 3 and 4 hereunder shall apply.~~ Traders of derivatives and approvers of such transactions of the Company may not be the same people. The approvers in the preceding paragraph shall truthfully record information of operation contracts and transaction certificates in the "Security Statement" and verify it against the statement provided by the financial institution or related external information on the holding status of the Company in order to examine if the operated position meets the requirement in Article 5 herein for the limit. Article 22 ~~Confidentiality and avoidance of insider trading:~~ ~~All the parties involved in or aware of the consolidation, severance, acquisition, or assignment of shares plan shall present their commitment to confidentiality in writing and may not disclose contents of the plan to the public before the news is released to the public or buy and sell shares and other securities that are stock options in nature of all companies concerned in the consolidation, severance, acquisition, or assignment of~~	

	~~shares plan in their own name or in the name of someone else.~~ The staff of the Company engaged in the risk evaluation, monitoring, and control over transactions of derivatives shall belong to different departments from the staff mentioned in the preceding article and shall report to the Board of Directors or the high-ranking supervisor not responsible for the making a decision over the transaction or the position. The positions held for trading derivatives shall be evaluated at least once a week. For hedging transactions that need to be processed in order to meet operational demand, however, such evaluation shall be performed at least twice a month and the evaluation report shall be submitted to the high-ranking supervisor authorized by the Board of Directors. Article 23 ~~Principle for changing the exchange ratio or the acquisition price:~~ ~~When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, the exchange ratio or the acquisition price, except for the following conditions, may not be freely changed and conditions where changes may be made shall be specified in the contract:~~ ~~I. Organizing capital increase in cash, issuance of convertible corporate bonds, stock dividend from paid-in capital, equity warrant corporate bonds, equity warrant preferred stock, stock option certificates, and other securities that are stock options in nature.~~ ~~II. Behavior that has an impact on the Company's finance such as disposal of important assets of the~~	

	~~Company~~ ~~III. Major disasters or technical reforms that will affect the Company's shareholders' equity or security price~~ ~~IV. Adjustments made by any company involved in the consolidation, severance, acquisition, or assignment of shares by buying back the treasury stock according to law~~ ~~V. Change in the structure or the number of companies involved in the consolidation, severance, acquisition, or assignment of shares~~ ~~VI. Other conditions where changes may be made as specified in the contract and already disclosed to the public~~ When the Company is engaged in trading of derivatives, the Board of Directors shall precisely fulfill its supervisory and management duties in compliance with the principles below: I. Assign high-ranking supervisors to pay attention to the supervision and control over transaction risks of derivatives at all times. II. Periodically evaluate whether the performance in the transaction of derivatives meets existing operating strategies and whether the undertaken risks are within the scope allowed for the Company or not. The high-ranking supervisor authorized by the Board of Directors shall manage trading of derivatives according to the principles below: I. Periodically evaluate if the current risk management measures are appropriate and in strict compliance with the Regulations and the Procedure for Trading Derivatives established by the Company. II. Supervise over transactions and	

	gains and losses and adopt necessary response measures upon discovery of abnormalities and report immediately to the Board of Directors; when there are independent directors, they shall attend and express opinions in the Board of Directors' meeting. Article 24 ~~Matters to be specified in the contract:~~ ~~When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, the contract shall not only specify the rights and obligations of companies involved in the consolidation, severance, acquisition, or assignment of shares but also the following:~~ ~~I. Management of defaults.~~ ~~II. Principles for handling securities that are stock options in nature already issued or the treasury stock that is already bought back by the company that is no longer existing or is severed as a result of consolidation.~~ ~~III. The quantity of and the management principle for the treasury stock that may be bought back according to law after the base date for the exchange ratio calculated by the participating companies.~~ ~~IV. Management of additions or deletions in the structure or the number of companies involved.~~ ~~V. Expected plan implementation schedule and expected date of completion.~~ ~~VI. The procedure for handling the expected date for holding the shareholders' meeting as required by law, among others, upon failure to complete the plan as scheduled.~~ When dealing with derivatives, the Company shall prepare reference books that truthfully document the type, value, date	

	approved by the Board of Directors, and matters of derivatives involved in the transaction that shall be carefully evaluated according to Article 22 and Paragraph 1 Sub-paragraph 2 and Paragraph 2 Subparagraph 1 of the preceding article of the Regulations. The internal audit staff of a public offering company shall periodically understand the adequacy of internal control over trading of derivatives and perform monthly audits on the compliance with the procedure for trading of derivatives by the trading department and prepare the audit report. In cases of major violations discovered, respective supervisors shall be informed in writing. When there are independent directors as required by the Act, the matters made known to respective supervisors in the preceding paragraph shall also be made known to independent directors in writing. When there is an Audit Committee in place as required by the Act, the requirements for supervisors in Paragraph 2 shall apply to the Audit Committee.	

2. Opinions provided by authorized expert: When dealing with consolidation, severance, acquisition, or assignment of shares, the Company … ， the opinions over the legitimacy as provided by experts may be waived.	Article ~~19~~25 Opinions provided by authorized expert: When dealing with consolidation, severance, acquisition, or assignment of shares, the Company … ， the opinions over the legitimacy as provided by experts may be waived.	Due to the addition to the article numbers in Section 4, subsequent article numbers are adjusted accordingly.
Article 20 Submission of related data and disclosure of information upon failure to be approved through the shareholders' meeting: When involved in consolidation, severance, or acquisition, the Company shall prepare public documents for the shareholders before a shareholders’ meeting covering important terms and conditions agreed upon and related matters of the consolidation, severance, or acquisition and give them to the shareholders along with the expert opinions stated in Article 19 to serve as reference for whether or not to approve the said consolidation, severance, or acquisition. This, however, does not apply if a decision through a shareholders’ meeting may be waived regarding consolidation, severance, or acquisition as required by other laws. If the shareholders’ meeting of a company involved in the consolidation, severance, or acquisition..., the company shall explain the cause, the subsequent management, and the re-scheduled date of the shareholders’ meeting to the public immediately.	Article ~~20~~26 Submission of related data and disclosure of information upon failure to be approved through the shareholders' meeting: When involved in consolidation, severance, or acquisition, the Company shall prepare public documents for the shareholders before a shareholders’ meeting covering important terms and conditions agreed upon and related matters of the consolidation, severance, or acquisition and give them to the shareholders along with the expert opinions stated in Article ~~19~~ 25 to serve as reference for whether or not to approve the said consolidation, severance, or acquisition. This, however, does not apply if a decision through a shareholders’ meeting may be waived regarding consolidation, severance, or acquisition as required by other laws. If the shareholders’ meeting of a company involved in the consolidation, severance, or acquisition..., the company shall explain the cause, the subsequent management, and the re-scheduled date of the shareholders’ meeting to the public immediately.	Due to the addition to the article numbers in Section 4, subsequent article numbers and the article numbers indicated in Paragraph 1 hereunder for subsequent reference are adjusted accordingly.
Article 21 Date of the Board of Directors’ meeting and the shareholders' meeting:	Article 21 27 Date of the Board of Directors’ meeting and the shareholders' meeting:	Due to the addition to article numbers in Section 4, original

When the Company is involved in the consolidation, severance, or acquisition, …decide matters concerning the consolidation, severance, or acquisition. When the Company is involved in the consolidation, severance, or acquisition,… ， the Board of Directors' meeting shall take place on the same day. When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, ... available for inspection: I. … II. … III. … When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, ... in the required format shall be filed with the Financial Supervisory Commission under the Executive Yuan through the Internet information system. When companies that are not public companies or companies whose shares are traded at an operating site of securities dealers are involved in the consolidation, severance, acquisition, or assignment of shares, the Company shall sign an agreement with them and the requirements in Paragraphs 3 and 4 hereunder shall apply. Article 22 Confidentiality and avoidance of insider trading: All the parties involved in or aware of the consolidation, severance, acquisition, or assignment of shares plan ... or buy and sell shares and other securities that are stock options in nature of all	When the Company is involved in the consolidation, severance, or acquisition, …decide matters concerning the consolidation, severance, or acquisition. When the Company is involved in the consolidation, severance, or acquisition,… ， the Board of Directors' meeting shall take place on the same day. When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, ... available for inspection: I. … II. … III. … When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, ... in the required format shall be filed with the Financial Supervisory Commission under the Executive Yuan through the Internet information system. When companies that are not public companies or companies whose shares are traded at an operating site of securities dealers are involved in the consolidation, severance, acquisition, or assignment of shares, the Company shall sign an agreement with them and the requirements in ~~Paragraphs 3 and 4~~ preceding two paragraphs hereunder shall apply. Article ~~22~~ 28 Confidentiality and avoidance of insider trading: All the parties involved in or aware of the consolidation, severance, acquisition, or assignment of shares plan ... or buy and sell shares and other securities that are stock options in nature of all companies concerned in the consolidation, severance, acquisition, or assignment of shares plan in their own name or in the name of someone else. Article ~~23~~ 29 Principle for	Articles 21 to 25 are adjusted accordingly.

companies concerned in the consolidation, severance, acquisition, or assignment of shares plan in their own name or in the name of someone else. Article 23 Principle for changing the exchange ratio or the acquisition price: When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, ... and conditions where changes may be made shall be specified in the contract: I. … II. … III. … IV. .... V. …. VI. …. Article 24 Matters to be specified in the contract: When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, the contract shall not only specify the rights and obligations of companies involved in the consolidation, severance, acquisition, or assignment of shares but also the following: I. … II. … III. … IV. .... V. …. VI. The procedure for handling the expected date for holding the shareholders' meeting as required by law, among others, upon failure to complete the plan as scheduled. Article 25 If any company involved in the current consolidation, severance, acquisition, or assignment of shares...after the news is	changing the exchange ratio or the acquisition price: When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, ... and conditions where changes may be made shall be specified in the contract: I. … II. … III. … IV. .... V. …. VI. …. Article ~~24~~ 30 Matters to be specified in the contract: When the Company is involved in the consolidation, severance, acquisition, or assignment of shares, the contract shall not only specify the rights and obligations of companies involved in the consolidation, severance, acquisition, or assignment of shares but also the following: I. … II. … III. … IV. .... V. …. VI. The procedure for handling the expected date for holding the shareholders' meeting as required by law, among others, upon failure to complete the plan as scheduled. Article ~~25~~ 31 If any company involved in the current consolidation, severance, acquisition, or assignment of shares...after the news is released to the public, it shall be redone by all participating companies.	

released to the public, it shall be redone by all participating companies.		
Article 26 When companies that are not public offering companies are involved in the consolidation, severance, acquisition, or assignment of shares, the Company shall sign an agreement with them and the requirements in Articles 21, 22, and 25 shall apply.	Article ~~26~~ 32 When companies that are not public offering companies are involved in the consolidation, severance, acquisition, or assignment of shares, the Company shall sign an agreement with them and the requirements in Articles ~~21~~ 27, ~~22~~ 28 , and ~~25~~ the preceding article shall apply.	Due to the addition to the article numbers in Section 4, subsequent article numbers and the current article number for subsequent reference are adjusted accordingly.
Article 27 Information Disclosure Procedure: In case of any of the following conditions for the Company or in the acquisition or disposal of assets, reflective of their nature, the required format shall be followed to file related information within two days from the actual date of occurrence on the designated website of the Financial Supervisory Commission: I. Acquisition or disposal of real estate or other assets than real estate from the related party with a transaction value reaching 20% of the Company's paid-in capital size, 10% of the total assets, or NT$ 300 million and above. This, however, does not apply to the trading of bonds or bonds with buy-back or sell-back conditions, subscription or buy-back of money market funds issued by a domestic securities investment trust business. II. … III. Engagement in transactions of derivatives with losses reaching the ceiling value of all or individual contract losses specified in the established procedure. IV. Acquisition or disposal of	Article ~~27~~ 33 Information Disclosure Procedure: In case of any of the following conditions for the Company or in the acquisition or disposal of assets, reflective of their nature, the required format shall be followed to file related information within two days from the actual date of occurrence on the designated website of the Financial Supervisory Commission: I. Acquisition or disposal of real estate or the user right-associated assets or acquisition or disposal of other assets than real estate or or the user right-associated assets from the related party with a transaction value reaching 20% of the Company's paid-in capital size, 10% of the total assets, or NT$ 300 million and above. This, however, does not apply to the trading of domestic bonds or bonds with buy-back or sell-back conditions, subscription or buy-back of money market funds issued by a domestic securities investment trust business. II. … III. Engagement in transactions of derivatives with losses reaching the ceiling value of all or individual contract losses specified in the established procedure.	I. Due to the addition to the article numbers in Section 4, subsequent article numbers are adjusted accordingly. II. The bonds defined in Paragraph 1 Sub-paragraph 1 and Subparagraph 7 Item 1 are revised mainly in light of the fact that there are defined bonds and credits with the central and local governments in our country and that they are easy to be found; therefore, announcement may be waived. For foreign governments, however, they vary and hence they are not included as part of the waiver hereunder yet. It is specified that only domestic bonds apply. III. As is required by International Financial Reporting Standard 16 "Lease", Paragraph 1 Sub-paragraphs 1 and 4, text of Subparagraph 5, and Paragraph 2 Sub-paragraph 3 are amended to include user right-associated assets hereunder. IV. Due to the fact that the scope of operation of

assets that belong to operating equipment in nature, with the counterparty not a related party and the transaction value meeting one of the following requirements: (I)… (II)… V. Acquisition or disposal of real estate for construction purpose by the public offering company dealing in construction business with the counterparty not a related party and the transaction value not reaching NT$500 million and above. VI. Acquisition of real estate through outsourced construction on self-owned land, outsourced construction on rented land, division of property jointly built, division by the percentage following joint construction, and separate sale following joint construction, with an expected transaction value invested in by the Company not reaching NT$500 million and above. VII. Transactions of assets other than those in the preceding six sub-paragraphs, disposition of creditor's rights by financial institutions, or investments in Mainland China, with a transaction value reaching 20% of the Company's paid-in capital size or NT$ 300 million and above. This, however, does not apply to the following circumstances: (I) Trading of government bonds (II) Trading of securities by investment professionals at the domestic and overseas stock exchanges or the securities firms or common corporate	IV. Acquisition or disposal of assets ~~that belong to operating equipment~~or the user right-associated assets in nature, with the counterparty not a related party and the transaction value meeting one of the following requirements: (I)… (II)… ~~V. Acquisition or disposal of real estate for construction purpose by the public offering company dealing in construction business with the counterparty not a related party and the transaction value not reaching NT$500 million and above.~~ ~~VI~~V Acquisition of real estate through outsourced construction on self-owned land, outsourced construction on rented land, division of property jointly built, division by the percentage following joint construction, and separate sale following joint construction, with the counterparty not a related party, with an expected transaction value invested in by the Company not reaching NT$500 million and above. ~~VII~~VI Transactions of assets other than those in the preceding six sub-paragraphs, disposition of creditor's rights by financial institutions, or investments in Mainland China, with a transaction value reaching 20% of the Company's paid-in capital size or NT$ 300 million and above. This, however, does not apply to the following circumstances: (I) Trading of domestic bonds. (II) Trading of securities by investment professionals at the stock exchange or the securities firm or common corporate bonds and general financial bonds not involving shares and stock options	the Company is not construction-related, the requirements in Paragraph 1 Sub-paragraph 5 are deleted. V. In light of the fact that the scope to be announced of transactions with related parties is already defined in Paragraph 1 Sub-paragraph 1, Sub-paragraph 6 in the same paragraph defines transactions with non-related parties. To facilitate compliance by the Company, Paragraph 1 Sub-paragraph 6 is revised to be specific. VI. Paragraph 1 Sub-paragraph 7 Item 2 is revised: (I) In light of the fact that the trading of securities by investment professionals at the domestic and overseas stock exchanges is a frequent business behavior and frequent announcements may be an issue, for the significance involved in disclosure of information, such announcements are waived. Meanwhile, terminologies herein are unified; the object or institution referred to herein consistently applies domestically and internationally and hence terms such as "domestic" or "international" are deleted. (II) In light of the fact that the subscription by investment professionals of common corporate bonds on domestic and

bonds and general financial bonds not involving shares and stock options subscribed, raised, and offered on the domestic primary market or securities subscribed as required by the securities brokers trading center in order to meet the underwriting business demand and serving as the referral broker that helps emerging companies. (III)… … I. … II. … III. The value acquired or disposed of, accumulatively within a year (separately for the acquisition and the disposition), of real estate within the same development project. IV. .... … … …	subscribed, raised, and offered on the primary market (excluding subordinated debenture or subscription or buy-back of securities investment trust fund or futures trust fund) or securities subscribed as required by the securities brokers trading center by brokers in order to meet the underwriting business demand and serving as the referral broker that helps emerging companies. (III)… … I. … II. … III. The value acquired or disposed of, accumulatively within a year (separately for the acquisition and the disposition), of real estate or the user right-associated assets within the same development project. IV. .... … … …	international primary markets is a frequent behavior and the nature of the commodities is simple. In addition, domestically, securities investment trust businesses and futures trust businesses are subject to supervision by the FSC and subscription or buy-back of raised funds (excluding offshore funds) also fall in the category of frequent behavior of investment professionals. Therefore, it is amended to relax the announcement on waiver for investment professionals when trading the above-mentioned securities. In light of the relatively high risks associated with subordinated debentures, it is also specified that common corporate bonds and general financial bonds not involving stock options do not include subordinated debentures. VII. Wordings are adequately modified in Paragraph 1 Sub-paragraph 3 to comply with the regulatory procedure. VIII. Adequate modification of wordings in Paragraphs 4 and 6
Article 28 When one of the following conditions is found with the transactions to be announced and filed by the Company as required according to Sub-paragraph 1 hereunder, such announcement and filing shall be completed within two days following the	Article ~~28~~ 34 When one of the following conditions is found with the transactions to be announced and filed by the Company as required according to Sub-paragraph 1 hereunder, such announcement and filing shall be completed within two days following the actual date of	Due to the addition to the article numbers in Section 4, original articles are adjusted accordingly.

actual date of occurrence: I. … II. … III. …	occurrence: I. … II. … III. …	
Article 29 The requirements for subsidiaries of a public offering company that are not domestic public offering companies are as follows: I. When the conditions specified in Chapter 3 to require announcement and filing are applicable to the acquisition or disposal of assets by a subsidiary of a public offering company that is not a domestic public offering company, the Company shall complete the announcement and filing process on its behalf. II. The announcement and filing criteria in Article 27 Paragraph 1 apply to the subsidiaries in the preceding paragraph. The requirements about 20% of the paid-in capital size or 10% of total assets are based on the Company's paid-in capital size or total assets.	Article ~~29~~ 35 The requirements for subsidiaries of a public offering company that are not domestic public offering companies are as follows: I. When the conditions specified in ~~Paragraph 3~~ the preceding paragraph to require announcement and filing are applicable to the acquisition or disposal of assets by a subsidiary of a public offering company that is not a domestic public offering company, the Company shall complete the announcement and filing process on its behalf. II. The announcement and filing criteria in Article 27 Paragraph 1 apply to the subsidiaries in the preceding paragraph. The requirements about ~~20%~~ of the paid-in capital size or ~~10%~~ of total assets are based on the Company's paid-in capital size or total assets.	I. Due to the addition to the article numbers in Section 4, original articles are adjusted accordingly. II. The announcement and filing criteria for subsidiaries shall be identical to those for the parent company and to go with addition of the criterion of paid-in capital size reaching NT$ 10 billion to should be announced and filed to Article 31 Paragraph 1, the requirements in Paragraph 2 are revised so that the same criterion applies to the subsidiaries, too. III. Wordings are adequately modified in Paragraph 1 to comply with the regulatory procedure.
Article 30 The Company shall mandate that its subsidiaries establish the Procedure for the Acquisition or Disposal of Assets according to applicable requirements in the Regulations Governing the Acquisition and Disposal of Assets by Public Companies，…，the established Procedure shall be followed and enforced. Article 31 Penalty: When the Company's employees violate the requirements herein while acquiring or disposing of	Article ~~30~~ 36 The Company shall mandate that its subsidiaries establish the Procedure for the Acquisition or Disposal of Assets according to applicable requirements in the Regulations Governing the Acquisition and Disposal of Assets by Public Companies，…，the established Procedure shall be followed and enforced. Article 31 37 Penalty: When the Company's employees violate the requirements herein while acquiring or disposing of assets, ..., penalties shall apply, depending on the severity of the	I. Due to the addition to the article numbers in Section 4, original Article 30 is adjusted to be Article 32.

assets, ..., penalties shall apply, depending on the severity of the circumstances. Article 32 Implementation and Revision: This Procedure shall be approved by the Board of Directors,…，shall be specified in the Board of Directors' meeting minutes.	circumstances. Article ~~32~~ 38 Implementation and Revision: This Procedure shall be approved by the Board of Directors,…，shall be specified in the Board of Directors' meeting minutes.	
Article 33 This Procedure was prepared on December 11, 2009. This Procedure was revised for the first time on June 27, 2011. This Procedure was revised for the second time on June 29, 2012. This Procedure was revised for the third time on June 27, 2014. This Procedure was revised for the fourth time on December 18, 2017.	Article ~~33~~ 39 This Procedure was prepared on December 11, 2009. This Procedure was revised for the first time on June 27, 2011. This Procedure was revised for the second time on June 29, 2012. This Procedure was revised for the third time on June 27, 2014. This Procedure was revised for the fourth time on December 18, 2017. **This Procedure was revised for the fifth time on XX/XX, 2019.**	Due to the addition to the article numbers in Section 4, subsequent article numbers are adjusted accordingly and the date of the current revisions made to the Procedure is added hereunder.

[Attachment 4] **Comparison Table for "Articles of Incorporation"**

	Original Article	Proposal for the Amendment
1	New article	<u>"Audit Committee"</u> <u>A committee of the Board of Directors, composed solely of Independent Directors of the Company.</u>
6(b)	Subject to the Statute, so long as the Shares are listed on any ROC Securities Exchange, the Company may allot and issue new Shares being subject to such restrictions as the Board may from time to time determine, to the employees of the Company and/or its Subsidiaries as approved by the Members by way of a Supermajority Resolution, and the number of the Shares to be issued, the issuance price, and the terms and conditions of such issuance shall comply with the Applicable Public Company Rules.	Subject to the Statute, so long as the Shares are listed on any ROC Securities Exchange, the Company may allot and issue new Shares ~~being subject to such restrictions as the Board may from time to time determine,~~ to the employees of the Company and/or its Subsidiaries as approved by the Members by way of a Supermajority Resolution,<u> such Shares being subject to restrictions shall also be adopted by Supermajority Resolution thereby,</u> and the number of the Shares to be issued, the issuance price, and the terms and conditions of such issuance shall comply with the Applicable Public Company Rules.
30-1	New article.	<u>Shareholders continuously holding 50% or more of the total number of outstanding shares of a company for a period of three months or a longer time may convene a special shareholders' meeting. The calculation of the holding period and holding number of shares shall be based on the holding at the time of share transfer suspension date.</u>
31.(b)	The Company may, by a Special Resolution for Mergers or Consolidation, effect a Merger or a Consolidation of the Company in accordance with the Statute.	The Company may, by a Special Resolution for Mergers or Consolidation, effect a Merger or a Consolidation of the Company in accordance with the Statute. <u>In case the Company participates in the merger/consolidation and its trading of Shares on OTC is terminated thereafter while the surviving or 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.</u>
38	The following matters shall be indicated in the notice of general meeting, with a	The following matters shall be indicated in the notice of general meeting, with a

	Original Article	Proposal for the Amendment
	summary of the material content to be discussed, and shall not be brought up as an ad hoc motion: (a) election or discharge of Directors and/or Supervisors, (b) alteration of the Memorandum and these Articles, and (c) (i)dissolution, Merger, Consolidation or Spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which will have a material effect on the business operation of the Company, and (d) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business, (e) distribution of dividends and bonus in whole or in part by way of issuance of new Shares from the profits, (f) proportionate distribution based on the respective shareholding of each Member from the legal reserve (as provided by Articles 101 and 102 herein) and the capital surplus reserve of the Company which arises out of (i) the share premium, (ii) gains derived from the Company's acceptance of donated assets, and (g) the private placement of any equity-type securities issued by the Company.	summary of the material content to be discussed, and shall not be brought up as an ad hoc motion. <u>The major content may be placed in the web-side designated by the securities of authority or the Company</u>: (a) election or discharge of Directors and/or Supervisors, (b) alteration of the Memorandum and these Articles, and (c) (i)dissolution, Merger, Consolidation or Spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which will have a material effect on the business operation of the Company, and (d) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business, (e) distribution of dividends and bonus in whole or in part by way of issuance of new Shares from the profits, (f) proportionate distribution based on the respective shareholding of each Member from the legal reserve (as provided by Articles 101 and 102 herein) and the capital surplus reserve of the Company which arises out of (i) the share premium, (ii) gains derived from the Company's acceptance of donated assets, and (g) the private placement of any equity-type securities issued by the Company. (h) <u>capital reduction</u> (i) <u>apply for an approval of ceasing its status as a public company</u>

	Original Article	Proposal for the Amendment
39	The Board shall keep the Memorandum, these Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the office of the Company's registrar (if applicable) and the Company's securities agent located in Taiwan. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the aforementioned documents.	The Board shall keep the Memorandum, these Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the office of the Company's registrar (if applicable) and the Company's securities agent located in Taiwan. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review, ~~or~~ transcribe, make copies, of the aforementioned documents. The Company shall also make its shareholder service agent (if any) to provide with the access.
55.(b)	Subject to the Statutes, so long as the Shares are listed in any ROC Securities Exchange, when a Director pledges more than one-half of the Shares he/she/it held at the moment when he/she/it was elected as a Director, such Director may not exercise the votes with respect to the Shares pledged exceeding the one-half threshold, and the votes of the Shares pledged by such Director exceeding the one-half threshold shall not be counted in the total number of votes of Members present at the meeting and such Shares may not be counted in determining the quorum of the general meeting.	Subject to the Statutes, so long as the Shares are listed in any ROC Securities Exchange, when a Director or Supervisor ledges more than one-half of the Shares he/she/it held at the moment when he/she/it was elected as a Director, such Director may not exercise the votes with respect to the Shares pledged exceeding the one-half threshold, and the votes of the Shares pledged by such Director exceeding the one-half threshold shall not be counted in the total number of votes of Members present at the meeting and such Shares may not be counted in determining the quorum of the general meeting.
62	(a) There shall be a Board of Directors consisting of not less than seven (7) persons, each of whom shall be appointed to a term of office of three (3) years. 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 above number limitation provided that the requirements by relevant laws and regulations (including without limitation, Applicable Public Company Rules) are met. The first Directors of the Company shall be	(a) There shall be a Board of Directors consisting of not less than ~~seven (7)~~ five (5) persons, each of whom shall be appointed to a term of office of three (3) years. 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 above number limitation provided that the requirements by relevant laws and regulations (including without limitation, Applicable Public Company Rules) are met. The first Directors of the Company shall be

	Original Article	Proposal for the Amendment
	determined in writing by, or appointed by a resolution of, the subscribers of the Memorandum or a majority of them. (b) If it is resolved at a general meeting held prior to the expiration of the term of the current Directors that all Directors shall be re-elected with effect immediately after the adoption of such resolution (the "Re-Election"), unless otherwise resolved at such general meeting, the term of the existing Directors shall be deemed to have expired immediately prior to the Re-Election.	determined in writing by, or appointed by a resolution of, the subscribers of the Memorandum or a majority of them. (b) If the Members meeting ~~it is~~ resolves ~~ed~~ ~~at a general meeting held~~ prior to the expiration of the term of the current Directors that all Directors shall be re-elected with effect immediately after the adoption of such resolution (the "Re-Election"), unless otherwise resolved at such general meeting, the term of the existing Directors shall be deemed to have expired immediately prior to the Re-Election.
73	If the number of Directors is less than seven (7) persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the Board of Directors of the Company equals to one third of the total number of Directors elected, the Board of Directors shall convene, within sixty days, a general meeting of Members to elect succeeding Directors to fill in the vacancies.	If the number of Directors is less than ~~seven (7)~~ 5 (five) persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the Board of Directors of the Company equals to one third of the total number of Directors elected, the Board of Directors shall convene, within sixty days, a general meeting of Members to elect succeeding Directors to fill in the vacancies.
90-1	New article.	Where the spouse, a blood relative within the second degree of kinship of the Director, or any company which has a controlling or subordinate relation with a Director has interests in the matters under discussion in the Board meeting, such Director shall be deemed to have a personal interest in the matter, and shall apply mutatis mutandis to Article 90.
94~~.A-~~1	The Board shall establish a Remuneration Committee in accordance with the Applicable Public Company Rules, including the Regulations Governing Establishment and Operation of Remuneration Committees of Companies Listed in Taiwan Stock Exchange and the GreTai Securities	The Board shall establish a Remuneration Committee in accordance with the Applicable Public Company Rules, including the Regulations Governing Establishment and Operation of Remuneration Committees of Companies Listed in Taiwan Stock Exchange and the GreTai Securities

	Original Article	Proposal for the Amendment
	Market. Subject to the Statute and the Applicable Public Company Rules, the Board shall adopt regulations governing The operation of the Remuneration Committee, and such regulations shall at least specify the following: (a) the composition, the number and the term of the Remuneration Committee members; (b) duties and functions of the Remuneration Committee; (c) regulations governing the meetings of the Remuneration Committee; and (d) resources which the Company shall provide when the Remuneration Committee exercises its duties and functions.	Market. Subject to the Statute and the Applicable Public Company Rules, the Board shall adopt regulations governing The operation of the Remuneration Committee, and such regulations shall at least specify the following: (a) the composition, the number and the term of the Remuneration Committee members; (b) duties and functions of the Remuneration Committee; (c) regulations governing the meetings of the Remuneration Committee; and (d) resources which the Company shall provide when the Remuneration Committee exercises its duties and functions.
94-2	New article	<u>AUDIT COMMITTEE</u> (a) <u>The Company can establish either a Supervisor or an Audit Committee. When the Company has established an Audit Committee, the Supervisor will be cancelled. Section 109 to 117 in this Article governing the Supervisor's duties and functions shall apply mutatis mutandis to the Audit Committee or the Independent Director.</u> (b) <u>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.</u> (c) <u>Regulations governing the numbers, term of office, duties and functions, and the regulations governing the proceedings of meetings of the Audit Committee shall be prescribed separately by Audit Committee organic regulations.</u> (d) <u>Subject to the condition that the board of directors does not or is unable to convene a meeting of shareholders, the Independent Director of the Audit Committee may, for the benefit of the Company, call a meeting of</u>

	Original Article	Proposal for the Amendment
		<u>shareholders when it is deemed necessary.</u>
96	The office of a Director shall be vacated: (a) if he gives notice in writing to the Company that he resigns the office of Director; (b) if he is removed from office pursuant to these Articles; (c) If he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; (d) if an order is made by any competent court or official on the grounds that he is or will be suffering from lunacy, mental disorder, or is otherwise incapable of managing his affairs, or his/her legal capacity is restricted according to the applicable laws; (e) having committed an offence as specified in the ROC statute of prevention of organizational crimes or similar legislations in other jurisdictions, and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of the sentence is less than five years; (f) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years; (g) having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years; or	The office of a Director shall be vacated: (a) if he gives notice in writing to the Company that he resigns the office of Director; (b) if he is removed from office pursuant to these Articles; (c) If he dies, ~~becomes bankrupt or makes any arrangement or composition with his creditors generally;~~ <u>or has been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;</u> (d) if an order is made by any competent court or official on the grounds that he is or will be suffering from lunacy, mental disorder, or is otherwise incapable of managing his affairs, or his/her legal capacity is restricted according to the applicable laws~~;~~ <u>or having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.</u> (e) having committed an offence as specified in the ROC statute of prevention of organizational crimes or similar legislations in other jurisdictions, and subsequently adjudicated guilty by a final judgment, and <u>has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;</u> ~~the time elapsed after he has served the full term of the sentence is less than five years~~; (f) having committed an offence involving fraud, breach of trust or misappropriation and subsequently

	Original Article	Proposal for the Amendment
	(h) having been blacklisted by the Taiwan Clearing House due to default on negotiable instruments, and the term of such sanction has not expired yet. In the event that the foregoing events described in clauses (c), (d), (e), (f), (g), and (h) has occurred in relation to a Director elect, such Director elect shall be disqualified ab initio from being elected as a Director. In the event that a Director who simultaneously holds the office of the Chairman of the Board of Directors is removed or vacated pursuant to this Article 96, the office of the Chairman of the Board of Directors shall also be automatically vacated.	punished with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon; ~~the time elapsed after he has served the full term of such sentence is less than two years;~~ (g) having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years; or (h) having been blacklisted by the Taiwan Clearing House due to default on negotiable instruments, and the term of such sanction has not expired yet. In the event that the foregoing events described in clauses (c), (d), (e), (f), (g), and (h) has occurred in relation to a Director elect, such Director elect shall be disqualified ab initio from being elected as a Director. In the event that a Director who simultaneously holds the office of the Chairman of the Board of Directors is removed or vacated pursuant to this Article 96, the office of the Chairman of the Board of Directors shall also be automatically vacated.
99	On a return of assets on liquidation, capital reduction or otherwise (other than a conversion, redemption or purchase of shares), the assets of the Company remaining after the payment of its liabilities shall (to the extent that the Company is lawfully able to do so) be	On a return of assets on liquidation, capital reduction or otherwise (other than a conversion, redemption or purchase of shares), the assets of the Company remaining after the payment of its liabilities shall (to the extent that the Company is lawfully able to do so) be

	Original Article	Proposal for the Amendment
	applied in the following order of priority: (a) first, in paying to the holders of the Preferred Shares an amount equivalent to the Original Preferred Issue Price, together with a sum equal to any arrears and accruals of the Preferred Dividend calculated down to and including the date of the return of capital and, if there is a shortfall of assets remaining to satisfy the entitlements of holders of Preferred Shares in full, the proceeds shall be distributed to the holders of the Preferred Shares in proportion to the amounts due to each such share held; (b) second, in paying the remainder to the Common Shares.	applied in the following order of priority: (a) first, in paying to the holders of the Preferred Shares an amount equivalent to the Original Preferred Issue Price, together with a sum equal to any arrears and accruals of the Preferred Dividend calculated down to and including the date of the return of capital and, if there is a shortfall of assets remaining to satisfy the entitlements of holders of Preferred Shares in full, the proceeds shall be distributed to the holders of the Preferred Shares in proportion to the amounts due to each such share held; (b) second, in paying the remainder to the Common Shares. (c) The Officers within the scope of their duty, are also liable to make compensation with the Company's Director.
109	There shall be no less than three (3) Supervisors, each of whom shall be appointed to a term of office of three (3) years. Supervisors shall be elected by Members at general meetings. To the extent required by the Applicable Public Company Rules, at least one of the Supervisors shall be domiciled in the ROC. The quorum and the cumulative voting mechanism of Board of Directors, as prescribed in Article 71, shall be applied mutatis mutandis to the election of Supervisors.	There shall be no less than three (3) Supervisors, each of whom shall be appointed to a term of office of three (3) years~~.~~ ,and may be eligible for re-election. Supervisors shall be elected by Members at general meetings. To the extent required by the Applicable Public Company Rules, at least one of the Supervisors shall be domiciled in the ROC. The quorum and the cumulative voting mechanism of Board of Directors, as prescribed in Article 71, shall be applied mutatis mutandis to the election of Supervisors.
112	Supervisors shall supervise the execution of business operations of the Company, and may from time to time inspect the business and financial conditions of the Company, examine the books and documents, and request the Board of Directors or any Officer to make reports	Supervisors shall supervise the execution of business operations of the Company, and may from time to time inspect, transcribe, and make a copy of the business and financial conditions of the Company, examine the books and documents, and request the Board of

	Original Article	Proposal for the Amendment
	thereon.	Directors or any Officer to make reports thereon.
117	Member(s) holding 3% or more of the total number of issued Shares of the Company may request in writing the Supervisors to initiate, on behalf of the Company, an action against a Director of the Company. In case the Supervisors fail to initiate such action within 30 days after having received the aforementioned request, then subject to Cayman Islands law, the Members filing that request in accordance with this Article, may initiate the action on behalf the Company in any court with competent jurisdiction, and the Taipei District Court, ROC may be the court of the first instance for this action.	Member(s) holding ~~3~~1% or more of the total number of issued Shares of the Company for more than 6 month may request in writing the Supervisors to initiate, on behalf of the Company, an action against a Director of the Company. In case the Supervisors fail to initiate such action within 30 days after having received the aforementioned request, then subject to Cayman Islands law, the Members filing that request in accordance with this Article, may initiate the action on behalf the Company in any court with competent jurisdiction, and the Taipei District Court, ROC may be the court of the first instance for this action.
117-1	New article	Subject to the condition that the board of directors does not or is unable to convene a meeting of shareholders, the supervisors may, for the benefit of the company, call a meeting of shareholders when it is deemed necessary
117-2	New article	The Supervisor within the scope of their duties, is also liable to make the some compensation with the Company's Director.

[Appendix 1] Articles of Incorporation

THE COMPANIES LAW (AS AMENDED)

Company Limited by Shares

AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION

OF

FX HOTELS GROUP INC.

1. The name of the Company is FX HOTELS GROUP INC.

2. The Registered Office of the Company shall be at the offices of Gold-In (Cayman) Co., Limited, Suite 102, Cannon Place, North Sound Rd., George Town, Grand Cayman, KY1-9006, Cayman Islands or at such other place as the Board of Directors may from time to time decide.

3. The objects for which the Company is established are unrestricted and shall include, but without limitation, the following:

(i) (a) To carry on the business of an investment company and to act as promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, merchants, brokers, traders, dealers, agents, importers, and exporters and to undertake and carry on and execute all kinds of investment, financial, commercial, mercantile, trading and other operations.

(b) To carry on whether as principals, agents or otherwise howsoever the business of realtors, developers, consultants, estate agents or managers, builders, contractors, engineers, manufacturers, dealers in or vendors of all types of property including services.

(ii) To exercise and enforce all rights and powers conferred by or incidental to the ownership of any shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof, to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit.

(iii) To purchase or otherwise acquire, to sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of and deal with real and personal property and rights of all kinds and, in particular, mortgage, debentures, produce, concessions, options, contracts, patents, annuities, licenses, stocks, shares, bonds, policies, book debts, business concerns, undertakings, claims, privileges and choses in action of all kinds.

(iv) To subscribe for, conditionally or unconditionally, to underwrite, issue on commission or otherwise, take, hold, deal in and convert stocks, shares, and securities of all kinds and to enter into partnership or into any arrangement for sharing profits, reciprocal concessions or cooperation with any person or company and to promote and aid in promoting, to constitute, form or organise any company, syndicate or partnership of any kind, for the purpose of acquiring and undertaking any property and liabilities of the Company or of advancing, directly or indirectly, the objects of the Company or for any other purpose which the Company may think expedient.

(v) To stand surety for or to guarantee, support or secure the performance of all or any of the obligations of nay person, firm or company whether or not related or affiliated to the Company in any manner and whether by personal covenant or by mortgage, charge or lien upon the whole or any part of the undertaking, property and assets of the Company, both present and future, including its uncalled capital or by any such method and whether or not the Company shall receive valuable consideration thereof.

(vi) To engage in or carry on any other lawful trade, business or enterprise which may at any time appear to the Board of Directors of the Company capable of being conveniently carried on in conjunction with any of the aforementioned businesses or activities or which may appear to the Board of Directors or the Company likely to be profitable to the Company.

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In the interpretation of this Memorandum of Association in general and of this Clause 3 in particular no object, business or power specified or mentioned shall be limited or restricted by reference to or inference from any other object, business or power, or the name of the Company, or by the juxtaposition of two or more objects, businesses or powers and that, in the event of any ambiguity in this clause or elsewhere in this Memorandum of Association, the same shall be resolved by such interpretation and construction as will widen and enlarge and not restrict the objects, businesses and powers of and exercisable by the Company.

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4. Except as prohibited or limited by the Companies Law (as amended), the Company shall have full power and authority to carry out any object and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, the power to make any alterations or amendments to this Memorandum of Association and the Articles of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and the power to do any of the following acts or things, viz: to pay all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any other jurisdiction; to sell, lease or dispose of any property of the Company; to draw, make, accept, endorse discount, execute and issue promissory notes, debentures, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company including uncalled capital or without security; to invest monies of the Company in such manner as the Board of Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to Members of the Company; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance and to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Board of Directors, may be conveniently or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the business aforesaid PROVIDED THAT the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.

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5. The liability of each Member is limited to the amount from time to time unpaid on such Member's Shares.

6. The share capital of the Company is NT$1,500,000,000.00 (One Billion and Five Hundred Million New Taiwan Dollars) divided into 150,000,000 common shares of a nominal or par value of NT$10.00 (Ten New Taiwan Dollars) each with power for the Company insofar as is permitted by law, to redeem or purchase any of its Shares and to increase or reduce the said capital subject to the provisions of the Companies Law (as amended) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of Shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained PROVIDED ALWAYS that, notwithstanding any provision to the contrary contained in this Memorandum of Association, the Company shall have no power to issue bearer shares, warrants, coupons or certificates.

7. 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) and, subject to the provisions of the Companies Law (as amended) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

THE COMPANIES LAW (AS AMENDED)

SEVENTH AMENDED AND RESTATED
ARTICLES OF ASSOCIATION

OF

FX HOTELS GROUP INC.

1. In these Articles Table A in the Schedule to the Statute does not apply and, unless there be something in the subject or context inconsistent therewith,

"Articles"	means the Articles as originally framed or as from time to time altered by Special Resolution;
"Applicable Public Company Rules"	means the ROC laws, rules and regulations (including, without limitation, the Company Law, the Securities and Exchange Law, the rules and regulations promulgated by the FSC and the rules and regulations promulgated by any of the ROC Securities Exchanges, 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;
"As Adjusted"	means as appropriately adjusted for any subsequent bonus issue, share split, consolidation, subdivision, reclassification, recapitalization or similar arrangement.
"Board"	means the board of directors appointed or elected pursuant to these Articles or, as the case may be, the directors assembled as a board or as a board or as a committee thereof ;
"Book-Entry Form"	means a method whereby the delivery of Shares is effected electronically by debit and credit to accounts opened with securities firms by Shareholders, without delivering physical share certificates. If the Shareholder has not opened an account with a securities firm, the Shares delivered by Book-Entry Form shall be recorded in the entry sub-account under the Company's account with the securities central depository in Taiwan;
"Class" or "Classes"	means any Class or Classes of Shares as may from time to time be issued by the Company;

"Common Share"	means a common share of a nominal or par value of NT$10.00 (Ten New Taiwan Dollars) each.
“Consolidated Company”	means the new company that results from the consolidation of two or more Constituent Companies;
“Consolidation”	means the combination of two or more Constituent Companies into a Consolidated Company and the vesting of the undertaking, property and liabilities of such companies in the Consolidated Company within the meaning of the Statute;
“Company”	means the above named company;
“Constituent Company”	means an existing company that is participating in a Merger or a Consolidation with one of more other existing companies within the meaning of the Statute;
“Directors”	means the directors for the time being of the Company;
“dividend”	includes bonus;
“FSC”	means the Financial Supervisory Commission of the ROC;
“Independent Directors”	means the Directors who are elected as "Independent Directors" for the purpose of Applicable Public Company Rules;
“Market Observation Post System”	means the public company reporting system maintained by the Taiwan Stock Exchange Corporation, via http://newmops.tse.com.tw/;
“Member” or “Shareholder”	means a person who is registered as the holder of Shares in the Register of Members and includes each subscriber to the Memorandum of Association pending entry in the Register of such subscriber;
“Memorandum”	means the memorandum of association of the Company as amended or substituted from time to time;
“Merger”	means the merging of two or more Constituent Companies and the vesting of their undertaking, property and liabilities in one of such company as the Surviving Company within the meaning of the Statute;

"month"	means a calendar month;
"notice"	means written notice as further provided in these Articles unless otherwise specifically stated;
"Officer"	means any person appointed by the Board to hold an office in the Company;
"Ordinary Resolution"	means a resolution: (a) passed by a simple majority of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled; or (b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;
"Register of Members"	means the register of Members required to be kept pursuant to the Statute;
"Registered Office"	means the registered office as required by the Statute;
"Remuneration Committee"	means the remuneration committee of the Board, established pursuant to these Articles;
"ROC" or "Taiwan"	means Taiwan, the Republic of China;
"ROC Securities Exchanges"	means GreTai Securities Market (including the Emerging Stock Market) and the Taiwan Stock Exchange of the ROC;
"Seal"	means the common seal of the Company and includes every duplicate seal;
"Secretary"	includes an Assistant Secretary and any person appointed to perform the duties of Secretary of the Company;
"Share"	means a share in the capital of the Company. All references to "Shares" herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression "Share"

	shall include a fraction of a Share;
"Solicitor"	means any Member, a trust enterprise or a securities agent mandated by Member(s), who solicits an instrument of proxy from any other Member to appoint him/it as a proxy to attend and vote at a general meeting, pursuant to the Applicable Public Company Rules;
"Special Resolution"	has the same meaning as in the Statute and includes a resolution approved in writing as described therein;
"Special Resolution for Mergers or Consolidations"	means a resolution of the Company passed in accordance with section 233 (6) of the Statute for the purpose of approving and/or authorizing a plan of merger or consolidation, and being a resolution passed as a Special Resolution;
"Spin-off"	refers to an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to issue new shares to the transferor company or to shareholders of the transferor company;
"Statute"	means the Companies Law of the Cayman Islands (as amended) and every statutory modification or re-enactment thereof for the time being in force;
"Subsidiary"	means, with respect to any company, (1) the entity, one half or more of whose total number of the issued voting shares or the total amount of the capital stock are directly or indirectly held by such company; (2) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (3) the entity, one half or more of whose executive shareholders or board directors are concurrently acting as the executive shareholders or board directors of such company; and (4) the entity, one half or more of whose total number of issued voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company;
"Supermajority Resolution"	means a resolution adopted by a majority vote cast by the Members, as being entitled to do so, vote in person or where proxies are allowed, by proxy, at a general meeting attended by

	Members who represent two-thirds or more of the total issued shares of the Company or, if the total number of shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding shares of the Company, but more than one half of the total issued shares of the Company, means instead, a resolution adopted at such general meeting by two-thirds or more of the Members, as being entitled to do so, vote in person or where proxies are allowed, by proxy, at such general meeting;
"Supervisor"	means a supervisor of the Company, elected pursuant to these Articles;
"Surviving Company"	means the sole remaining Constituent Company into which one or more other Constituent Companies are merged within the meaning of the Statute;
"Taiwan Clearing House"	means the Taiwan Clearing House established by the Taiwan Payments Clearing System Development Foundation to process check clearing and settlement services; and
"written" and "in writing"	include all modes of representing or reproducing words in visible form.

Words importing the singular number only include the plural number and vice versa.

Words importing the masculine gender include the feminine gender, and vice versa.

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

Words importing persons only include natural persons, companies or associations or bodies of persons whether incorporated or not.

References to any statute or statutory provision shall be construed as relating to any statutory modification or re-enactment thereof for the time being in force.

References to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method.

References to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.

2. The business of the Company may be commenced as soon after incorporation as the Board of Directors shall see fit, notwithstanding that part only of the Shares may have been allotted.

3. The Board of Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company including the expenses of registration.

CERTIFICATES FOR SHARES

4. Certificates representing Shares of the Company shall be in such form as shall be determined by the Board of Directors. Such certificates may be under Seal. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. The name and address of the person to whom the Shares represented thereby are issued, with the number of Shares and date of issue, shall be entered in the register of Members of the Company. All certificates surrendered to the Company for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of Shares shall have been surrendered and cancelled. The Board of Directors may authorise certificates to be issued with the seal and authorised signature(s) affixed by some method or system of mechanical process. In addition, the Board of Directors may also issue shares in Book-Entry Form without any tangible certificate of shares in accordance with these Articles.

5. Notwithstanding Article 4 of these Articles, if a Share certificate be defaced, lost or destroyed, it may be renewed on payment of a reasonable fee of and on such terms (if any) as to evidence and indemnity and the payment of the expenses incurred by the Company in investigation evidence, as the Board of Directors may prescribe.

ISSUE OF SHARES

6. (a) Subject to the provisions, if any, in that behalf in the Memorandum or Articles and to any resolution of Members of the Company in general meeting and without prejudice to any special rights previously conferred on the holders of existing Shares, the Board of Directors may allot, issue, grant options over or otherwise dispose of Shares of the Company (including fractions of a Share) with or without preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, provided that no Share shall be issued at a discount except in accordance with the Statute, and PROVIDED ALWAYS that, notwithstanding any provision to the contrary contained in these Articles, the Company shall be precluded from issuing bearer Shares, warrants, coupons or certificates. The Shares issued by the Company may be in physical form or in Book-Entry Form. The issue of new Shares shall at all times be subject to the sufficiency of the authorised capital of the Company.

   (b) Subject to the Statute, so long as the Shares are listed on any ROC Securities Exchange, the Company may allot and issue new Shares being subject to such restrictions as the Board may from time to time determine, to the employees of the Company and/or its Subsidiaries as approved by the Members by way of a Supermajority Resolution, and the number of the Shares to be issued, the issuance price, and the terms and conditions of such issuance shall comply with the Applicable Public Company Rules.

7. Where the Company increases its issued Share capital by issuing new Shares for cash consideration in Taiwan, the Company shall allocate 10% of the total amount of the new Shares to be issued, for offering in Taiwan to the public unless it is not necessary or appropriate, as determined by the FSC or other Taiwan authorities, for the Company to conduct the aforementioned public offering. However, if a percentage higher than the aforementioned 10% is resolved by a general meeting to be offered, the percentage determined by such

resolution shall prevail. The Company may also reserve certain percentage of the total amount of such newly issued Shares for subscription by its employees.

8. (a) Unless otherwise resolved by the Members in a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion in the immediately preceding Article) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to purchase his/her/its pro rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to purchase such newly-issued Shares. In the event that Shares held by a Member are insufficient for such Member to exercise the pre-emptive right to purchase one newly-issued Share, Shares held by several Members may be calculated together for joint purchase of newly-issued shares or for purchase of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such Shares into a public offering tranche or offer any unsubscribed new Shares to a specific person or persons in accordance with the Applicable Public Company Rules.

(b) The pre-emptive right of the Members under Article 8 (a) shall not apply if new Shares are issued in connection with:

(i) a Merger or Consolidation with another company, or pursuant to any Spin-off or reorganization of the Company;

(ii) fulfilling the Company's obligations under warrants and/or options issued by the Company, including those issued in accordance with the employee incentive programs under Article 10 (a);

(iii) fulfilling the Company’s obligations under convertible bonds or corporate bonds issued by the Company which are convertible into Shares or which entitle its holders to acquire Shares;

(iv) Shares issued pursuant to a statutory private placement in accordance with Applicable Public Company Rules; and

(v) new fully-paid Shares issued to the Members as bonus shares issued pursuant to Article 105, and/or as effecting any capitalisation of any other amount pursuant to Article 106.

9. The Company shall only issue fully paid-up Shares.

10. The Company may, upon approval by the Board, adopt one or more incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries. The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to this Article, whereby employees may subscribe, within a specific period of time, 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. However, options, warrants or other similar instruments issued pursuant to this Article are not transferable save by transmission upon the death of the holder thereof, and so

long as the Shares are listed on any ROC Securities Exchange, the terms and conditions of such options, warrants or other similar instruments shall comply with the Applicable Public Company Rules.

11. The Company shall maintain a Register of Members, and every person whose name is entered as a Member in the Register of Members shall be entitled without payment to receive one certificate for all his Shares or several certificates each for one or more of his Shares. The Company shall deliver the Share certificates in physical form or in Book-Entry Form to the subscribers within thirty days from the date such Share certificates may be issued pursuant 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.

TRANSFER OF SHARES

12. The instrument of transfer of any Share shall be in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificates (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register of Members in respect of the relevant Shares.

13. The registration of transfers may be suspended when the Register of Members is closed in accordance with Article 23.

14. Notwithstanding the above, in the event that the Company's Shares are listed on any of the ROC Securities Exchanges, the transfer of Shares of the Company may be effected through the book-entry system of the Taiwan Depository & Clearing Corporation.

REDEMPTION, PURCHASE, SURRENDER AND TREASURY SHARES

15. (a) Subject to the provisions of the Statute and the Memorandum, Shares may be issued on the terms that they are, or at the option of the Company or the holder are, to be redeemed on such terms and in such manner as the Company, before the issue of the Shares, may by Special Resolution determine.

(b) Subject to the provisions of the Statute and the Memorandum, the Company may purchase its own Shares (including fractions of a Share), including any redeemable Shares, provided that the manner and terms of purchase have first been authorised by the Company in general meeting by an Ordinary Resolution and may make payment therefor in any manner authorised by the Statute, including out of capital. Notwithstanding the foregoing and subject to the provisions of the Statute, so long as the Shares are listed on any ROC Securities Exchange, the Company may purchase its Shares listed and traded on such ROC Securities Exchange in accordance with the Applicable Public Company Rules if such purchase is authorised by the Board by way of a resolution passed by a simple majority of the Directors at a duly convened meeting of the Board except that the quorum necessary for a Board meeting considering such on-market repurchases shall be more than two-thirds of the total number of Directors, and the Board shall report the execution of such repurchase to the Members at the next general meeting.

- (c) No Share may be redeemed or purchased unless it is fully paid-up.

- (d) The Company may accept the surrender for no consideration of any fully paid Share (including a redeemable Share) unless, as a result of the surrender, there would no longer be any issued Shares of the Company other than shares held as treasury shares.

- (e) The Company is authorised to hold treasury Shares in accordance with the Statute.

- (f) The Board may designate as treasury shares any of the Shares that it purchases or redeems, or any shares surrendered to it, in accordance with the Statute.

- (g) Shares held by the Company as treasury shares shall continue to be classified as treasury shares until such Shares are either cancelled or transferred in accordance with the Statute or these Articles.

15A. (a) So long as the Shares are listed on any ROC Securities Exchange, the Company's transfer of any treasury share designated in accordance with Article 15 (e) to any employee of the Company and/or its Subsidiaries for less than the average actual purchase or redemption price, shall be authorised by the Members at the most recent general meeting by ways of a Special Resolution. A summary of the following matters relating to the Company's transfer of Shares designated as treasury shares to employees of the Company and/or its Subsidiaries must be specified in the notice of the general meeting where such authorisation is sought:

(i) the proposed transfer price, the discount rate, the bases of calculations and the reasonableness thereof;

(ii) the number of treasury shares to be transferred, and the purpose and the reasonableness of the proposed transfer;

(iii) qualifications of the employees, and the number of treasury shares they may purchase; and

(iv) impacts on shareholders' equity, such as additional expenses incurred, reduction of the Company's earnings per share, and the financial burdens on the Company resulting from transferring treasury shares to employees at less than the average actual purchase or redemption price.

- (b) So long as the Shares are listed on any ROC Securities Exchange, the aggregate number of treasury shares transferred to employees in accordance with this Article 15A (a) may not exceed five (5) per cent of the total issued shares of the Company, and the aggregate number of shares to any single employee may not exceed 0.5 per cent of the total issued shares of the Company, subject to the Applicable Public Company Rules (including *Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies* promulgated by FSC).

- (c) So long as the Shares are listed on any ROC Securities Exchange, when the Company transfers its treasury shares designated in accordance with Article 15 (e) or Article 15 (f) to any employee of the Company and/or its Subsidiaries, the Company may impose such restrictions on the transfer that such employee shall not subsequently transfer his/her Shares so obtained from the Company for a period of no more than two (2) years.

VARIATION OF RIGHTS OF SHARES

16. If at any time the Share capital of the Company 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 that Class. The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one Class of Shares.

17. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that Class, be deemed to be varied by the creation, allotment or issue of further Shares ranking pari passu therewith or subsequent to them, the redemption or purchase of Shares of any Class by the Company.

TRANSMISSION OF SHARES

18. In case of the death of a Member, his/her shares shall be handled in accordance with applicable inheritance laws, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any Shares which had been held by him solely or jointly with other persons.

19. (a) Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Board of Directors and subject as hereinafter provided, elect either to be registered himself as holder of the Share or to make such transfer of the Share to such other person nominated by him as the deceased or bankrupt person could have made and to have such person registered as the transferee thereof, but the Board of Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that Member before his death or bankruptcy as the case may be.

(b) If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send the Company a notice in writing signed by him stating that he so elects.

20. A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company PROVIDED HOWEVER that the Board of Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share and if the notice is not complied with within ninety days the Board of Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

21. Notwithstanding the above, in the event that the Company's Shares are listed on any of the ROC Securities Exchanges, the transmission of Shares of the Company may be effected through the book-entry system of the Taiwan Depository & Clearing Corporation and pursuant to the Applicable Public Company Rules.

ALTERATION OF CAPITAL & CHANGE OF LOCATION OF REGISTERED OFFICE

22. (a) Subject to and in so far as permitted by the provisions of the Statute, the Company may from time to time by Special Resolution alter or amend its Memorandum and may, without restricting the generality of the foregoing:

(i) increase the share capital by such sum to be divided into shares of such amount or without nominal or par value as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine.

(ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(iii) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum;

(iv) 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.

PROVIDED THAT notwithstanding the foregoing, for so long as the Shares are listed on any ROC Securities Exchange, the currency of denomination of the share capital of the Company shall be New Taiwan Dollar (NTD) and the par value of each Share shall be NTD10.

(b) Subject to the provisions of the Statute, the Company may by resolution of the Board of Directors change the location of its registered office.

(c) The Company may from time to time, by Special Resolution and subject to compliance with the provisions of the Statute, reduce its share capital or capital redemption reserve in any manner permitted by law

CLOSING REGISTER OF MEMBER OR FIXING RECORD DATE

23. For purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other proper purpose, the Board of Directors of the Company shall provide that the Register of Members shall be closed for transfers for a certain period in accordance with Applicable Public Company Rules.

24. In accordance with Applicable Public Company Rules, and in lieu of or apart from closing the register of Members, the Board of Directors may fix in advance a date as the record date for any such determination of Members entitled to notice of or to vote at a meeting of the Members and for the purpose of determining the Members entitled to receive payment of any dividend the Board of Directors may, prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination.

GENERAL MEETING

25. An annual general meeting shall be held within six months following the end of each fiscal year and shall specify the meeting as such in the notices calling it. Unless otherwise provided in these Articles, any general meeting shall be convened by the Board of Directors.

26. The general meetings shall be held at such time and place as the Board of Directors shall determine provided that unless otherwise provided by the Statute, the general meetings shall be held in Taiwan. If the Board resolves to hold a general meeting outside Taiwan, the Company shall apply for the approval of the applicable ROC Securities Exchange thereof within two days after the Board adopts such resolution. Where a general meeting is to be held outside Taiwan, the Company shall engage a professional securities agent in Taiwan to handle the administration of such general meeting, including without limitation, the handling of the voting of proxies submitted by Members.

27. General meetings other than annual general meetings shall be called extraordinary general meetings. The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary.

28. The Board shall, on a Members requisition, forthwith proceed to convene an extraordinary general meeting of the Company. For the purpose of this Article, a “Members requisition” is a requisition of Member(s) of the Company holding at the date of deposit of the requisition not less than 3% of the total number of the issued Shares at the time of requisition and whose Shares shall have been held by such Member(s) for at least one year.

29. The requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

30. If the Board of Directors does not within 15 days from the date of deposit of the requisition dispatch the notice of holding an extraordinary general meeting to convene a general meeting, the requisitionists may themselves convene a general meeting. A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board of Directors.

31. (a) Subject to the Statute and without prejudice to other provisions of these Articles as regards the matters to be dealt with by Special Resolution, the Company may from time to time by Special Resolution:

(i) change its name;

(ii) alter or add to these Articles;

(iii) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; or

(b) The Company may, by a Special Resolution for Mergers or Consolidation, effect a Merger or a Consolidation of the Company in accordance with the Statute.

32. Subject to the Statute and these Articles, the Company may from time to time by Supermajority Resolution:

(a) effect any capitalization of distributable reserve in accordance with Article 106 hereof;

(b) effect any Spin-off of the Company;

(c) enter into, amend, or terminate any agreement for lease of the Company's whole business, or for entrusted business, or for frequent joint operation with others;

(d) transfer its business or assets, in whole or in any essential part; or

(e) acquire or assume the whole business or assets of another person, which will have a material effect on the Company's business operation.

(f) issue securities, including options, warrants and convertible bonds, pursuant to a statutory private placement to qualified investors in Taiwan in accordance with Applicable Public Company Rules.

33. Subject to the Statute, with regard to the dissolution procedures of the Company, the Company shall pass:

(a) an Ordinary Resolution, if the Company resolves that it be wound up voluntarily because it is unable to pay its debts as they fall due; or

(b) a Special Resolution, if the Company resolves that it be wound up voluntarily other than the reason stated in Article 33 (a) above.

NOTICE OF GENERAL MEETINGS

34. At least thirty days' notice of an annual 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. 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.

35. A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in these Articles, be deemed to have been properly called if it is so agreed by all the Members entitled to attend an annual general meeting or an extraordinary general meeting (as the case may be).

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

37. The Company shall send materials as required by the Applicable Public Company Rules (including written ballots if the Members may exercise their votes by means of written ballots at general meetings) relating to the matters to be discussed in the meetings together with the notice, in accordance with Article 34 hereof, and shall transmit the same via the Market Observation Post System. The Board of Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in accordance with Applicable Public Company Rules at least twenty-one (21) days prior to the date of the annual general meeting, and at least fifteen (15) days prior to the date of an extraordinary general meeting.

38. The following matters shall be indicated in the notice of general meeting, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion:

(h) election or discharge of Directors and/or Supervisors,

(i) alteration of the Memorandum and these Articles, and

(j) (i) dissolution, Merger, Consolidation or Spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which will have a material effect on the business operation of the Company, and

(k) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business,

(l) distribution of dividends and bonus in whole or in part by way of issuance of new Shares from the profits,

(m) proportionate distribution based on the respective shareholding of each Member from the legal reserve (as provided by Articles 101 and 102 herein) and the capital surplus reserve of the Company which arises out of (i) the share premium, (ii) gains derived from the Company's acceptance of donated assets, and

(n) the private placement of any equity-type securities issued by the Company.

39. The Board shall keep the Memorandum, these Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the office of the Company's registrar (if applicable) and the Company's securities agent located in Taiwan. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the aforementioned documents.

40. The Company shall make all statements and records prepared by the Board and the report prepared by the Supervisors available at the office of its registrar (if applicable) and its securities agent located in Taiwan in accordance with Applicable Public Company Rules. Members may inspect and review the aforementioned documents from time to time and may be accompanied by their advisors, attorneys, or certified public accountants for the purpose of such inspection and review.

PROCEEDINGS AT GENERAL MEETINGS

41. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Unless otherwise provided for in these Articles, 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.

42. The Board shall table business reports, financial statements and proposals for distribution of profits or losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members as required by the Applicable Public Company Rules. After ratification by the Members at the general meeting, the copies of the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or loss,

shall be distributed to each Member and/or publicly announced by the Board for and on behalf of the Company in accordance with the Applicable Public Company Rules.

43. A resolution put to the vote of the meeting shall be decided on a poll. No resolution put to the vote of the meeting shall be decided by a show of hands.

44. Nothing in these Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with improper convention of any general meeting or improper passage of any resolution. The Taipei District Court, ROC, may be the court of the first instance for adjudicating any disputes arising out of the foregoing.

45. Unless otherwise expressly required by the Statute, the Memorandum or these 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.

46. A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. HOWEVER, so long as the Shares are listed in any ROC Securities Exchange, the rule in this Article 46 regarding written resolutions signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall NOT apply.

47. Member(s) holding 1% or more of the total number of issued Shares immediately prior to the relevant book close period, during which the Company closes its Register of Members, may propose to the Company a proposal for discussion at an annual general meeting in writing. Proposals shall not be included in the agenda where (a) the proposing Member(s) holds less than 1% of the total number of issued Shares, (b) where the matter of such proposal may not be resolved by a general meeting, or (c) the proposing Member has proposed more than one proposal.

48. The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be Chairman of the general meeting. If at any general meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be Chairman of the general meeting.

49. (a) Unless otherwise expressly provided herein, if a quorum is not present at the time appointed for the general meeting or if during such a general meeting a quorum ceases to be present, the Chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed for two times, but at the postponed general meeting a quorum is still not present, the Chairman shall declare the general meeting is dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with these Articles.

(b) The Chairman may, with the consent of any general meeting duly constituted hereunder, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for 5 days or more after the adjournment, notice of the adjourned meeting shall be given as in the case of an original meeting; save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.

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VOTES OF MEMBERS

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50. (a) Subject to the Statute and any rights or restrictions for the time being attached to any Class or Classes of Shares, every Member who is present at a general meeting, either in person or by proxy, shall have one vote for every Share of which he or the person represented by proxy is the holder.

(b) So long as the Shares are listed on any ROC Securities Exchange, if a Member holding more than one share attempts to separately exercise his votes in favour of or against the relevant resolution, such Member must do so in accordance with the Applicable Public Company Rules.

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51. Votes may be cast either personally or by proxy. A Member may appoint only one proxy under one instrument to attend and vote at a meeting.

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52. So long as the Shares are listed on any ROC Securities Exchange, the Board may determine that Members may exercise their voting power at a general meeting either by means of a written ballot or by means of electronic transmission in accordance with the Applicable Public Company Rules; provided, however, that so long as the Shares are listed on any ROC Securities Exchange, if a general meeting is to be held outside of Taiwan or if FSC otherwise require, the Company shall provide the Members with a method for exercising their voting power by means of a written ballot and/or electronic transmission in accordance with Applicable Public Company Rules. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or by way of electronic transmission. A Member who exercises his/her/its voting power at a general meeting by means of a written ballot or of electronic transmission shall be deemed present in person at such general meeting, but any Member voting in such manner shall not be entitled to notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting. For the purposes of clarification, such Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting.

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53. In the event any Member who has served the Company with his/her/its declaration of intention to exercise his/her/its voting power by means of a written ballot or by means of electronic transmission pursuant to Article 52 hereof later intends to attend general meetings in person, he/she/it shall, at least two days prior to the date of the general meeting, serve a separate declaration of intention to revoke his/her/its previous declaration of intention in the same manner previously used in exercising his/her/its voting power. Votes by means of written ballot or electronic transmission shall be valid if the relevant Member fails to revoke the declaration of intention before the prescribed time.

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54. In the case of joint holders of Shares, such joint holders shall appoint a representative among them to exercise the votes of their Shares and shall notify the Company such appointment. If no such representative is appointed by such joint holders of record, then 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.

55. (a) No Member shall be entitled to vote at any general meeting unless he is registered as a Member of the Company on the record date for such general meeting. A Member of unsound mind, or in respect of whom an order has been made by any count having jurisdiction in lunacy, may vote by his committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee receiver, curator bonis or other persons may vote by proxy

(b) Subject to the Statutes, so long as the Shares are listed in any ROC Securities Exchange, when a Director pledges more than one-half of the Shares he/she/it held at the moment when he/she/it was elected as a Director, such Director may not exercise the votes with respect to the Shares pledged exceeding the one-half threshold, and the votes of the Shares pledged by such Director exceeding the one-half threshold shall not be counted in the total number of votes of Members present at the meeting and such Shares may not be counted in determining the quorum of the general meeting.

SHARES WHICH MAY NOT BE ENTITLED TO VOTE

56. The Shares in the Company as set out below shall not be voted at any general meeting and shall not be counted in determining the total number of issued Shares at any given time:

(a) Shares in the Company that are owned by the Company;

(b) Shares in the Company that are owned by its Subsidiary, one-half or more of whose total number of issued voting Shares or paid-in capital are directly or indirectly owned by the Company; and

(c) Shares in the Company that are owned by a company, one-half or more of whose total number of issued voting Shares or paid-in capital are directly or indirectly owned by the Company, its Subsidiaries and the holding companies to which the Company is a Subsidiary.

57. A Member who has a personal interest in any motion discussed at a general meeting, and such interest is in conflict with and may harm the interests of the Company, shall abstain from voting such Member’s Shares in regard to such motion but such Shares may be counted in determining the number of Shares of the Members present at the such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member.

DISSENTING MEMBERS’ APPRAISAL RIGHT

58. In the event any of the following resolutions is adopted at general meetings, any Member who has notified the Company in writing of his objection to such a resolution prior to the meeting and has raised again his/her/its objection at the meeting, may request the Company to buy back all of his/her/its Shares at the then prevailing fair price:

(a) The Company enters into, amends, or terminates any agreement for any contract for lease of the Company's business in whole, or the delegation of management of the Company’s business to other person or the regular joint operation of the Company with others;

(b) The Company transfers the whole or a material 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) The Company accepts the transfer of the whole business or assets of another person, which will have a material effect on the Company's business operations.

59. In the event any part of the Company's business is spun off or involved in any Merger or Consolidation with any other company, the Member, who has forfeited his/her/its right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to buy back all of his/her/its Shares at the then prevailing fair price.

PROXIES

60. The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation under the hand of an officer or attorney duly authorised in that behalf. A Member shall serve such instrument of proxy to the Company no later than five (5) days prior to the date of the general meeting. In case two or more instruments of proxy are received from one Member, the first one received by the Company shall prevail; unless such Member explicitly revoke the previous instrument of proxy in the subsequent instrument of proxy. A proxy need not be a Member of the Company. The instrument appointing a proxy shall be deposited at the Registered Office, at the securities agent in the ROC mandated by the Company, or at such other place, in a timely fashion as is specified for that purpose in the notice convening the meeting.

60A. (a) Subject to the Applicable Public Company Rules, except for trust enterprises organized under the laws of the ROC or a shareholders' service agent (as the term is defined under the Applicable Public Company Rules) recognized by the FSC, in the event a person acts as the proxy for two or more Members, the sum of Shares entitled to vote as represented by such proxy shall be no more than 3% of the total outstanding voting shares immediately prior to the relevant date of closure of the Register of Members for purposes of determining Members entitled to vote at the general meeting; any vote in respect of the portion in excess of such 3% threshold shall not be counted.

(b) The instrument of proxy shall be in the form approved by the Board and be expressed to be for a particular meeting only. The form of proxy shall include at least the following information: (i) instructions on how to complete the form, (ii) the matters to be voted upon by the proxy, and (iii) basic identification information relating to the relevant Member appointing the proxy, his/her/its 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 form shall be distributed on the same day by mail or via electronic transmission to all Members.

(c) In the event any Member who has served the Company with his/her/its declaration of intention to exercise his/her/its voting power by means of a proxy instrument intends to attend general meetings in person or to exercise his/her/its voting power by means of written ballots or electronic transmissions, he/she/it shall, at least two days prior to the date of the general meeting, serve a separate declaration of intention to revoke his/her/its instrument of proxy. Votes by proxy shall be valid if the relevant Member fails to revoke the instrument of proxy before the time prescribed by the Applicable Public Company Rules.

SOLICITATION OF PROXIES

61. So long as the Shares are listed on an ROC Securities Exchange, all matters concerning proxies and/or the solicitation of proxies by a Solicitor relating to the Shares of the Company shall comply with ROC's *Rules Governing the Use of Proxies for Attendance at Member Meetings of Public Companies* and all other applicable laws and regulations, whether or not expressly provided for in these Articles.

DIRECTORS

62. (a) There shall be a Board of Directors consisting of not less than seven (7) persons, each of whom shall be appointed to a term of office of three (3) years. 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 above number limitation provided that the requirements by relevant laws and regulations (including without limitation, Applicable Public Company Rules) are met. The first Directors of the Company shall be determined in writing by, or appointed by a resolution of, the subscribers of the Memorandum or a majority of them.

(b) If it is resolved at a general meeting held prior to the expiration of the term of the current Directors that all Directors shall be re-elected with effect immediately after the adoption of such resolution (the "Re-Election"), unless otherwise resolved at such general meeting, the term of the existing Directors shall be deemed to have expired immediately prior to the Re-Election.

63. Unless otherwise approved by one of the ROC Securities Exchanges in which the Company's Shares are traded, no more than half of the total number of Directors can have a spousal relationship or familial relationship within the second degree of kinship with any other Director.

64. 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 63 hereof, the non-qualifying Director(s) who was elected with fewer number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 63 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements in Article 63 shall automatically be vacated from his/her/its position of Director.

65. 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 the same shall have accounting or financial expertise.

66. 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 governed by the Applicable Public Company Rules.

67. The Board of Directors is authorised to determine the remuneration (including the bonuses) paid to the Directors (including Independent Directors), upon the recommendation by the Remuneration Committee so long as the Shares are listed on any ROC Securities Exchange, taking into account the extent and value of the services provided for the management of the Company and the industry-wide compensation levels and practices.

68. (a) A Director (other than an Independent Director) may hold any other office or place of profit under the Company (other than the office of Supervisor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Board of Directors may determine.

(b) However, if a Director (including an Independent Director) holds any office or place or profit outside the Company, such Director is required to disclose and explain his appointment to such other office or place of profit, and the nature and extent of his interests to the Members at a general meeting, and is required to obtain approval from the Members by a Supermajority Resolution at the general meeting.

69. (a) When a government agency or a corporation is a Member, and such government agency or corporation has been elected as a Director or a Supervisor, such government agency or corporation shall designate an individual as its duly authorised representative to exercise the powers and duties of a Director or a Supervisor. Such representative may be replaced at any time and from time to time by the said government agency or corporation at its sole discretion.

(b) Notwithstanding anything to the contrary, where a government agency or a corporation is also a Member, such government agency or corporation (an "Appointor") is entitled to nominate one (1) or more individual representatives to be elected as Directors or Supervisors (for the purpose of these Articles, "Appointee Directors/Supervisors") in accordance with Article 70, provided that the same government agency or corporation may not appoint Appointee Directors and Appointee Supervisors at the same time.

(c) The Appointor may, by prior written notice to the Company, remove the Appointee Directors/Supervisors nominated by it and appoint another individual as an Appointee Director/Supervisor for the remaining term of office. This Article 69(c) will not apply if the Appointee Director is removed by a Supermajority Resolution pursuant to Article 74.

(d) Subject to the Applicable Public Company Rules, a shareholding qualification for each of the Directors may be fixed by the Company in general meeting, but unless and until so fixed no qualification shall be required.

69-1 (a) So long as the Shares are listed on any ROC Securities Exchange, if, during the term of office, a Director or Supervisor transfers his shareholding such that he holds less than one half of the Shares he held as at the date of his appointment according to the Register of Members, the Director or Supervisor shall, ipso facto, be automatically discharged from office.

(b) So long as the Shares are listed on any ROC Securities Exchange, a Director or Supervisor's appointment shall not become effective in the following circumstances:

- (i) if such Director or Supervisor transfers his Shares such that he holds less than one half of the Shares he held as at the date on which his appointment is approved according to the Register of Members, but prior to the commencement of the term of his appointment becoming effective, if applicable; or
-
- (ii) if such Director or Supervisor transfers his Shares such that he holds less than one half of the Shares he held as at the date on which his appointment is approved according to the Register of Members during the Transfer Prohibition Period.
- Any breach of Article 69-1 (b) shall cause the appointment of any proposed Director or Supervisor to be, ipso facto, void.

(c) The preceding subparagraphs (a) and (b) of this Article 69-1 do not apply when the Director involved is an Independent Director.

ELECTION AND REMOVAL OF DIRECTORS

70. Subject to Article 69 (c), the Company may by a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 71 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.

70.1 The election of Directors and Independent Directors shall adopt candidate nomination mechanism. The list of Candidates of Directors shall be submitted by the current Board upon examination after accepting nomination and such list shall be distributed to the Members at or prior to any general meeting convened for the purposes of electing Directors.

71. Subject to Article 69 (c), Directors shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors to be elected ("Special Ballot Votes"), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the number of the Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors elected.

72. The list of Candidates of Independent Directors shall be nominated by the current Board of Directors and such list shall be distributed to the Members at or prior to any general meeting convened for the purposes of electing Directors, PROVIDED that the first list of Candidates of Independent Directors shall be nominated by the Directors or the sole Director of the Company prior to the adoption of these Amended and Restated Articles at any general meeting convened for the purposes of adopting these Articles and of electing Directors pursuant to these Articles, and such list shall be distributed to the Members at or prior to any such general meeting. Subject to the Statute, the Memorandum and these Articles, the Company may also adopt a candidate nomination mechanism which is in compliance with the Applicable Public Company Rules by an Ordinary Resolution passed at any general meeting. 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 convene an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the Board of Directors shall hold, within sixty days, a general meeting to elect succeeding Independent Directors to fill the vacancies.

73. If the number of Directors is less than seven (7) persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the Board of Directors of the Company equals to one third of the total number of Directors elected, the Board of Directors shall convene, within sixty days, a general meeting of Members to elect succeeding Directors to fill in the vacancies.

74. The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another in his stead. For the avoidance of doubt, the provisions of this Article 74 also applies to a Director who is an Appointee Director.

75. In case a Director has, in the course of performing his/her duties, committed any act resulting in material damages to the Company or in serious violation of applicable laws, regulations,

and/or these Articles, but not been removed by a resolution of a general meeting, the Member(s) holding 3% or more of the total number of issued Shares of the Company may, within 30 days after that general meeting, institute a lawsuit in a court with competent jurisdiction for a judgment to remove such Director. The Taipei District Court, ROC, may be the court of the first instance for this matter.

DIRECTOR'S PROXY

76. If a Director is unable to attend a meeting of the Board of Directors because of absence, illness or otherwise, such Director may appoint another Director to attend that meeting on his/her behalf. The appointing Director shall, in each instance, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at that meeting. A Director may only accept the appointment to act as the proxy of one other Director.

77. A Director residing in a foreign country other than ROC may appoint in writing a Member residing in ROC as his/her proxy to attend the meetings of the Board of Directors on a regular basis, provided that the relevant Taiwan authority is notified of and approves such appointment of the proxy (or the change thereof).

POWERS AND DUTIES OF DIRECTORS

78. (a) Subject to the Statute, Applicable Public Company Rules, and these Articles, the Board of Directors shall manage and conduct the business of the Company by passing resolutions at meetings of the Board of Directors. The Board of Directors (or a sole Director if only one is appointed) who may pay all expenses incurred in promoting, registering and setting up the Company, and may exercise all such powers of the Company as are not, from time to time by the Statute, or by these Articles, or such regulations, being not inconsistent with the aforesaid, as may be prescribed by the Company in general meeting required to be exercised by the Company in general meeting.

(b) Subject to the Cayman Islands law, any Director shall owe fiduciary duties to the Company and such fiduciary obligations shall include but not limited to the observance of general standards of loyalty, good faith and the avoidance of a conflict of duty and self-interest. If any Director breaches the aforesaid fiduciary duties, subject to the Cayman Islands law, such Director shall be held liable for any damages therefrom. Subject to Cayman Islands laws, the Members may by way of an Ordinary Resolution request a Director to disgorge the gains from his breach of the duty of loyalty and the duty to exercise fiduciary cares.

(c) If a Director, during his conduct of the business of the Company, caused damages to other third parties by violating applicable laws, such Director shall be jointly liable to such damaged third parties.

79. The Board of Directors may from time to time and at any time by powers of attorney appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board of Directors, to be the attorney or attorneys of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorneys as the Board of Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

80. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Board of Directors shall from time to time by resolution determine.

81. The Board of Directors shall cause minutes to be made in books provided for the purpose:

(a) of all appointments of officers made by the Board of Directors;

(b) of the names of the Directors (including those represented thereat by proxy) present at each meeting of the Board of Directors and of any committee of the Board of Directors;

(c) of all resolutions and proceedings at all meetings of the Company and of the Board of Directors and of committees of the Board of Directors.

82. The Board of Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

83. The Board of Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

MANAGEMENT

84. (a) The Board of Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.

(b) The Board of Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards or any managers or agents and may fix their remuneration.

(c) The Board of Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Board of Directors and may authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board of Directors may think fit and the Board of Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

(d) Any such delegates as aforesaid may be authorised by the Board of Directors to sub-delegate all or any of the powers, authorities, and discretions for the time being vested in them.

PROCEEDINGS OF DIRECTORS

85. Except as otherwise provided by these Articles, the Board of Directors shall meet together for the despatch of business, convening, adjourning and otherwise regulating their meetings as they think fit. Any resolution put to the vote at any meeting shall be decided by a majority of votes of the Board of Directors present at a meeting at which there is a quorum. In case of an equality of votes, the resolution shall fail.

86. (a) All meetings of the Board of Directors shall be summoned by the Chairman of the Board of Directors, at the time and the location designated by the Chairman of the Board of Directors, except that the first meeting of the Board of Directors of each term of office shall be summoned by the Director who received the most votes in the election of Directors within 15 days after the election is completed.

(b) A meeting of the Board of Directors shall be summoned by at least seven days notice in writing to all Directors and Supervisors, and the notice shall set forth the general nature of the business to be considered, or may be summoned from time to time if there is any emergency, provided that notice may be waived by all the Directors either at, before or after the meeting is held and PROVIDED FURTHER if notice is given in person, by cable, telex or telecopy the same shall be deemed to have been given on the day it is delivered to the Board of Directors or transmitting organisation as the case may be.

87. (a) A Director shall attend meetings of the Board of Directors by person or by proxy in accordance with these Articles.

(b) Unless otherwise provided in these Articles, the quorum necessary for the transaction of the business of the Board of Directors shall be more than one-half of the number of the Directors, PROVIDED ALWAYS that if there shall at any time be only a sole Director the quorum shall be one. For the purposes of this Article, proxy appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present.

(c) When the following resolutions put to the vote at any meeting of the Board of Directors, the quorum required shall be more than two-thirds of the number of Directors: (i) matters described in Article 38 (c) herein; (ii) any issuance, allotment, or placement of new Shares; (iii) any issuance of debenture, bonds, or any other type of debt securities; (iv) any plan of declaration of dividends and/or bonus; and (v) election and removal of the Chairman of the Board of Directors described in Article 89 herein.

88. The Board of Directors may act notwithstanding any vacancy in its number.

89. The Board of Directors shall elect a Chairman of the Board of Directors and determine the period for which he is to hold office. The Chairman of the Board of Directors shall be elected by and among the Directors by a majority vote at a meeting in which a quorum provided in Article 87(c) (v) is present; but if no such Chairman is elected, or if at any meeting the Chairman is not present, the Directors present may choose one of their number to be Chairman of the meeting. The Chairman of the Board of Directors may be removed by a majority vote of more than two-thirds of the attending Directors at a meeting of the Board of Directors in which a quorum provided in Article 87 (c) (v) is present, PROVIDED that the Chairman being so removed by the Board of Directors shall remain as a Director of the Company.

90. A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by law. A Director who has a personal interest in the matter under discussion at a meeting of the Board of Directors, which conflicts with and may harm the interests of the Company, shall neither 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 that meeting of the Board.

91. The Board of Directors may delegate any of their powers to committees consisting of such member or members of the Board of Directors as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board of Directors.

92. A committee may meet and adjourn as it thinks proper. Any resolution put to the vote at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the resolution shall fail.

93. All acts done by any meeting of the Board of Directors or of a committee of Board of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director as the case may be.

94. Members of the Board of Directors or of any committee thereof may participate in a meeting of the Board or of such committee by means of videoconference or similar communications equipment by means of which all persons participating in the meeting can see and hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

REMUNERATION COMMITTEE

94A. The Board shall establish a Remuneration Committee in accordance with the Applicable Public Company Rules, including the *Regulations Governing Establishment and Operation of Remuneration Committees of Companies Listed in Taiwan Stock Exchange and the GreTai Securities Market*. Subject to the Statute and the Applicable Public Company Rules, the Board shall adopt regulations governing the operation of the Remuneration Committee, and such regulations shall at least specify the following: (a) the composition, the number and the term of the Remuneration Committee members; (b) duties and functions of the Remuneration Committee; (c) regulations governing the meetings of the Remuneration Committee; and (d) resources which the Company shall provide when the Remuneration Committee exercises its duties and functions.

DUTY OF THE BOARD TO ADVISE IN A TENDER OFFER

95. Within seven days after the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Public Company Rules receives the copy of a tender offer application form and relevant documents, the Board shall resolve to recommend to the Members whether to accept or to reject the tender offer and make a public announcement of the following:

(a) The types and number of the Shares held by the Directors and the Members holding more than 10% of the issued Shares in their own names or in the names of other persons;

(b) Recommendations to the Members on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefore;

(c) Whether or not there is any material change in the financial condition of the Company after the submission of the latest financial report, and an explanation of the change (if any); and

(d) The types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the issued Shares held in their own names or in the name of other persons.

VACATION OF OFFICE OF DIRECTOR

96. The office of a Director shall be vacated:

(a) if he gives notice in writing to the Company that he resigns the office of Director;

(b) if he is removed from office pursuant to these Articles;

(c) if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(d) if an order is made by any competent court or official on the grounds that he is or will be suffering from lunacy, mental disorder, or is otherwise incapable of managing his affairs, or his/her legal capacity is restricted according to the applicable laws;

(e) having committed an offence as specified in the ROC statute of prevention of organizational crimes or similar legislations in other jurisdictions, and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of the sentence is less than five years;

(f) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;

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

(h) having been blacklisted by the Taiwan Clearing House due to default on negotiable instruments, and the term of such sanction has not expired yet.

In the event that the foregoing events described in clauses (c), (d), (e), (f), (g), and (h) has occurred in relation to a Director elect, such Director elect shall be disqualified *ab initio* from being elected as a Director.

In the event that a Director who simultaneously holds the office of the Chairman of the Board of Directors is removed or vacated pursuant to this Article 96, the office of the Chairman of the Board of Directors shall also be automatically vacated.

PRESUMPTION OF ASSENT

97. A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the Minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

SEAL

98. (a) The Company may, if the Board of Directors so determine, have a Seal which shall, subject to paragraph (c) hereof, only be used by the authority of the Board of Directors or of a committee of the Board of Directors authorised by the Board of Directors in that behalf and every instrument to which the Seal has been affixed shall be signed by one person who shall be either a Director or the Secretary or Secretary Treasurer or some person appointed by the Board of Directors for the purpose.

(b) The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the Common Seal of the Company and, if the Board of Directors so determine, with the addition on its face of the name of every place where it is to be used.

(c) A Director, Secretary or other officer or representative or attorney may without further authority of the Board of Directors affix the Seal of the Company over his signature alone to any document of the Company required to be authenticated by him under Seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

OFFICERS

99. (a) The Company may have a Chief Executive Officer appointed by the Board of Directors with resolutions passed by a majority of the Directors at meetings of the Board of Directors in which a quorum of more than one-half of the total number of Directors are present. The Board of Directors may also from time to time appoint other officers and/or managers as the Board of Directors considers necessary, all for such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Board of Directors from time to time prescribe.

(b) So long as the Shares are listed on any ROC Securities Exchange, the Company shall maintain a litigation and non-litigation agent appointed by the Board by way of a resolution passed by a simple majority of the Directors at a duly convened meeting of the Board with the necessary quorum, and shall report the appointment of the litigation and non-litigation agent or any change thereof to the FSC in accordance with the Applicable Public Company Rules. The litigation and non-litigation agent shall have residence within the ROC.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

100. Subject to the Statute, and subject to these Articles and any direction of the Company in general meetings, the Board of Directors, after obtaining Ordinary Resolution or in the case of Article 32 (a), Supermajority Resolution, may from time to time declare dividends and distributions on Shares of the Company issued and authorise payment of the same out of the funds of the Company lawfully available therefor.

101. Out of the net profit of the Company for each fiscal year, after having provided for income tax, and covered the losses of the previous years, there shall be first set aside a mandated legal capital reserve of ten percent (10%) from the net profit after tax. The Board of Directors may, before declaring any dividends or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Board of Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business of the Company.

102. No dividend or distribution shall be payable except out of the profits of the Company, realised or unrealised, or out of the share premium account or as otherwise permitted by the Statute. However, when the legal reserve as provided in Article 101 reaches more than 25% of the paid-in capital of the Company, the fund in the mandated reserve account in excess of 25% of the paid-in capital of the Company may be used to pay dividends or distributions.

103. The Board of Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets (including shares, or other securities of any other company), or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Board of Directors may settle all questions as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Board of Directors. However, subject to the Statute and so long as the Shares are listed on any ROC Securities Exchange, before the Company makes distributions in kind, the Board shall request certified public accountants to audit the value of such assets, and any distribution of assets other than cash and the value thereof shall be approved by the Members by way of a Special Resolution at general meetings.

104. Any dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the holder who is first named on the register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Anyone of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the Share held by them as joint holders.

105. (a) So long as the Shares are listed on any ROC Securities Exchange, where there is an annual profit for a given fiscal year (i.e. the amount of income before income tax and before distributing employees', Directors' and Supervisors' bonuses of a current year, the "Annual Profit"), the Company may set aside no more than three percent (3%) of the Annual Profit as the Directors' and Supervisors' bonuses and such bonus payment shall only be paid in cash, provided that if there is accumulated losses, the Company shall first reserve the losses covering amounts. The ratio and the method to distribute the Directors' and Supervisor's year-end bonuses of the current year shall be proposed by the Remuneration Committee and approved by the Board of Directors by way of a resolution passed by a simple majority by the Directors at a Board meeting attended by more than two-thirds of the total number of Director, and the Board of Directors shall report the resolution to the Members at the general meeting.

(b) So long as the Shares are listed on any ROC Securities Exchange, where there is the Annual Profit, employees of the Company and the Subsidiaries of the Company collectively shall be entitled to receive year-end bonus of no less than one percent (1%) of the Annual Profit, which may be payable in cash, fully paid-up Shares, or any combination of both, provided that if there is accumulated losses, the Company shall first reserve the losses covering amounts. The ratio and the method to distribute the employees' year-end bonus of the current year shall be authorised by the Board of Directors by way of a resolution passed by a simple majority by the Directors at a Board meeting attended by more than two-thirds of the total number of Director, and the Board of Directors shall report the resolution to the Members at the general meeting.

(d) Where based on the Company's final accounts in respect of a current year, so long as the Shares are listed on any ROC Securities Exchange, if there is any annual earnings (i.e. the amount of the Annual Profits less Directors', Supervisors' and the employees' bonuses of a current year according to Article 105(a)and(b), the "Annual Earnings"), subject to Cayman Islands law, such Annual Earnings shall be allotted to each item in the following order:

(i) paying applicable taxes;
(ii) covering accumulated losses;
(iii) setting aside a sum ten percent (10%) legal reserve pursuant to the Applicable Public Company Rules ("Legal Reserve"), unless the accumulated amount of such reserve equals to the total paid-up capital of the Company; and
(iv) setting aside a sum for an additional special reserve in compliance with the requirements promulgated by applicable ROC authorities (including, but not limited to, the FSC or any applicable ROC Securities Exchanges)

The balance of such profits remaining after all the foregoing deduction provided from (i) to (iv) shall hereinafter be referred to as the "Distributable Net Profit of the Current Year." Distributions of cash and/or bonus shares (together "Distributions") may be declared from Distributable Net Profit of the Current Year and any undistributed retained earnings accrued from prior years (together "Accumulated Distributable Net Profit").

(d) When the Board of Directors elects to declare Distributions from the Accumulated Distributable Net Profit, the Board of Directors shall prepare the plan of declaration of Distributions in accordance with the following guidelines, and submit such plan for approval of the Members at general meetings: The Accumulated Distributable Net Profit is available for distribution to the Members as cash dividend and/or bonus shares to the Members. The dividends as proposed in the plan of declaration of Distribution may not be less than ten percent (10%) of the Distributable Net Profit of the Current Year. In respect of the cash dividend declared and/or bonus shares issued to the Members, cash dividends shall be no more than fifty percent (50%) of such dividends declared.

(e) No dividend or distribution shall bear interest against the Company.

CAPITALISATION

106. Subject to the Statute, Applicable Public Company Rules, and these Articles, the Company may upon the recommendation of the Board of Directors by a resolution in a general meeting authorise the Board of Directors to capitalise any sum standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid up to and amongst them in the proportion aforesaid. In such event the Board of Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Board of Directors to make such provisions as they think fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned).

BOOKS OF ACCOUNT

107. The Board of Directors shall cause proper books of account to be kept with respect to:

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place;

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

(c) the assets and liabilities of the Company.

108. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions. 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 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 year.

SUPERVISORS

109. There shall be no less than three (3) Supervisors, each of whom shall be appointed to a term of office of three (3) years. Supervisors shall be elected by Members at general meetings. To the extent required by the Applicable Public Company Rules, at least one of the Supervisors shall be domiciled in the ROC. The quorum and the cumulative voting mechanism of Board of Directors, as prescribed in Article 71, shall be applied mutatis mutandis to the election of Supervisors.

110. The Board of Directors is authorised to determine the remuneration paid to the Supervisors, taking into account the extent and value of the services provided for the Company and the industry-wide compensation levels and practices.

111. If all of the Supervisors are resigned or removed, the Board of Directors shall hold, within sixty days, an extraordinary general meeting to elect succeeding Supervisors to fill the vacancies.

112. Supervisors shall supervise the execution of business operations of the Company, and may from time to time inspect the business and financial conditions of the Company, examine the books and documents, and request the Board of Directors or any Officer to make reports thereon.

113. Supervisors shall audit various financial statements and corporate records prepared for the submission to all Members at general meetings by the Board of Directors, and shall make a report of their findings and opinions at general meetings. When performing their aforementioned duties, the Supervisors may appoint an attorney or a certified public accountant to conduct the auditing on their behalf.

114. Supervisors are entitled to attend meetings of the Board of Directors and to state their opinions therein. In case the Board of Directors or any director commits any act, when carrying out the business operations of the Company, in a manner violating the applicable laws and/or regulations, these Articles, or any resolution passed at a general meeting, the supervisors shall immediately notify the Board of Directors or the violating director, as the case may be, to cease such act.

115. Each Supervisor may separately exercise his/her/its authority prescribed in these Articles.

116. No Supervisor may concurrently serve in the office of a Director, other officers, or as an employee of the Company.

117. Member(s) holding 3% or more of the total number of issued Shares of the Company may request in writing the Supervisors to initiate, on behalf of the Company, an action against a Director of the Company. In case the Supervisors fail to initiate such action within 30 days after having received the aforementioned request, then subject to Cayman Islands law, the Members filing that request in accordance with this Article, may initiate the action on behalf the Company in any court with competent jurisdiction, and the Taipei District Court, ROC may be the court of the first instance for this action.

NOTICES

118. Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by post, cable, telex or telecopy to him or to his address as shown in the register of Members, such notice, if mailed, to be forwarded airmail if the address be outside the Cayman Islands.

119. (a) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and to have been effected at the expiration of 60 hours after the letter containing the same is posted as aforesaid.

(b) Where a notice is sent by cable, telex, telecopy or electronic message, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organisation and to have been effected on the day the same is sent as aforesaid.

120. A notice may be given by the Company to the joint holders of record of a Share by giving the notice to the joint holder first named on the register of Members in respect of the Share.

121. A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member by sending it through the post as aforesaid in a pre-paid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

122. Notice of every general meeting shall be given in any manner hereinbefore authorised to:

(a) every person shown as a Member in the register of Members as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of Members.

(b) every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting; and

No other person shall be entitled to receive notices of general meetings.

WINDING UP

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

123-1 On a return of assets on liquidation, capital reduction or otherwise (other than a conversion, redemption or purchase of shares), the assets of the Company remaining after the payment of its liabilities shall (to the extent that the Company is lawfully able to do so):
be paid to the holders of the Common Shares.

124. If the Company shall be wound up, and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the Shares held by them respectively. And if in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members as set out in Article Error! Reference source not found 23-1. This Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

INDEMNITY

125. The Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their heirs, executors, administrators and personal representatives respectively shall be indemnified out of the assets of the Company from and against all actions, proceedings, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own willful neglect or default respectively and no such Director, officer or trustee shall be answerable for the acts, receipts, neglects or defaults of any other Director, officer or trustee or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other persons with whom any monies or effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency of any security upon which any monies of the Company may be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his office or trust unless the same shall happen in or about the execution of his office or trust unless the same shall happen through the willful neglect or default of such Director, Officer or trustee.

FINANCIAL YEAR

126. Unless the Board of Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

TRANSFER BY WAY OF CONTINUATION

127. If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of the Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

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[Appendix 2] Rules of Procedure for Shareholders' Meetings

FX HOTELS GROUP INC.

Rules of Procedure for Shareholders' Meetings

Article 1 In order to create a sound shareholders' governance system, normalize the supervisory function, and strengthen the management feature, the Company created these rules to be followed .

Article 2 Unless specified otherwise in laws and regulations or the Articles of Incorporation, the Company's Rules of Procedure for Shareholders' Meetings shall be based on these rules.

Article 3 Unless specified otherwise in laws and regulations, the Company's Rules of Procedure for Shareholders' Meetings shall be called for by the Board of Directors.

For general shareholders' meetings, the agenda shall be prepared and respective shareholders shall be notified 30 days in advance and shareholders holding less than 1,000 inscribed shares may be notified through announcement in the Market Observation Post System 30 days in advance. For special shareholders' meetings, respective shareholders shall be notified 15 days in advance and shareholders holding less than 1,000 inscribed shares may be notified through announcement in the Market Observation Post System 15 days in advance.

The notification and announcement shall specify cause of the meeting; when approved by the counterparty, notification may be done electronically.

Election or dismissal of directors or supervisors, change of the articles of incorporation, dissolution, consolidation, division of the Company or respective sub-paragraphs in Article 185 Paragraph 1 of the Company Act and matters in Article 26-1 and Article 43-6 of the Securities Exchange Act shall be listed under Cause of the Meeting; they may not be brought forth during motions.

Shareholders holding at least 1% of the total circulating shares may introduce proposals in writing to the Company during a general shareholders' meeting. Such proposals, however, are limited to one; those in excess of one may not be included as part of the agenda. In addition, for respective conditions in Paragraph 4 of Article 172-1 of the Company Act, the Board of Directors may choose not to include proposals introduced by shareholders in the meeting agenda.

The Company shall announce the proposals accepted from shareholders, the location where they are accepted, and the duration when they are processed before the deadline for transfer of shares prior to the shareholders' meeting; the duration when they are processed may not be shorter than ten days.

Any proposal introduced by shareholders is limited to 300 words; for those exceeding

300 words, they will not be included as part of the agenda. The shareholders shall attend the shareholders’ meeting in person or through their proxies and take part in discussions about their proposal.

The Company shall notify the proposing shareholder of the outcome prior to the date of notification for the shareholders’ meeting and include proposals that meet the requirements hereunder in the meeting notice. For proposals from shareholders that are not included as part of the meeting agenda, the Board of Directors shall explain why they are not included during the shareholders' meeting.

Article 4 Shareholders may authorize someone to attend the shareholders' meeting on their behalf by issuing the Letter of Authorization printed by the Company specifying the scope of authorization for each shareholders' meeting.

Each shareholder may issue one Letter of Authorization and authorize one person. Such Letter of Authorization shall be delivered to the the Company five days prior to the shareholders' meeting. In cases of repeated Letters of Authorization, the one delivered first shall prevail. This, however, does not apply if it is declared that prior authorization shall be recalled.

Once the Letter of Authorization is delivered to the Company, if the shareholder wants to attend the meeting in person, the authorization shall be canceled with the Company in writing no later than two days prior to the shareholders' meeting; cancellation past the deadline is subject to exercise of the voting right by the proxy instead.

Article 5 (Principle for the Venue and Time of Shareholders’ Meeting)

The shareholders' meeting shall take place at the time and venue designated by the Board of Directors. Unless specified otherwise in laws or regulations, the shareholders' meeting shall take place within the territories of the Republic of China.

If it is decided by the Board of Directors that the shareholders' meeting will take place overseas, the Company shall file with and obtain approval from the Taipei Exchange (or the Taiwan Stock Exchange, if applicable) within two days following the Board of Directors’ decision or receipt by shareholders of permission from the competent authority to attend the meeting. When holding a shareholders’ meeting overseas, the Company will authorize a designated institution approved by the competent authority for securities and the Taipei Exchange (or the Taiwan Stock Exchange, if applicable) within the territories of the Republic of China to take care of administrative affairs for the shareholders' meeting (including, without limitation, voting as authorized by shareholders).

Article 6 (Preparation of documents such as the sign-in book)

The Company shall specify in the meeting notice the check-in time and check-in site and other precautions for shareholders.

Time for check-in by shareholders shall begin at least 30 minutes prior to the scheduled time of meeting and the check-in site shall have clear indications and adequate and competent staff to take care of the check-in process.

Shareholders or their proxies (collectively referred to as the “shareholders”) shall attend a shareholders’ meeting with a show of their attendance card, attendance sign-in card, or other IDs. Powers of attorney of letters of authorization shall also bring their status supporting documents for verification purpose.

The Company shall have the sign-in book ready to be signed by the attending shareholders or their proxies or the attending shareholders shall submit the sign-in card instead to indicate their presence.

The Company shall give shareholders present in the meeting the meeting agenda, annual report, attendance card, speech note, vote, and other meeting materials; when election of directors, supervisors is involved, the ballot shall also be included.

Shareholders shall attend a shareholders’ meeting with a show of their attendance card, attendance sign-in card, or other IDs. Powers of attorney of letters of authorization shall also bring their status supporting documents for verification purpose.

When the shareholder is the government or a legal entity, there may be more than one representative attending the shareholders' meeting but the total number of representatives may not exceed the maximum number of directors and supervisors to be elected during the specific shareholder is the government or a legal entity, there may be more than one representative attending the shareholders' meeting. If no election of directors and supervisors will take place for the shareholders’ meeting, the number of representatives shall be three at maximum. When a legal entity is authorized to attend a shareholder’s meeting, only one person may attend the meeting.

Article 7 (Chairperson and people to be seated in the shareholders' meeting)

If the shareholders’ meeting is called for by the Board of Directors, it shall be chaired by the Chairman of the Board of Directors. When the Chairman is on leave or is unable to exercise his/her function for some reason, the Vice Chairman shall act on his/her behalf. When there is no Vice Chairman or the Vice Chairman is also on leave or unable to exercise his/her function for some reason, the Chairman shall assign a standing director to act on his/her behalf. If there is no standing director, one of the directors shall be assigned to act on his/her behalf. When the Chairman does not assign a designee, a standing director or someone among the directors shall act on his/her behalf.

When the chairperson in the preceding paragraph is a standing director or a director, such standing director or director has to be someone that has been in office for at least six months and understands the financial status of the Company. If the chairperson is the representative of a director that is a legal entity, the same applies.

For a shareholders' meeting called for by the Board of Directors, more than half the directors shall attend the meeting.

If the shareholders' meeting is called for by someone outside the Board of Directors, the said someone shall chair the meeting. When there are more than two people calling for the meeting, one of them shall act as the chairperson.

The Company may assign authorized lawyers, CPAs, or related parties to be seated in a shareholders' meeting.

Article 8 (Recording or videotaping during the shareholders' meeting to serve as evidence)

The Company shall, from the time shareholders check in, record and videotape without stop the whole check-in process, the whole meeting, voting, and the ballot counting process.

The audiovisual data in the preceding paragraph shall be kept for at least a year. When lawsuits are filed by shareholders according to Article 189 of the Company Act, however, such evidence shall be kept up to completion of legal proceedings.

Article 9 (Quorum for the shareholders' meeting)

Attendance in shareholders' meetings shall be calculated based on the number of shares held. The number of shares held by those present is based on the sign-in book or the submitted sign-in cards plus the shares involved in the voting rights exercised in writing or electronically.

When time of meeting is due, the chairperson shall call the meeting to order. When the attendance has not reached a majority of the total circulating shares held by the shareholders, however, the chairperson may announce that the meeting be postponed. The postponement is limited to two times only. The time postponed may not exceed an hour. When the meeting has been postponed twice and the attendance has still not reached a majority of the total circulating shares held by shareholders, the chairperson shall announce that the meeting is aborted.

Article 10 (Discussion of proposals)

If a shareholders' meeting is called for by the Board of Directors, the meeting agenda is to e set by the Board of Directors and the meeting shall be held according to the agenda; without a decision made through a shareholders' meeting, it may not be changed.

If the shareholders' meeting is called for by someone outside the Board of Directors, the requirements in the preceding paragraph apply.

Before the agenda (including the motions) as scheduled according to the preceding two paragraphs is completed, without a decision, the chairperson may not announce that the meeting is adjourned unilaterally. When the chairperson violates these Rules and announces that the meeting is adjourned, however, other members of the Board of Directors shall quickly help attending shareholders have another person to serve as the chairperson upon approval by a majority of the attending shareholders in compliance with the legal procedure and continue with the meeting.

For proposals and amendments brought forth by shareholders or motions, the chairperson shall give them opportunities to provide sufficient information and discuss. If it is believed to have reached the extent for a voting session, it may be announced that discussions shall stop and voting shall begin.

Article 11 (Words from shareholders)

Before attending shareholders speak, they must complete the speech note specifying the theme of their speech, the shareholder's account number (or the number shown on the attendance card) and account name. The chairperson will decide their speaking sequence.

When attending shareholders only provide the speech note without speaking, it is considered that they have not spoken. When what they say differs from that shown in the speech note, what they say will take precedence.

Each shareholder may not speak more than twice on the same proposal without approval from the chairperson and may not exceed five minutes each time. When the shareholders violate the requirement or exceed the scope of the issue involved, the chairperson may stop them from speaking.

When attending shareholders speak, other shareholders may not speak and interfere with their speech unless with approval by the chairperson and the speaking shareholder; the chairperson shall stop violators.

When more than two representatives are sent by a shareholder that is a legal entity to attend a shareholders' meeting, only one person may speak on the same proposal.

After attending shareholders have spoken, the chairperson may respond or have a related person to respond to the speech.

Article 12 (Voting in shareholders' meetings shall be calculated based on the number of shares held)

For a decision to be made during a shareholders' meeting, the number of shares held by shareholders without voting rights is not included in the calculation of the total number of shares already in circulation.

Shareholders that are stakeholders in matters discussed in the meeting to accordingly likely undermine the interests of the Company may not take part in the voting session and may not exercise voting rights on behalf of other shareholders.

The number of shares involved in the voting right that may not be exercised as indicated in the preceding paragraph is not included as part of the voting weights of attending shareholders.

Except for trust businesses or registrars approved by the competent authority for securities in the Republic of China, when one person is authorized by two or more shareholders, the voting rights that the said person represent may not exceed 3% of the total voting rights combined for all circulating shares. The voting rights in excess, if any, will not be counted.

Article 13 (Exercise of voting right and how a decision is made)

Shareholders are entitled to a voting right for each share they hold; this, however, does not apply to those restricted or without voting rights as specified in the Company’s Articles of Incorporation or applicable laws and regulations.

Shareholders may exercise their voting right in writing or electronically during a shareholders' meeting held by the Company; when a voting right may be exercised in writing or electronically, it shall be specified so in the notification for the shareholders' meeting. Shareholders that exercise their voting right in writing or electronically are considered to have attended the shareholders' meeting in person. For motions and amendments to original proposals for the specific shareholders' meeting, however, they are considered to have abstained from voting.

When the voting right indicated in the preceding paragraph is exercised in writing or electronically, the expressed opinion shall be delivered to the Company V days prior to the shareholders' meeting; in cases of repeatedly expressed opinions, the one delivered the earliest shall prevail. This, however, does not apply if it is declared that prior expressed opinion shall be recalled.

Once the voting right is exercised by a shareholder in writing or electronically, if the shareholder wants to attend the meeting in person, the expressed opinion regarding the exercise of voting right stated in the preceding paragraph shall be canceled in the same way the voting right was previously exercised no later than 2 days prior to the shareholders' meeting; cancellation past the deadline is subject to exercise of the voting right in writing or electronically instead. If the voting right is exercised in writing or electronically and a designee is authorized through a Letter of Authorization to attend the shareholders' meeting, the voting right exercised by the designee shall prevail.

For the voting on proposals, unless specified otherwise in the Company Act and the Company’s Articles of Incorporation, to approve a proposal, it requires support from a majority of voting rights among attending shareholders. When voting, the chairperson or the assigned person shall, proposal by proposal, announce the total number of voting rights held by attending shareholders.

When no shareholders attending the meeting expresses disagreement during consultation by the chairperson, the specific proposal is considered to have been approved; the power is the same as that of a decision made through voting. In case of disagreement, voting shall take place as required in the preceding paragraph.

When there is an amendment or alternative to the same proposal, the chairperson shall determine the voting sequence along with the original proposal. If an option is approved, the other options are considered to have been vetoed and no further voting is required.

The chairperson is to assign the staff to inspect voting on proposals and count the ballots; the inspectors, however, shall be shareholders.

Ballot counting shall take place in public within the venue of the shareholders' meeting and voting results shall be announced on the spot and records shall be produced.

The ballot counting process for proposals or elections during a shareholders' meeting shall take place in a public area within the venue of the shareholders' meeting and voting results shall be announced on the spot once ballot counting is completed, including the weights involved in the statistics and records shall be produced.

Article 14 (Elections)

When directors or supervisors are elected during a shareholders' meeting, related election regulations established by the Company shall be followed and the voting outcome shall be announced on the spot, including the list of elected directors or supervisors and the weights involved for those elected.

Ballots for the election in the preceding paragraph shall be kept properly once they are sealed and signed off by the inspectors and shall be kept for at least a year. When lawsuits are filed by shareholders according to the Company's Articles of Incorporation and applicable laws and regulations, however, such evidence shall be kept up to completion of legal proceedings.

Article 15 (Shareholders' meeting minutes)

For decisions made in the shareholders' meeting, the meeting minutes shall be prepared and be signed or sealed by the chairperson and the meeting minutes shall be distributed to respective shareholders within twenty days after the meeting. The preparation and distribution of minutes of the meeting shall be done electronically.

Distribution of the minutes of the meeting in the preceding paragraph may be done by announcing them in the Market Observation Post System.

The meeting minutes shall truthfully document the year, month, date, venue, name of the chairperson, decision-making method, guidelines to be followed throughout the meeting, and the results and shall be kept permanently while the Company continues to exist.

A decision is made in the preceding paragraph by the chairperson consulting each shareholder. When no shareholders express disagreement, it shall be documented as “the proposal has been approved unanimously among all attending shareholders consulted by the chairperson”. In case of disagreement, on the other hand, it shall be specified that a voting session has taken place and the approval votes and the weights involved.

Article 16 (Announcement to the public)

The number of shares obtained by the power of attorney and that represented by the authorized proxy shall be clearly disclosed in the venue of the shareholders’ meeting on the date of the shareholders’ meeting through a statistical chart prepared in the required format.

For decisions made during a shareholders’ meeting, if any significant information specified in laws and regulations or by the Taiwan Stock Exchange (or Taipei Exchange) is involved, the Company shall transmit the contents to the Market Observation Post System within the specified period of time.

Article 17 (Maintaining order in the venue)

Staff organizing the shareholders' meeting shall wear a badge or a shoulder patch.

The chairperson may have the patrols or security to help maintain order in the venue. When helping maintain order in the venue, the patrols or security shall wear the “patrol” shoulder patch or badge.

When loud speakers are available in the venue and shareholders do not speak through the equipment configured by the Company, the chairperson may stop their speech.

When shareholders violate these Rules and disobey correction from the chairperson and obstruct the proceedings of the meeting, demonstrating disobedience upon interference, the chairperson may have the patrol or security to ask the specific shareholder to leave the venue.

Article 18 (Break and continuation of assembly)

When a meeting is ongoing, the chairperson may announce time for a break whenever it is considered appropriate. In cases of force majeure events, the chairperson may decide to hold a meeting for the time being and announce the time for the meeting to continue, depending on the circumstances.

Before the agenda (including the motions) of a shareholders’ meeting is completed yet the venue of the meeting cannot continue to be used, the meeting may be continued at another venue found on the basis of a decision made in the shareholders' meeting.

It may be decided whether the shareholders’ meeting shall be postponed or continued within five days as required by the Company’s Articles of Incorporation or applicable laws and regulations.

Article 19 These Rules were prepared on June 30, 2009.

The first amendment was approved in the shareholders' meeting on December 21, 2009.

The second amendment was approved in the shareholders' meeting on June 29, 2012.

The third amendment was approved in the shareholders' meeting on June 24, 2013.

The fourth amendment was approved in the shareholders' meeting on December 18, 2017.

[Appendix 3] Shareholding Status of All Directors and Supervisors

I. As of the date of discontinued transfer of accounts, that is, April 25, 2019, for the general shareholders' meeting, the paid-in capital size of the Company is NT$681,722,900, with 68,172,290 shares in circulation.

II. As is required by Article 26 of the Securities Exchange Act, the minimum statutory number of shares to be held by all directors is 5,453,783 and that to be held by all supervisors is 545,378.

III. According to the number of shares held by individual and all directors and supervisors as indicated in the roster of shareholders, the statutory requirements have been fulfilled.

The number of shares held by the Company's directors and supervisors as of the date of discontinued transfer of account (April 25, 2019) is as follows:

Title	Name	Number of shares currently held	
		Number of shares	Holding ratio %
Chairman	Chung, Sheng Young	0	-
Director	FURAMA HOTELS INTERNATIONAL MANAGEMENT INC. Representative: WELLY JAMIN	42,363,588	62.14
Director	FURAMA HOTELS INTERNATIONAL MANAGEMENT INC. Representative: LIM YI SHENN		
Director	Yang, Chih-Min	0	-
Independent Director	Law, Jor-Teck	0	-
Independent Director	Tang, Yu-Chien	0	-
Independent Director	Cheng, Chia-Shun	0	-
Supervisor	Kao, The-Shing	0	-
Supervisor	Chien, Shao-Feng	0	-
Supervisor	Hsu, Yea-Fang	0	-

Note: The total number of shares in circulation of the Company as of the deadline for transfer of the current shareholders' meeting is 68,172,290.