



Asia Plastic Recycling Holding Limited  
2022 Regular Shareholders' Meeting  
Meeting Manual

Time: Time: 09:00 am., June 15 (Wednesday), 2022  
Venue: No.801 Chongde Rd. Zuoying District, Kaohsiung City  
(R103 Classroom, Garden Villa Hotel)  
Convened as: Physical shareholders' meeting

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# Asia Plastic Recycling Holding Limited

## Procedures for 2022 Regular Meeting of Shareholders

- I. Opening address
- II. The chairman takes his place
- III. Chairperson Remarks
- IV. Reports
- V. Ratification Topics
- VI. Election
- VII. Discussion Topics
- VIII. Extraordinary motions
- IX. End of Meeting

# Asia Plastic Recycling Holding Limited

## 2022 Regular Shareholders' Meeting

I. Time: 09:00 am., June 15 (Wednesday), 2022  
Venue: No.801 Chongde Rd. Zuoying District, Kaohsiung City  
(R103 Classroom, Garden Villa Hotel)

II. Chairperson Remarks

III. Reports

1. Report on the Company's 2021 Operations
2. Report on the Audit Committee's Review of 2021 Settlement Books and Statements.

IV. Ratification Topics

1. Approved the 2021 business report and consolidated financial statements.
2. Approved the proposal of 2021 deficit offsetting.

V. Election

Approved the proposal of full election for directors.

VI. Discussion Topics

1. Proposal to release newly elected directors from non-competence clauses.
2. Proposal to amend the Company's "Articles of Incorporation."
3. Amendments to the Company's "Rules of Procedure for Shareholders' Meetings"
4. Amendments to the Company's "Procedures for the Acquisition and Disposal of Assets"

VII. Extraordinary motions

VIII. End of Meeting

# Reports

# Reports

1. Report on the Company's 2021 Operations

Description:

Please refer to the attached Business Report. (Please refer to pages 21 to 24 of the meeting manual)

2. Report on the Audit Committee's Review of 2021 Settlement Books and Statements.

Description:

Please refer to the Audit Committee Audit Report. (Please refer to page 25 of the meeting manual )

# Ratification Topics

# Ratification Topics

## Proposal 1

Proposed by the board of directors

### Cause:

Please ratify the 2021 business report and consolidated financial statements (see attachment).

### Description:

For the 2021 Business Report, Consolidate Financial Statements, please refer to Page 21 to 24, and Page 26 to 34 of the meeting manual.

### Resolution:



## Proposal 2

Proposed by the board of directors

### Cause:

Please ratify the proposal to offset the deficit in 2021.

### Description:

It is intended to offset the loss after tax, 2021 pursuant to Article 105 of the Articles of Incorporation; the Deficit Offsetting Schedule is as follows. (Please refer to page 8 of the meeting manual )

### Resolution:



Schedule

Asia Plastic Recycling Holding Limited

Approved the proposal for 2021 deficit offsetting.

	Unit: RMB Thousand
I. Beginning undistributed earnings	(\$ 170,599,019.76)
II. 2021 Net loss after profit	( 106,165,882.34)
Special reserve allocation	<u>(9,351,245.70)</u>
Deficit to be offset at the end of period	<u>(\$ 286,116,147.80)</u>

Note: the translation basis for providing special reserves is the historic exchange rate of RMB to TWD for the undistributed earnings on December 31, 2021, RMB/TWD=3.950.

Chairman:



General Manager:



Accounting Officer:



# Election

# Election

Proposed by the board of directors

Cause:

Approved the proposal of full election for directors.

Description:

- I. The directors of the 5th Term (independent directors included) will be expired on June 13, 2022. It is intended to re-elect the directors (independent directors included) in this regular shareholders' meeting.
- II. To implement the spirit of corporate governance, the Company intends to elect seven directors (including three independent directors):
  1. Pursuant to Article 59 of the Articles of Incorporation, the Company shall have at least five directors (independent directors included).
  2. Pursuant to Article 60 of the Articles of Incorporation, the election of directors shall adopt the candidate nomination system.
  3. Pursuant to Article 67 of the Articles of Incorporation, during the period of listing, the Company must establish no fewer than two independent directors and one-fifth of the total board members; where the Company establishes the Audit Committee, the seats of the independent director shall be no fewer than three seats and one-fifth of the total board members.
  4. Pursuant to Tai-Zheng-Shang-Er-Zi No.1100005986, dated on April 7, 2021, of TWSE, the primary exchange-listed and primary OTC-listed companies must have minimum of five directors, and the directors who have Taiwanese nationality shall be the majority, with minimum two independent directors who have Taiwanese nationality.
- III. To cope with the date of re-election in the regular shareholders' meeting, the newly elected directors (independent directors included) of the 6<sup>th</sup> term will take office immediately after the regular shareholders' meeting, with three-year term, from June 15, 2022 to June 14, 2025. They are eligible to be re-elected in the future.
- IV. Reason of re-nomination of an independent director after serving three terms of office:

Mr. Liao, Cheng-Pin has abundant industrial experience; while serving as an

independent director, he provided proper recommendations and guidance regarding the Company's operation and management analysis. Mr. Liao's supervision to the Company's operation is expected.

V. The list of director candidates of the 6th term was reviewed by the board of directors on May 3, 2022. Please refer pages 11 to 12 of the handbook for the related information.

VI. Please conduct the election.

Election results are as follows:

**List of Director Candidates:**

Name (Name of Corporate Shareholder) / Nationality or place of registration	Education	Experience	Current position	Number of Shares Held
Ting, Chin-Shan/the Philippines	Chen-Dai Central Elementary School, Jinjiang City.	Deputy general manager and General manager, Sansd (Fujian) Plastic Co., Ltd.  Chairman, Jin Fa Da (Fujian) Shoe Plastic Limited  Supervisor, Sansd (Jiangsu) Environmental Technologies Limited  Vice-Chairman, Chamber of Commerce, Chen-Dai Town, Jinjiang City.	Chairman, Sansd (Fujian) Plastic Co., Ltd.	0 shares

		Governor, Jinjiang Charity Federation		
Ding Holding Limited/British Virgin Islands	-	-	Corporate Director of the Company	38,888,293 shares
Chang, Hui-Chun/ ROC	Department of Business Administration, International Junior College of Business	Chairman, Winco Co., Ltd. Vice-Chairman, Zhang Zhou City Taiwanese Business Investment Association	Chairman, Ruyi Xiangzhuang Ltd., Chang-Tai County Chairman, Ruyi Entertainment Ltd., Chang-Tai County	0 shares
Chang, To-Chung/ ROC	Department of Finance, Quanzhou Huaqiao University	General manager, Winco Co., Ltd.	General manager, Ruyi Xiangzhuang Ltd., Chang-Tai County General manager, Ruyi Entertainment Ltd., Chang-Tai County	0 shares

List of candidates for independent directors:

Name/ Nationality	Education	Experience	Current position	Number of Shares Held
Li, Chun-De/ROC	Bachelor, Department of Business Administration, Soochow University Master of Business Administration, National Chengchi University PhD, Economics, Fujian Normal University	Chief, Department of Planning, Financial Supervisory Commission, Executive Yuan Counselor, Financial Supervisory Commission, Executive Yuan Deputy general manager, the Motor Vehicle Accident Compensation Fund	CFO, Wayi International Digital Entertainment Co., Ltd. Independent Director of Ching Feng Home Fashion Co. Ltd. Independent Director of Toplus Global Co., Ltd.	0 shares
Li, Fan/ROC	Department of Accounting, Tunghai University	Team leader, Deloitte Taiwan Vice Manager, Underwriting Department, Fubon Securities Co., Ltd.	Deputy general manager and Director for Finance, Bin Chuan Enterprise Co., Ltd.	0 shares
Liao,	Department of	Vice Chief, Office of Plastic,	Honorary	0 shares

Cheng-Pin/PRC	Physics, Chengdu University	China National Light Industry Council  Vice-Chairman and Chief Secretary, China Plastics Processing Industry Association  President, China Plastics Processing Industry Association  Member of Review Panel, National Office for Science & Technology Awards  Independent Director, Foshan Plastics Group Co., Ltd.  Independent Director, Changhong Plastics Group Imperial Plastics Co., Ltd.	Chairman, China Plastics Processing Industry Association	
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Note: Reason of re-nomination of an independent director after serving three terms of office.

Mr. Liao, Cheng-Pin has abundant industrial experience; while serving as an independent director, he provided proper recommendations and guidance regarding the Company's operation and management analysis. Mr. Liao's supervision to the Company's operation is expected.



## Discussion Topics

# Discussion Topics

## Proposal 1

Proposed by the board of directors

### Cause:

Please discuss on the proposal to release newly elected directors from non-compete clauses.

### Description:

- I. Pursuant to Article 209 of the Company Act of Taiwan, and Articles 29 and 38 of the Articles of Incorporation, to release the directors from their non-compete duties, the special resolution shall be adopted in the shareholders' meeting, and the description shall be offered in the causes of convening shareholders' meeting.
- II. To respond the Company's business needs, the Company's directors are frequently appointed, as representatives, to serve as directors in other affiliates with the same or similar business scope as the Company. It is intended to release the newly elected directors and their representatives from the non-compete restriction.
- III. Pursuant to laws, the proposal is submitted for the resolution of the shareholders' meeting, and explain the content of non-compete on-site before discussion.

### Resolution:

## Proposal 2

Proposed by the board of directors

### Cause:

Summary: Please discuss the amendment to the “Articles of Incorporation.”

### Description:

- I. The amendment mainly copes with the amendment to the “Checklist of Protections to the Shareholders at the Place Where the Foreign Issuer is Registered,” so the Company’s “Articles of Incorporation” is amended accordingly.
- II. Please refer to the attachment for the Comparison of Amendments to “Articles of Incorporation.” (Please refer to pages 35 to 41 of the meeting manual)

### Resolution:

### Proposal 3

Proposed by the board of directors

#### Cause:

Summary: Please discuss the amendment to the “Rules of Procedure for Shareholders’ meetings.”

#### Description:

- I. The amendment is to cope with the amendment to regulations, and thus some provisions of the “Rules of Procedure of Shareholders’ Meeting” are amended.
- II. Please refer to the attachment for the Comparison of Amendments to “Rules of Procedure for Shareholders’ meetings.” (Please refer to pages 42 to 58 of the meeting manual.)

#### Resolution:

## Proposal 4

Proposed by the board of directors

### Cause:

The proposal for the amendments to the Company's "Procedures for the Acquisition or Disposal of Assets" is hereby presented for discussion.

### Description:

- I. The amendment is to cope with the amendment to regulations, and thus some provisions of the "Operational Procedures for the Acquisition or Disposal of Assets" are amended.
- II. Please refer to the attachment for the Comparison Table of "Amendments to Procedures for Acquisition or Disposal of Assets." (Please refer to pages 59 to 73 of the meeting manual )

### Resolution:

## Extraordinary motions

Extraordinary motions

End of Meeting

# Attachment

Asia Plastic Recycling Holding Limited



## 2021 Business Report

### I. Business guidelines

The Group currently operates through SANSD (Fujian) Plastic Co., Ltd. (hereinafter referred to as “SANSD Fujian”), and will effectively oversee and assist Asia Plastic Recycle to satisfy the following business guidelines:

Solidify its leading position in the market by upstream-downstream integration

Promote automation to improve efficiency and reduce cost

Innovate channels and extend terminals to realize diversified development

### II. Overview on implementation of the business guidelines

1. In response to the Chinese policy enacted in 2018 on banning the import of plastic waste (implementation plan for reforming the management system of imported solid wastes by banning the import of waste), the Group is now actively seeking for plastic recycling sources in China and overseas strategic partnerships, so as to secure future supply of recycled plastic.
2. While the economic growth in China has been slowing down in recent years, driving the domestic demands is still the key policy of the Chinese government; provided the bias to the quality of economic development and environmental protection are more apparent structure-wise. The Group will steadily maintain its leading position in the industry. It has drafted the “Technical requirements for safety of PE and EVA foam pads for children”, which has passed the review by the Standardization Administration and been promoted for application; besides, the PE foam jigsaw pads for children industrial standard drafted by the Group as instructed by the Ministry of Industry and Information Technology under the State Council has also come to the assessment stage. “The EVA form sheet” industrial standard reviewed was formally released on July 1, 2020 for implementation.
3. The Group is committed to integration of the industrial chain, while extending toward downstream products in a planned manner relying on its advantageous material cost control and supportive upstream and downstream business customers. It has continuous growth of highly processed products, and received stable orders from such super businesses as B. TOYS, Walmart, RT-Mart and New Hua Du.

### III. Business achievements and analysis

As a result of China’s policy enacted in 2018 on banning plastic waste import, most granules with recycled PE as the main raw material are no longer produced by the Group. Though the Group may source such materials at reasonable prices, it is confronted with some challenges, such as unstable quality of purchased materials resulting in higher cost of product quality control and market price fluctuations. In the general context of reduced orders from downstream manufacturers due to the prevailing COVID-19 pandemic and high costs of international sea freight, and toughened regulation on environmental protection imposed by the Chinese government, no clear recovery across the industry is observed. Currently, seeking for domestic and foreign material sources of stable quality for long-term supply remains a primary way for the Group to improve its gross profit structure. Sales volumes and value in the two years:

Sales quantity and amount for the most recent two years

Unit: M<sup>3</sup>, NT\$ thousand

Annual sales volume and amount of major products	2020				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sole sheets	865	10,347	—	—	356	5,469	—	—
Bag sheets	26,395	192,794	—	—	42,307	339,765	—	—
Specialty panel materials	54,846	267,799	—	—	56,187	276,605	—	—
Common sheets	41,833	198,169	—	—	34,026	173,814	—	—
Highly foamed material	22,869	74,877	—	—	29,177	83,022	—	—
High elasticity formed material	5,595	24,440	—	—	7,303	37,471	—	—
Anti-static formed material	280	2,607	—	—	—	—	—	—
Flame-retardant formed material	4	39	—	—	5	86	—	—
Floor mats	29,190	147,497	—	—	23,333	138,032	—	—
Other(note)	—	89,588	—	—	—	52,834	—	—
Total	181,877	1,008,157	—	—	192,694	1,107,098	—	—

Note: Others include slippers, finished shoes, surface lining, soles, rent income, and so on.

IV. Operating results analysis – amounts verified by accountants

Expressed in Thousands of NTD

Item	Year	2020	2021	Difference	
				Amount	%
Total operating revenues		1,008,157	1,107,098	98,941	9.81
Net operating revenues		1,008,157	1,107,098	98,941	9.81
Operating costs		1,486,319	1,301,822	(184,497)	(12.41)
Gross profit before unrealized gross profit on sales to subsidiaries		(478,162)	(194,724)	283,438	59.28
Operating expenses		871,088	334,922	(536,166)	(61.55)

Item \ Year	Year		Difference	
	2020	2021	Amount	%
Operating profit	(1,349,250)	(529,646)	819,604	60.75
Other income	46,893	78,471	31,578	67.34
Other income and losses	(2,330)	(877)	1,453	62.36
Finance cost	8,115	8,869	754	9.29
Profit before income tax	(1,312,802)	(460,921)	851,881	64.89
Income tax expense	-	-	-	-
Profit for the year	(1,312,802)	(460,921)	851,881	64.89

#### V. Profit comparing to last year

The net operating loss in 2021 was NT\$530 million, reduced by 60.75% compared to the net operating loss of NT\$1.349 billion in 2020; the net pre-tax loss in 2021 was NT\$461 million, decreased by 64.89% compared to the net pre-tax loss NT\$1.313 billion in 2020. The basic EPS was NT\$(1.71) in 2021 and NT\$(4.88) in 2020.

The differences were primarily caused by the provision provided for the asset impairment attributable to cost was amounting to NT\$287,253 thousand in the previous period, and the asset impairment attributable to operating expenses amounting to NT\$539,685 thousand in the previous period. The amount of asset impairment provided in the previous term is NT\$826,938 thousand.

#### VI. Research and development

- As a result of its consistent efforts, the R&D team has developed a new flame-retardant foaming material (PSD) and a purely bio-based and completely degradable forming material. A patent has been granted by China National Intellectual Property Administration on the new flame-retardant forming material (PSD). Following that, an additional patent is also expected to be granted on the purely bio-based and completely degradable foaming material. Furthermore, SANSD Jiangsu has successively developed, applied for and obtained patents on inventive production, processing and application of tens of products, including plasticizer, high resilient rubber, biodegradable plastic for use in production of foam pads for children, highly wearable rubber composition, SEBS thermoplastic elastomer jigsaw pads for children, maleic anhydride grafted LDPE, non-benzene butanone EVA forming material, antimony trioxide compound and its application in highly flame-retardant EVA forming material. In response to the development needs of the industry and the Group, SANSD Fujian has been certified as a provincial level enterprise technical center and municipal R&D center in Fujian Province, with sustained advancement of their national industrial laboratories. SANSD Fujian is making continuous efforts in promoting industry-university-research cooperation, facilitating establishment of strategic partnership with the Polymer Research Center of Fuzhou University Jinjiang Research Institute, and boosting research and development of diversified products, process improvement and innovation. Meanwhile, the Group has also applied for patent on additional inventions and utility models. It is anticipated to obtain over 150 patents for protection.
- Equipment employed by the Group in production of EVA material can be engineered and reconstructed according to product structures, characteristics and quality requirements, and may also be improved based on R&D to better the technological

process of production lines and yield. To effectively improve the production efficiency, reduce waste during the process, and cut labor and material costs, the Group uses consistent production process from front-end waste plastic recycling, EVA granulation, EVA foam material formulation design and EVA foaming to rear-end formed material rolling and cutting, which helps form a low-cost advantage and provide customers with services of high quality, high efficiency and high economic benefits. While constantly improving the process efficiency, the Group is also active in automating the production process. SANSD Fujian worked closely with Harbin Institute of Technology, a well-reputed automation development institute in China, and jointly developed an automated recycling, foaming and deep processing process. It is expected that the process may effectively improve product matching accuracy and production efficiency. It is also listed as a major science and technology project and a benchmarking project of Jinjiang City. In addition, to meet the increasingly tough environmental protection and supervision requirements, SANSD Fujian has set up respective special environment improvement technology and equipment teams to assist environmental protection regulatory authorities and attend to technological improvement of environmental protection equipment, energy saving, emission reduction, clean production and others, so as to constantly improve the environmental conditions of production.

Looking forward, environment-friendly recycling of waste plastics for reproduction in China, as an extension of the plastic industry, will become a part of the emerging resource recycling industry that is valued and regulated by the Chinese government, since fossil energy resources are diminishing and self-sufficiency cannot be satisfied. However, the Chinese government also addresses treatment and disposal of solid wastes as a common environmental concern of all countries around the world. Imposing restrictions on and banning the import of solid wastes to prevent entry of “imported waste” into China is a significant measure taken by the country to promote ecological progress, and it is to the benefit of eco-environmental safety and the people’s physical health. On July 18, 2017, the General Office of the State Council of the People’s Republic of China printed and issued the *Implementation Plan for Reforming the Management System of Imported Solid Wastes by Banning Import of Wastes*. As of 2018, the import of solid wastes highly hazardous to the environment or strongly opposed by the public has been fully banned in China, except for only several companies that have obtained approval for the import of solid waste (but are only allowed to import single waste paper stock to the limit of fewer than 10,000 tons). The import of solid wastes that can be substituted by domestic resources has been gradually stopped as required by the government. Apart from adjusting the import control list and imposing the ban on import, China will combine the application of legal, economical and administrative means to improve the regulatory system that blocks “imported waste” (even direct import of plastic granules produced by using recycled materials is subject to sample inspection by the Chinese quality supervision and customs from time to time) and strengthens control over entry of illegally “imported waste,” so as to form a long-term effective mechanism to keep out “imported waste” and realize overall control over “imported waste.”

The banning of China on import of wastes mainly covers plastic, waste paper, metals and other wastes that can be directly converted into resources, as well as waste hardware, waste chemical substances and other articles that require processing or extraction for reuse. These “imported wastes” are not all environmentally hazardous, and many of them, if proper treated, may be recycled for reuse to realize resource conservation and capital saving. For example, for the Group, it costs less to produce plastic granules by using recycled waste plastic than by direct synthesis of new plastic granules by using extracts from petroleum. Use of waste plastic may save the exhaustible petroleum resource, and also the production cost. In this case, the imported

waste is actually “imported resources.” Use of such converted resources is an inevitable choice for development of circular economy. However, facing tens of millions of tons of “imported waste,” China has not been fully prepared, which is reflected by the evident immaturity in regulation on waste recycling and in sorting of wastes. Large quantities of waste smuggled into China and “imported waste” containing toxins due to failure of full sorting or arbitrarily discharged without proper treatment have posed threat and harm to China’s ecological environment and the Chinese people’s health. Therefore, in the foreseeable future, it will be unworkable in China to import plastic waste as raw material of granule reprocessing or reproduction. In recent years, a team of the Group has set out to explore and develop external resources. It ever traveled across Cambodia, Myanmar, Laos, the Philippines and Indonesia, as well as Germany and Poland close to sources of waste materials in 2018, and recently had trips to Taiwan and Pakistan. With continuing assessment and efforts, the Group has been tracking governmental regulations, production capacity of supporting facilities and logistics conditions in different countries, while deliberating over multiple modes of cooperation in waste processing, so as to secure stable supply of waste as raw material for upstream production of granules by the Group.

Following the formulation and issue of the “13th Five-Year Plan for the Plastic Industry” by China, oriented by energy saving, material saving and environmental friendliness, it is a trend of the plastic industry to develop new environment-friendly EVA and green recycling by combining physical and chemical technologies with equipment improvement, realize cyclic utilization of plastic, produce new plastic materials based on alloying, mixing and modification technologies, and achieve functional plastic of low cost and high performance through engineering. In addition, EVA foam material has potential for application far from being fully explored and is expected to be further applied in more emerging fields. Having been deeply engaged in this field for nearly three decades, the Group will continue seeking for stable supply of resources from overseas to sustain its leading position in the industry, with the anticipation to make more achievements.

Chairman:  General Manager:  Accounting Officer: 

# Audit Committee Report

The Board of Directors has prepared the Company's 2021 business report, consolidated financial statements and earnings allocation proposal. The financial statements have been audited by Lin, Chao-Min and Chen, Wen-Pin, CPA of Candor Taiwan CPA<sup>s</sup>, and the Auditors' Report was issued accordingly. The Business Report, Financial Statements, and proposals for allocation of profits have been reviewed and determined to be correct and accurate by the Audit Committee members. According to Article 14-5 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

2022 Shareholders' Meeting Asia Plastic Recycling Holding Limited

Asia Plastic Recycling Holding Limited

Convener of the Audit Committee: Li, Chun-De



March 23, 2022



## Accountant's audit report

For Asia Plastic Recycling Holding Ltd.:

### **Opinion**

We audited the consolidated balance sheets as at December 31, 2019 and 2020, consolidated statement of changes in equity, consolidated statements of cash flows and notes to the consolidated financial statements (including a summary of major accounting policies) for the period from January 1 to December 31, 2019 and 2020 of Asia Plastic Recycling Holding Ltd. (Asia Plastic Recycle) and its subsidiaries.

In our opinion, the consolidated financial statements above are, in all material aspects, sufficiently prepared as per the Rules of Taiwan for Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards accepted by the Financial Supervisory Commission, the International Accounting Standards, their interpretation and interpretation announcements to fairly reflect the consolidated financial conditions as at December 31, 2019 and 2020 and the consolidated financial performance and consolidated cash flows in the period from January 1 to December 31, 2019 and 2020 of Asia Plastic Recycling Holding Ltd. and its subsidiaries.

### **Basis of the opinion**

We conducted our audit in accordance with the rules of Taiwan on audit of financial statements by auditors and generally accepted auditing standards. Our responsibilities under these rules and standards are further described in "Our responsibilities for the audit of the consolidated financial statements" section of our report. All employees of our employer subject to independence regulation are independent of Asia Plastic Recycle and its subsidiaries in accordance with the Code of Ethics for Professional Accountants. Furthermore, we have complied with the Code with respect to other responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key items of audit**

Key items of audit refer to those most important items in the consolidated financial statements 2020 of Asia Plastic Recycle and its subsidiaries to be audited according to our professional judgment. Since such items were considered during audit of the consolidated financial statements and formation of the audit opinion, no separate opinion is given separately on these items.

Key items audited in the consolidated financial statement 2020 of Asia Plastic Recycle and its subsidiaries are hereby described as follows:

Truthfulness of recognized and presented income from sale of special products

According to Note 19 to the consolidated financial statements, Asia Plastic Recycle and its subsidiaries derived primary income from sale of PE-EVA mixed foam products, and suffered a great decline in business income and significant operating loss due to decrease in sources of raw material and orders for the products, while a sharp rise occurred to the gross profit from sale of special products and unit selling prices of the products. Considering the foregoing and according to provisions of the Statements on Auditing on considering income as a significant risk, the truthfulness of recognized and presented income from sale of special products was included as a key item of audit.

We have implemented due audit procedures regarding the abovementioned key items of audit to a specific extent, including:

- I. Gaining an understanding of and testing the internal control relating to truthfulness of recognized and presented income, such as effectiveness of internal control relating to order handling and shipment, based on which business income was recognized and presented.
- II. Verifying sampled particulars of business income, outbound orders and invoices for consistency in terms of target customers and amounts; visually checking countersignature of outbound orders by customers and other evidence of delivery.
- III. Verifying sampled records on collection of accounts receivable in the particulars of business income, payees and target customers for consistency.

Net value loss assessment of real property, factory buildings and equipment and impairment assessment of their use right

As at December 31, 2020, real property, factory buildings and equipment and their use right owned by Asia Plastic Recycle and its subsidiaries amounted to NTD (unless otherwise indicated) 3,218,378,000 in terms of book value, accounting for 49% in the total assets, and thus were considered as major assets. In light of the continuing operating loss suffered by Asia Plastic Recycle and its subsidiaries, the foregoing assets were assessed and showed a sign of impairment; according to the asset valuation report issued by an external independent expert, the Group and its subsidiaries determined the recoverable amount, with recognized and presented impairment loss of NTD 826,938,000 as at December 31, 2020. Considering material accounting estimates involved in impairment loss assessment and assumptions made by the management, impairment assessment of such assets was included as a key item of audit.

For accounting policies applicable to the foregoing asset impairment assessment and relevant matters disclosed, refer to Notes 4, 5, 11, 12 and 20 to the consolidated financial report.

We have implemented the following audit procedures:



- I. Evaluating the professional experience, competence and independence of independent assessment experts appointed by the management, discussing with the management about their work scope, and reviewing their appointment conditions, so as to ensure nothing present to affect their objectivity or constituting any restriction on their work scope.
- ii. Evaluating the reasonableness of methods and major assumptions adopted by the independent experts engaged by the management in preparing the asset assessment report.
- iii. Verifying the integrity of data and correctness of impairment loss recognition and presentation assessed by the independent experts engaged by the management.

### **Responsibilities of the management and those charged with governance for the consolidated financial statements**

The management has the responsibility to prepare and fairly present the consolidated financial statements according to the Rules of Taiwan for Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards accepted by the Financial Supervisory Commission, the International Accounting Standards, their interpretation and interpretation announcements, and maintain necessary internal control relating to the consolidated financial statements, so as to ensure the consolidated financial statements are free from material misstatements, whether due to fraud or errors.

As at preparation of the consolidated financial statements, the management also has the responsibility to assess the ability of Asia Plastic Recycle and its subsidiaries to continue as going concerns, disclosure of related matters and the going concern basis of accounting, unless it either intends to liquidate Asia Plastic Recycle and its subsidiaries or cease operations, or has no realistic alternative but to do so.

Those charged with governance of Asia Plastic Recycle and its subsidiaries (including board of auditors) have the responsibility to oversee the financial reporting process.

### **Our responsibilities for the audit of the consolidated financial statements**

Our objective in auditing the consolidated financial statements is to obtain reasonable assurance regarding whether the consolidated financial statements are free from any material misstatement, whether due to fraud or errors, and to issue an auditor's report. Reasonable assurance is a high, but not absolute, level of assurance, which means we may not have detected all material misstatements in the consolidated statement during our audit conducted according to the generally accepted audit standards. Misstatements can arise from fraud or errors, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of the consolidated financial statements.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with the generally accepted auditing standards. We performed the following work:

- I. Identifying and assessing the risks of material misstatement of the consolidated financial statements due to fraud or errors; designing and performing audit procedures responsive to those risks; obtaining 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 one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- II. Obtaining an understanding of internal control relevant to audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Asia Plastic Recycle and its subsidiaries.
- III. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- IV. Concluding 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 ability of Asia Plastic Recycle and its subsidiaries to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention to our auditor's report to related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Asia Plastic Recycle and its subsidiaries ceasing to continue as going concerns.
- V. Evaluating the overall presentation, structure and content of the consolidated financial statements (including notes thereto), and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtaining audit evidence, with respect to financial information of individuals comprising the Group, which is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements. We are also responsible for directing, supervising and performing the group audit, and give our opinion on the group audit.

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 findings in internal control that we identify during our audit.

We also provide those charged with governance an independence statement indicating our compliance with the independence requirement of the Code of Ethics for Professional Accountants, and communicate with them about relationships and other matters (including related protective measures) that may be considered to have an impact on our independence.

We determine, among communications with those charged with governance, key items of audit in the consolidated financial statements 2020 of Asia Plastic Recycle and its subsidiaries. We clearly described such items in the auditor's report, unless disclosure of certain items was prohibited by law, or in rare cases, we decide not to communicate about any special item since according to reasonable anticipation such communication would produce more negative impact than public interest.

德 昌 聯 合 會 計 師 事 務 所

會 計 師 : 林 兆 民



會 計 師 : 陳 文 彬



核准文號：金融監督管理委員會證券期貨局  
金管證審字第 0980054543 號  
金管證審字第 1020049365 號

March 23, 2022

Asia Plastic Recycling Holding Ltd. And its subsidiaries  
Consolidated Balance Sheet  
December 31, 2021 and 2021

Unit: \*10<sup>3</sup> in New Taiwan Currency

Code	Asset	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash (Notes 4 and 6)	\$1,513,235	27	\$1,297,562	20
1136	Financial assets measured based on amortized cost (Note 7)	1,305,900	24	1,314,000	20
1150	Notes receivable (Notes 8, 19 and 27)	-	-	75,601	1
1170	Net accounts receivable (Notes 4, 8 and 19)	106,013	2	214,020	3
1200	Other receivables	3,156	-	3,847	-
1310	Inventory (Notes 4 and 9)	126,641	2	269,982	4
1419	Prepayments	9,504	-	18,590	1
11XX	Total current assets	<u>3,064,449</u>	<u>55</u>	<u>3,193,602</u>	<u>49</u>
<b>Non-current assets</b>					
1600	Real property, factory buildings and equipment (Notes 4, 5, 11, 26, 27 and 28)	1,741,206	32	2,415,261	37
1755	Right-of-use assets (Notes 4, 5, 12 and 27)	612,416	11	803,117	12
1760	Investment real property (Notes 4, 13 and 26)	89,857	2	118,871	2
1920	Refundable deposits	-	-	2,015	-
15XX	Total non-current assets	<u>2,443,479</u>	<u>45</u>	<u>3,339,264</u>	<u>51</u>
1XXX	Total assets	<u>\$5,507,928</u>	<u>100</u>	<u>\$6,532,866</u>	<u>100</u>
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
2102	Short-term borrowings (Notes 14 and 27)	\$ -	-	\$ 188,340	3
2108	Other short-term borrowings – stakeholders (Note 26)	-	-	159,616	2
2170	Accounts payable (Note 15)	101,658	2	232,502	4
2219	Other payables (Notes 12 and 16)	44,190	-	80,479	1
2399	Other current liabilities	70	-	14,622	-
21XX	Total current liabilities	<u>145,918</u>	<u>2</u>	<u>675,559</u>	<u>10</u>
<b>Non-current liabilities</b>					
2570	Deferred tax liabilities (Notes 4, 5 and 21)	<u>61,933</u>	<u>1</u>	<u>62,317</u>	<u>1</u>
2XXX	Total liabilities	<u>207,851</u>	<u>3</u>	<u>737,876</u>	<u>11</u>
<b>Interests attributable to owners of the Group (Notes 4 and 18)</b>					
<b>Share capital</b>					
3100	Share capital				
3110	Ordinary share capital	<u>2,689,547</u>	<u>49</u>	<u>2,689,547</u>	<u>41</u>
3200	Capital reserves	<u>3,031,712</u>	<u>56</u>	<u>3,028,767</u>	<u>46</u>
<b>Retained surplus</b>					
3310	Legal surplus reserves	708,876	13	708,876	11
3320	Special surplus reserve	716,985	11	716,985	11
3350	Undistributed profit (loss to be made up)	( 1,093,121 )	( 20 )	( 729,588 )	( 11 )
3300	Total retained profit	<u>332,740</u>	<u>4</u>	<u>696,273</u>	<u>11</u>
<b>Other interests</b>					
3400	Other interests				
3410	Exchange differences of the translation of the financial statements in foreign operations	( 656,534 )	( 12 )	( 619,597 )	( 9 )
3XXX	Total equity	<u>5,300,077</u>	<u>97</u>	<u>5,794,990</u>	<u>89</u>
Total liabilities and equities		<u>\$5,507,928</u>	<u>100</u>	<u>\$6,532,866</u>	<u>100</u>

Notes hereto constitute a part of the consolidated financial statements.

Chairman: Ding Jinzao



Manager: Ding Zhimeng



Accounting officer: Wang Weiming



Asia Plastic Recycling Holding Ltd. And its subsidiaries

Consolidated income statement

January 1 – December 31, 2021 and 2020

Unit: \*10<sup>3</sup> in New Taiwan Currency, if  
per-share loss amounting to NTD

Code		2021		2020	
		Amount	%	Amount	%
	Business income (Notes 4, 19 and 26)				
4100	Sales revenue	\$ 1,079,616	98	\$ 989,190	98
4300	Lease income	<u>27,482</u>	<u>2</u>	<u>18,967</u>	<u>2</u>
4000	Total operating income	1,107,098	100	1,008,157	100
5000	Operating costs (Notes 9, 11, 12, 20 and 26)	<u>1,301,822</u>	<u>118</u>	<u>1,486,319</u>	<u>148</u>
5900	Gross operating loss	( <u>194,724</u> )	( <u>18</u> )	( <u>478,162</u> )	( <u>48</u> )
	Operating expenses (Notes 11, 12 and 20)				
6100	Marketing expense	65,575	6	50,111	5
6200	Administrative expense	225,057	20	771,922	76
6300	R&D expenses	37,939	3	39,245	4
6450	Expected credit impairment loss	<u>6,351</u>	<u>1</u>	<u>9,810</u>	<u>1</u>
6000	Total operating expenses	<u>334,922</u>	<u>30</u>	<u>871,088</u>	<u>86</u>
6900	Net operating loss	( <u>529,646</u> )	( <u>48</u> )	( <u>1,349,250</u> )	( <u>134</u> )
	Non-business income and non-operating expenditure (Note 20)				
7100	Interest income	32,294	3	32,619	3
7190	Other incomes	687	-	14,274	2
7020	Other profits and losses	( 877 )	-	( 2,330 )	-
7225	Gain on disposal of investment	45,490	4	-	-
7050	Financial cost	( <u>8,869</u> )	( <u>1</u> )	( <u>8,115</u> )	( <u>1</u> )
7000	Total non-business income and non-operating expenditure	<u>68,725</u>	<u>6</u>	<u>36,448</u>	<u>4</u>
7900	Net pre-tax loss	( 460,921 )	( 42 )	( 1,312,802 )	( 130 )

(Continued)

Code		2021		2020	
		Amount	%	Amount	%
7950	Income tax (Notes 4, 5 and 21)	\$ -	-	\$ -	-
8200	Net loss of the current year	( 460,921)	( 42)	( 1,312,802)	( 130)
8300	Other consolidated profits and losses				
8310	Items not reclassified into profits or losses				
8341	Currency translation difference (Note 18)	<u>(36,937)</u>	<u>(3)</u>	<u>97,388</u>	<u>9</u>
8500	Total consolidated profits and losses of the year	<u>(\$ 497,858)</u>	<u>( 44)</u>	<u>(\$1,215,414)</u>	<u>( 121)</u>
8600	Net loss attributable to:				
8610	Owner of the company	<u>(\$ 460,921)</u>	<u>( 41)</u>	<u>(\$1,312,802)</u>	<u>( 130)</u>
8700	Total consolidated profits and losses attributable to:				
8710	Owner of the company	<u>(\$ 497,858)</u>	<u>( 44)</u>	<u>(\$1,215,414)</u>	<u>( 121)</u>
	Per-share loss (Note 22)				
9750	General	<u>(\$ 1.71)</u>		<u>(\$ 4.88)</u>	
9850	Dilution	<u>(\$ 1.71)</u>		<u>(\$ 4.88)</u>	

Notes hereto constitute a part of the consolidated financial statements.

Chairman: Ding Jinzao



Manager: Ding Zhin



Accounting officer:  
Wang Weiming



Asia Plastic Recycling Holding Ltd. And its subsidiaries  
Consolidated statement of changes in equity  
January 1 – December 31, 2020 and 2021



Unit: \*10<sup>3</sup> in New Taiwan Currency

Code		Ordinary share capital	Capital reserves	Retained surplus			Other items of shareholders' equity Exchange differences of the translation of the financial statements in foreign operations	Total equity
				Legal surplus reserves	Special surplus reserve	Undistributed profit (loss to be made up)		
A1	Balance on January 1, 2020	<u>\$2,689,547</u>	<u>\$3,064,618</u>	<u>\$ 708,876</u>	<u>\$ 460,100</u>	<u>\$ 840,099</u>	<u>(\$ 716,985)</u>	<u>\$6,996,255</u>
B3	Profit distribution in 2019 (Note 18) Special surplus reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,855</u>	<u>( 256,885)</u>	<u>-</u>	<u>-</u>
D1	Net loss in 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 1,312,802)</u>	<u>-</u>	<u>( 1,312,802)</u>
D3	Other after-tax consolidated profits and losses in 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,388</u>	<u>97,388</u>
D5	Total consolidated profits and losses in 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 1,312,802)</u>	<u>97,388</u>	<u>( 1,215,414)</u>
N1	Employee stock option cost (Note 23)	<u>-</u>	<u>14,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,149</u>
Z1	Balance on December 31, 2020	<u>2,689,547</u>	<u>3,028,767</u>	<u>708,876</u>	<u>716,985</u>	<u>(729,588)</u>	<u>( 619,597)</u>	<u>5,794,990</u>
B3	Profit distribution in 2020 (Note 18) Special surplus reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,388)</u>	<u>97,388</u>	<u>-</u>	<u>-</u>
D1	Net loss in 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 460,921)</u>	<u>-</u>	<u>( 460,921)</u>
D3	Other after-tax consolidated profits and losses in 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 36,937)</u>	<u>( 36,937)</u>
D5	Total consolidated profits and losses in 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 460,921)</u>	<u>( 36,937)</u>	<u>( 497,858)</u>
N1	Employee stock option cost (Note 23)	<u>-</u>	<u>2,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,149</u>
Z1	Balance on December 31, 2021	<u>\$2,689,547</u>	<u>\$3,031,712</u>	<u>\$ 708,876</u>	<u>\$ 619,597</u>	<u>(\$1,093,121)</u>	<u>(\$ 656,534)</u>	<u>\$5,300,077</u>

Notes hereto constitute a part of the consolidated financial statements.

Chairman: Ding Jinzao



Manager: Ding Zhim



Accounting officer: Wang Weiming



Asia Plastic Recycling Holding Ltd. And its subsidiaries

Consolidated Cash Flow Statement

January 1 – December 31, 2020 and 2021



Unit: \*10<sup>3</sup> in New Taiwan Currency

Code		2021	2020
	Cash flow from operating activities		
A10000	Pre-tax net loss of the current year	(\$ 460,921)	(\$ 1,312,802)
A20010	Earnings, expenses and losses		
A20100	Depreciation costs	205,412	282,716
A20200	Amortization expense	-	-
A20300	Expected credit impairment loss	6,351	9,810
A20900	Financial cost	8,869	8,115
A21200	Interest income	( 32,294)	( 32,619)
A21900	Employee stock option compensation cost	2,945	14,149
A22500	Loss from disposal of real property, factory buildings and equipment (benefit)	118	( 4)
A23700	Retention (reverse) of allowance for loss from inventory depreciation	25,441	19,626
A23700	Non-financial asset impairment loss	-	826,938
A23200	Gain on disposal of investment	( 45,490)	-
A29900	Others	-	2,655
	Net change of business assets and liabilities		
A31130	Notes receivable	( 61,247)	12,054
A31150	Accounts receivable	58,802	( 13,797)
A31180	Other receivables	( 268)	2,825
A31200	Inventories	( 121,991)	( 23,570)
A31230	Prepayments	( 47,115)	6,982
A32150	Accounts payable	103,153	( 46,327)
A32180	Other payables	4,700	( 8,747)
A32230	Other current liabilities	14,174	11,857
A33000	Cash outflow from operations	( 339,361)	( 240,139)
A33100	Collected interest	32,842	32,781
A33300	Paid interest	( 8,869)	( 8,115)
AAAA	Net cash outflow from operations	( 315,388)	( 215,473)
	Cash flow from investment activities		
B00040	Acquisition of financial assets measured by post-amortization cost	-	( 1,314,000)
B00060	Principal repayment of financial assets measured by post-amortization cost	-	1,314,000
B02700	Purchase of real property, factory buildings and equipment	( 42,126)	( 18,094)
B03700	Increase in deposits paid	-	( 44)



<u>Code</u>		<u>2021</u>	<u>2020</u>
B02800	Payments received for disposal of real property, factory buildings and equipment	\$ -	\$ 158
B00050	Gain from Sale of Amortized Cost Financial Assets	( 900)	-
B02300	Proceeds from disposal of subsidiaries	<u>435,145</u>	<u>-</u>
BBBB	Net cash outflow from investment activities	<u>392,119</u>	<u>( 17,980)</u>
	Cash flow of financing activities		
C00100	Increase in short-term borrowings	130,245	188,340
C00200	Decrease in short-term borrowings	( 208,392)	( 166,440)
C01600	Increase in long-term borrowings	442,833	-
C01700	Decrease in long-term borrowings	( 230,100)	-
C01800	Other borrowings – increase in stakeholders	156,804	159,616
C01900	Other borrowings – decrease in stakeholders	( 146,292)	<u>-</u>
CCCC	Net cash inflow of financing activities	<u>145,098</u>	<u>181,516</u>
DDDD	Impact of fluctuations in exchange rate on cash	<u>( 6,156)</u>	<u>19,676</u>
EEEE	Net reduction of cash	215,673	( 32,261)
E00100	Cash balance at beginning of the year	<u>1,297,562</u>	<u>1,329,823</u>
E00200	Year-end cash balance	<u>\$1,513,235</u>	<u>\$1,297,562</u>

Notes hereto constitute a part of the consolidated financial statements.

Chairman: Ding Jinzao



Manager: Ding Zhimeng



Accounting officer:  
Wang Weiming



## Asia Plastic Recycling Holding Limited

### Comparison Table of Amendments to the Articles of Association

No. 條次	Current Provisions 現行條文	Proposed Amendments 修正條文案	Explanations 修正理由
No.25	During the Relevant Period, all general meetings shall be held in the R.O.C.	During the Relevant Period, all general meetings <b><u>to be held in physical locations</u></b> shall be held in the R.O.C.	In order to cooperate with the Taiwan Stock Exchange on March 11, 2022, with the announcement of Taiwan Zheng Shang Er Zi No. 1111700674, the "Regulations on the Protection of Shareholders' Rights and Interests of Foreign Issuers" (hereinafter referred to as the "Checklist for the Protection of Shareholders' Rights and Interests in 2022") was amended. ), amending the provisions of Article 25.
No.26	<b><u>(3) In addition to the circumstance where the Board should have convened a general meeting but does not or is unable to convene a general meeting pursuant to the Law, the Applicable Listing Rules or these Articles, an Independent Director from the audit committee of the Company may also, for the</u></b>	Delete No.(3)	In order to cooperate with the Taiwan Stock Exchange on May 14, 2021, with the announcement of Tai Zheng Shang Er Zi No. 1101701488, the "List of Matters for the Protection of Shareholders'

No. 條次	Current Provisions 現行條文	Proposed Amendments 修正條文案	Explanations 修正理由
	<b><u>benefit of the Company, call a general meeting when it is deemed necessary.</u></b>		Rights and Interests in the Country of Registration of Foreign Issuers" was amended, and the provisions of Article 26 (3) were deleted.
No.30	During the Relevant Period, the Company shall prepare a manual for each general meeting, and such manual and relevant materials shall be published on the website designated by the Commission, the TPEX or TWSE (where applicable) twenty-one (21) days prior to the scheduled date of the relevant annual general meeting and fifteen (15) days prior to the scheduled date of the relevant extraordinary general meeting pursuant to the Applicable Listing Rules.	During the Relevant Period, the Company shall prepare a manual for each general meeting, and such manual and relevant materials shall be published on the website designated by the Commission, the TPEX or TWSE (where applicable) twenty-one (21) days prior to the scheduled date of the relevant annual general meeting and fifteen (15) days prior to the scheduled date of the relevant extraordinary general meeting pursuant to the Applicable Listing Rules. <b><u>However, in the event the Company's total paid-in capital as of the close of the most recent financial year reaches NT\$10 billion or more, or when the aggregate number of Shares held by the foreign investors and Mainland Chinese investors reached thirty percent (30%) or more as recorded in the Register at the time of holding</u></b>	In order to comply with the requirements of the 2022 Checklist for the Protection of Shareholders' Rights and Interests, the provisions of Article 30 of the proviso have been added.

No. 條次	Current Provisions 現行條文	Proposed Amendments 修正條文案	Explanations 修正理由
		<p><u>of the general meeting in the most recent financial year, the Company shall upload the electronic files of the abovementioned manual and relevant materials thirty (30) days prior to the scheduled date of the relevant annual general meeting.</u></p>	
No.31	Increase No.(2) 、(3)	<p><u>(2) When a general meeting is held, a Member may participate in the general meeting through the medium of video conference call or any other form of communications designated and announced by the competent authority set forth in the Company Act of the R.O.C.; provided that in case of calamities, unforeseen incidents, or force majeure, the competent authority set forth in the Company Act of the R.O.C. may announce and designate that during a prescribed period the Company shall hold a general meeting by means of video conference call or any other form of communications without regard to lack of express provisions in these Articles. A Member participating in this way is deemed to be present in person at the general meeting.</u></p>	<p>In order to provide a channel for shareholders to facilitate their participation in shareholders' meetings, with reference to the content of the 2022 Checklist for the Protection of Shareholders' Rights and Interests, Article 31 (2) and (3) is added to stipulate that video conferences or other matters approved by the company law of the Republic of China may be approved. The shareholders' meeting is held in the manner specified by the agency's announcement. The</p>

No. 條次	Current Provisions 現行條文	Proposed Amendments 修正條文草案	Explanations 修正理由
		<p><b><u>(3) With respect to participation of a general meeting through the medium of video conference call referred to in the preceding Paragraph, the Company shall comply with the conditions, operating procedures and other matters prescribed by the Applicable Listing Rules.</u></b></p>	<p>original Article 31 article is adjusted to the item (1) of Article 31.</p>
No.46	<p>To the extent permitted by the Law, votes may be exercised in writing or by way of electronic transmission as the Board thinks fit, subject to the Applicable Listing Rules. If a written <b><u>instrument</u></b> or electronic transmission for voting is proposed to be used, the relevant methods and procedures shall be specified in the notice of that meeting. Notwithstanding the foregoing, <b><u>where the Company conform to the Applicable Scope of Listing Companies to Conduct Electronic Voting announced by the competent authority in the R.O.C.</u></b>, the Company shall adopt the electronic transmission as <b><u>one of</u></b> the methods for exercising the voting power of a Member.</p>	<p>To the extent permitted by the Law, votes may be exercised in writing or by way of electronic transmission as the Board thinks fit, subject to the Applicable Listing Rules. If a written <b><u>ballot</u></b> or electronic transmission for voting is proposed to be used, the relevant methods and procedures shall be specified in the notice of that meeting. Notwithstanding the foregoing, <b><u>during the Relevant Period, subject to the Applicable Listing Rules</u></b>, the Company shall adopt the electronic transmission as the methods for exercising the voting power of a Member.</p>	<p>With reference to the content of the checklist for the protection of shareholders' rights and interests in 2022, it is clearly stipulated that the company should use electronic means as one of the ways to exercise shareholders' voting rights during the listing period ◦</p>

No. 條次	Current Provisions 現行條文	Proposed Amendments 修正條文草案	Explanations 修正理由
No.54	In case a Member who has served a proxy intends to attend the relevant general meeting in person, a written proxy revocation notice shall be made to the Company or Shareholders Service Agent at least two (2) days prior to the meeting date; otherwise, the votes cast by the appointed proxy at the meeting shall prevail.	In case a Member who has served a proxy intends to attend the relevant general meeting in person <b><u>or to exercise his voting power by way of a written ballot or electronic transmission</u></b> , a written proxy revocation notice shall be made to the Company or Shareholders Service Agent at least two (2) days prior to the meeting date; otherwise, the votes cast by the appointed proxy at the meeting shall prevail.	In order to align with the revisions of Article 46, the provisions of Article 54 have been adjusted as appropriate.
No.67	During the Relevant Period, the number of Independent Directors of the Company shall not be less than two (2) or one-fifth of the total number of Directors at any time, whichever is greater. Upon establishment of an audit committee, the number of Independent Directors shall not be less than three (3) or one-fifth of the total number of Directors at	During the Relevant Period, the number of Independent Directors of the Company shall not be less than two (2) or one-fifth of the total number of Directors at any time, whichever is greater. Upon establishment of an audit committee, the number of Independent Directors shall not be less than three (3) or one-fifth of the	In order to align with the Taiwan Stock Exchange's revision of the "Taiwan Stock Exchange Corporation's Securities Listing Review Guidelines" Article 28-4, the provisions of Article 67 have been revised.

No. 條次	Current Provisions 現行條文	Proposed Amendments 修正條文案	Explanations 修正理由
	<p>any time, whichever is greater. <b>One (1)</b> of the Independent Directors shall be domiciled in the R.O.C. (such domicile being registered with local government authorities). Subject to the foregoing, the number of Independent Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Independent Directors will be held. When an Independent Director ceases to act, resulting in a number of Independent Directors then in office lower than the prescribed minimum number, an election for an Independent Director shall be held at the next general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election of Independent Directors within sixty (60) days from the date on which the situation arose.</p>	<p>total number of Directors at any time, whichever is greater. <b>Two (2)</b> of the Independent Directors shall be domiciled in the R.O.C. (such domicile being registered with local government authorities). Subject to the foregoing, the number of Independent Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Independent Directors will be held. When an Independent Director ceases to act, resulting in a number of Independent Directors then in office lower than the prescribed minimum number, an election for an Independent Director shall be held at the next general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election of Independent Directors within sixty (60) days from the date on which the situation arose.</p>	

\* The revised memorandum of association and articles of association of the company shall be subject to the English version; if it is only the errata of the memorandum of association and articles of association of the company, the updated version of the company law of the British Cayman Islands quoted, the code correction does not involve substantial changes, or It is only for the text adjustment of the Chinese translation and will not be listed.

## Asia Plastic Recycling Holding Limited

### Comparison of Amendments to Shareholders' meeting Rules of Procedures

Amended provisions	Current provision	Description
<p>Article 3</p> <p>Unless otherwise specified by law, shareholders' meetings are to be convened by the board of directors.</p> <p><u>The method of convening shareholders' meetings, if changes, shall be resolved by the board of directors, and not later than sending the shareholders' meeting notice. The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms and the originals of and explanatory materials related to all proposals, including proposals for ratification, matters for deliberation or the election or dismissal of directors or supervisors and upload them to the Market Observation Post System (MOPS) at least 30 days before the date of an annual general meeting or 15 days before the date of an extraordinary shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. However, in the case of the Company with</u></p>	<p>Article 3</p> <p>Unless otherwise specified by law, shareholders' meetings are to be convened by the board of directors.</p> <p><u>To convene a regular shareholders' meeting, the agenda handbook shall be prepared, and shareholders shall be notified 30 days prior to the meeting. The notice of the shareholders' meeting to be given by an issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement uploaded to Market Observation Post System (MOPS). For special shareholders' meeting, the notice shall be given 15 days prior to the meeting, and to the shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement uploaded to MOPS 15 days prior to the meeting.</u> The Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder</p>	<p>I. Paragraph 1, previous Paragraphs 4 to 9 are not amended.</p> <p>II. To have the shareholders be informed that the method of convening the shareholders' meeting changes, such change shall be resolved by the board of directors, and not later than sending the shareholders' meeting notice. Thus, Paragraph 2 is added.</p> <p>III. Pursuant to the Sample Template, the information to be prepared as the electronic files, and deadline to upload such to MOPS specified in the first half of Paragraph 3 is amended. In addition, pursuant to Article 6 of the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies amended and announced on December 16, 2021, it specifies that a TWSE or TPEX listed company with paid-in capital reaching NT\$10 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland</p>



Amended provisions	Current provision	Description
<p><u>paid-in capital reaching NT\$10 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the regular shareholders' meeting in the most recent fiscal year, it shall upload the aforesaid electronic file by 30 days prior to the day on which the regular shareholders' meeting is to be held.</u> Physical copies of the shareholders' meeting handbook and supplementary information shall be prepared at least 15 days before the meeting, and made accessible to shareholders upon request. These documents must also be placed within the Company's premises and at the stock transfer agent.</p> <p><u>The agenda handbook and meeting supplemental information in the preceding paragraph, shall be provided to the shareholders for reference on the date of the shareholders' meeting in the following manners:</u></p> <p><u>I. For the physical shareholders' meeting, such information shall be distributed at the site of the meeting.</u></p> <p><u>II. For the video-assisted shareholders' meeting, such information shall be distributed</u></p>	<p>services agent designated thereby <u>as well as being distributed on-site at the meeting place.</u></p> <p>The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. The Company shall specify in the notice of meeting the time and place for acceptance of shareholders' registration and other matters to be noted. Admission of meeting participants shall begin at least 30 minutes before the meeting commences. The reception area must be clearly labeled and stationed with competent personnel.</p>	<p>Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the regular shareholders' meeting in the most recent fiscal year, it shall upload the aforesaid electronic file by 30 days prior to the day on which the regular shareholders' meeting is to be held, for the foreign and Chinese shareholders to read the shareholders' meeting related information as early as possible; therefore Paragraph 3 is amended.</p> <p>IV. As the public companies may convene shareholders' meetings by means of visual communication network, the Company holds the physical shareholders' meeting, or alternative, by means of visual communication network. To enable the shareholders review the shareholders' meeting agenda handbook and supplemental materials on the date of meeting whether attending person or via visual communication network, Paragraph 2 is amended, and Paragraph 4 is added.</p> <p>V. To cope with the definition of shareholders in short format and specify the time and procedure for</p>

Amended provisions	Current provision	Description
<p><u>at the site of the meeting, and transmitted to the video conference platform as the electronic files.</u></p> <p><u>III. Where a shareholders' meeting is convened in the manner of video conference, such information shall be transmitted to the video conference platform as electronic files.</u></p> <p>The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. The Company shall specify the shareholders, <u>proxy solicitors, proxy agents ("shareholders" hereafter)</u>, time and location for shareholder registration in the meeting notice as well as other matters requiring attention. Admission of meeting participants shall begin at least 30 minutes before the meeting commences. The reception area must be clearly labeled and stationed with competent personnel. <u>The time during which shareholder attendance registrations will be accepted at the video conference platform shall be at least 30 minutes prior to the time the meeting commences. The shareholders accepted are deemed to have attended the meeting in person.</u></p> <p>Omitted below.</p>	<p>Omitted below.</p>	<p>shareholder registration visual communication network, Paragraph 5 is amended.</p>

Amended provisions	Current provision	Description
<p>Article 4</p> <p>Shareholders attending the meeting should show the power of attorney issued by the company that specifies the scope of authorization and the commissioned representative.</p> <p>Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must be received by the Company at least 5 days before the shareholders' meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw from the previous proxy arrangement.</p> <p>Should the shareholder decide to attend a shareholders' meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by the Company, a written notice must be sent to the Company by no later than 2 days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, the vote of the proxy attendant shall prevail.</p> <p><u>After a proxy form has been delivered to the Company, if the shareholder intends to</u></p>	<p>Article 4</p> <p>Shareholders attending the meeting should show the power of attorney issued by the company that specifies the scope of authorization and the commissioned representative.</p> <p>Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must be received by the Company at least 5 days before the shareholders' meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw from the previous proxy arrangement.</p> <p>Should the shareholder decide to attend a shareholders' meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by the Company, a written notice must be sent to the Company by no later than 2 days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, the vote of the proxy attendant shall prevail.</p>	<p>I. Paragraphs 1 to 3 are not amended.</p> <p>II. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or exercise voting rights by correspondence or electronically, a written notice of proxy cancellation should be submitted to the Company 2 days before the meeting. Therefore Paragraph 4 is added.</p>

Amended provisions	Current provision	Description
<p><u>attend the meeting in person or exercise voting rights by correspondence or electronically, a written notice of proxy cancellation should be submitted to the Company 2 days before the meeting. If the cancellation notice is submitted after that time, the exercise of voting right by the proxy in the meeting shall prevail.</u></p>		
<p>Article 5 (Principles determining the place and time of a shareholders' meeting)  Shareholders' meeting should be held at the location of the Company or the place convenient for the shareholders and suitable for the meeting occasion. The meeting should not be earlier than 9 am or later than 3 pm. Independent directors' opinions on the meeting place and time shall also be fully considered.  <u>When the Company convenes the video shareholders' meetings, the restrictions of convention location in the preceding paragraph do not apply.</u></p>	<p>Article 5 (Principles determining the place and time of a shareholders' meeting)  Shareholders' meeting should be held at the location of the Company or the place convenient for the shareholders and suitable for the meeting occasion. The meeting should not be earlier than 9 am or later than 3 pm. Independent directors' opinions on the meeting place and time shall also be fully considered.</p>	<p>I. The current provision is moved to Paragraph 1 without being amended.  II. Paragraph 2 is added to specify that when the Company convenes the video shareholders' meetings, the restrictions of convention location in the preceding paragraph do not apply.</p>
<p>Article 6 (Preparation of documents such as the attendance book)  The Company shall provide an attendance ledger for the attending shareholders to sign in, or have the attending shareholders turn in their attendance cards as to sign in.  The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's</p>	<p>Article 6 (Preparation of documents such as the attendance book)  The Company shall provide an attendance ledger for the attending shareholders and their proxies ("shareholders" hereafter) to sign in, or have the attending shareholders turn in their attendance cards to sign in.  The Company shall furnish attending shareholders with the meeting agenda</p>	<p>I. In Paragraph 5 of Article 3, the definition of shareholders in short format is specified, and thus Paragraph 1 is amended.  II. Where shareholders intend to attend in the manner of video conference shall register with the Company at least two days prior to the meeting date. Therefore,</p>

Amended provisions	Current provision	Description
<p>slips, voting slips, and other meeting materials.</p> <p>Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>Shareholders shall attend shareholders' meetings by presenting valid conference pass, attendance card or other document of similar nature. The Company may not request shareholders to present additional documentary proof unless specified in advance. Proxy form acquirers are required to bring identity proof for verification.</p> <p>Where the shareholder is a government agency or corporate entity, more than one proxy may attend the shareholders' meeting. Corporate entities that have been designated as proxy attendants can only appoint one representative to attend a shareholders' meeting.</p> <p><u>Where the Company convenes the video shareholders' meetings, and shareholders intend to attend in the manner of video conference shall register with the Company at least two days prior to the meeting date.</u></p> <p><u>Where the Company convenes the video shareholders' meetings, the Company shall upload the agenda handbook, annual reports and other related information to the video conference platform for the shareholders' meeting, and retain the</u></p>	<p>book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials.</p> <p>Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.</p> <p>Shareholders shall attend shareholders' meetings by presenting valid conference pass, attendance card or other document of similar nature. The Company may not request shareholders to present additional documentary proof unless specified in advance. Proxy form acquirers are required to bring identity proof for verification.</p> <p>Where the shareholder is a government agency or corporate entity, more than one proxy may attend the shareholders' meeting. Corporate entities that have been designated as proxy attendants can only appoint one representative to attend a shareholders' meeting.</p>	<p>Paragraph 5 is added.</p> <p>V. To enable the shareholders attending shareholders' meeting in the manner of video conference to read the agenda handbook and annual report, among other information, the Company shall upload the information to the video conference platform for the shareholders' meeting. Therefore, Paragraph 6 is added.</p>

Amended provisions	Current provision	Description
<p><u>disclosure of such until the meeting ends.</u></p> <p><u>Article 6-1 (Matters to be specified in the meeting notice when the video shareholders' meetings are convened)</u></p> <p><u>Where the Company convenes the video shareholders' meetings, the meeting notice shall specify the following matters:</u></p> <p><u>I. The method for shareholders to attend the video conference and exercise their rights.</u></p> <p><u>II. The handling method when the video conference platform or participation in the manner of video conference fails due to force majeure, such as natural disasters or incidents, and the follows shall be at least included:</u></p> <p><u>(I) Time and date for the postponement or re-convention when the aforesaid continual failure cannot be eliminated and thus a postponement or re-convention is required.</u></p> <p><u>(II) The shareholders who have not registered to attend the first shareholders' meeting must not attend the postponed or re-convened meeting.</u></p> <p><u>(III) Where the Company convenes the video-assisted shareholders' meetings, and when the video meeting is discontinued, if the total attending shares still meet the</u></p>		<p>I. The article is added.</p> <p>II. To enable the shareholders be informed with the rights and restriction related to attendance in shareholders' meeting, it is specified that the contents of meeting notice shall include the method for shareholders to attend the video conference and exercise their rights; the handling method when the video conference platform or participation in the manner of video conference fails due to force majeure, such as natural disasters or incidents, at least including time and date for the postponement or re-convention, and when to postpone or re-convene meetings after discontinuation; and pursuant to Paragraphs 1, 2, 4, and 5 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the handling method where the results of all proposal are announced but the extempore motions are not proceeded, and where the Company convenes the video shareholders' meetings, the proper alternatives provided for the shareholders having difficulties attending in the manner of a video</p>

Amended provisions	Current provision	Description
<p><u>statutory quorum for shareholders' meeting commencement after deducting these shares held by the shares attending the meeting via video conference, the meeting shall continue; the shares held by the shares attending the meeting via video conference shall be included in the total shares of the attending shareholders, but deemed abstaining for all proposals in the concerned shareholders' meeting.</u></p> <p><u>(IV) The handling method where the results of all proposals are announced but the extempore motions do not proceed.</u></p> <p><u>III. Where the Company convenes the video shareholders' meetings, the proper alternatives provided for the shareholders having difficulties attending in the manner of a video conference shall be specified.</u></p>		conference shall be specified.
<p>Article 7 (The chair and non-voting participants of a shareholders' meeting)</p> <p>The chairman should chair the meeting convened by the board of directors. <u>The vice-chairman is to chair the meeting on behalf of the chairman if the chairman takes the day off or for any reason cannot exercise the power. The chairman is to appoint a managing director on behalf of</u></p>	<p>Article 7 (The chair and non-voting participants of a shareholders' meeting)</p> <p>The chairman should chair the meeting convened by the board of directors. One director <u>shall</u> be appointed to act on the chairman's behalf if the chairman takes the day off or for any reason cannot exercise the power; <u>In the event that the chairman does not appoint anyone, elect</u></p>	Previous Paragraphs 2 to 4 are not amended, but Paragraph 1 is amended and Paragraph 2 is added pursuant to the Sample Template.

Amended provisions	Current provision	Description
<p><u>the vice-chairman if the vice-chairman cannot attend the meeting due to the aforementioned reasons.</u> A director is assigned if there is no managing director. In the event that the chairman does not appoint anyone, the <u>managing director or</u> the elect one director.</p> <p><u>The chairperson position mentioned above shall be assumed by a managing director or director, who has been on the board for more than six months and possesses adequate understanding of the Company's financial and business performance. The same applies if the chairperson is a representative of a corporate director.</u></p> <p>The shareholders' meeting convened by the board of directors shall be personally hosted by the chairman of the board. More than half of the directors, at least one supervisor (if any), and at least one representing member of various functional committees are advised to attend the meeting in person, and the attendance shall be recorded in the meeting minutes.</p> <p>For the meeting that is convened by the ones with the convening authority outside of the board, the meeting should be chaired by convening authority. One person should be selected to chair the meeting if there are more than two presents.</p> <p>The Company may summon its lawyers,</p>	<p>one director to act on the chairman's behalf.</p> <p>The shareholders' meeting convened by the board of directors shall be personally hosted by the chairman of the board. More than half of the directors, at least one supervisor (if any), and at least one representing member of various functional committees are advised to attend the meeting in person, and the attendance shall be recorded in the meeting minutes.</p> <p>For the meeting that is convened by the ones with the convening authority outside of the board, the meeting should be chaired by convening authority. One person should be selected to chair the meeting if there are more than two presents.</p> <p>The Company may summon its lawyers, certified public accountants or any relevant personnel to be present at shareholder meetings.</p>	



Amended provisions	Current provision	Description
<p>certified public accountants or any relevant personnel to be present at shareholder meetings.</p>		
<p>Article 8 (Documentation of a shareholders' meeting by audio or video)</p> <p>The Company <u>beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures</u>, and retain such recordings for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p> <p><u>Where the Company convenes the video shareholders' meetings, the Company shall record and retain the records of the registration, enrollment, acceptance, inquiries, voting, and the results of vote calculation, and continuously record the video conference thoroughly, both audio and video. The records and audio and video recordings in the preceding paragraphs shall be properly retained during the Company's survival period, and the audio and video recordings are provided to the organizer of the video conference for custody. Where the shareholders' meeting is convened in the</u></p>	<p>Article 8 (Documentation of a shareholders' meeting by audio or video)</p> <p>The Company shall audio <u>or</u> video record <u>the process of the shareholders' meeting</u> and retain the recordings for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p>	<p>I. Revising wordings in Paragraph 1 pursuant to the Sample Template.</p> <p>II. By referring to Article 183 of the Company Act of Taiwan, and the Article 18 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, it is specified that companies shall record and retain the records of the registration, enrollment, acceptance, inquiries, voting, and the results of vote calculation, and continuously record the video conference thoroughly, both audio and video, and retain the recordings during the Company's survival period while providing such to the organizer of the video conference for custody. Therefore, Paragraphs 2 to 3 are added.</p> <p>III. To preserve the data related to the video conference as much as possible, other than specified in Paragraph 2, the Company shall continuously record the video conference thoroughly, both audio and video, but also record the operation interface of the backend at the video conference platform, both</p>

Amended provisions	Current provision	Description
<p><u>manner of video conference, the Company is advised to record the operation interface of the backend at the video conference platform, both video and audio.</u></p>		<p>video and audio. It is because the simultaneous videotaping the screen requires the soft- and hardware and information security of certain specifications, the Company may specify such in the Rules of Procedure for Shareholders' meetings depending on the equipment and feasibility. Therefore, Paragraph 4 is added.</p>
<p>Article 9</p> <p>Attendance at a shareholders' meeting shall be calculated based on shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, <u>shares registered at the video conference platform</u>, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and the number of shares represented by shareholders attending the meeting.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may</p>	<p>Article 9</p> <p>Attendance at a shareholders' meeting shall be calculated based on shares. The number of shares in attendance is counted based on the attendance book or the submitted attendance card, together with the shares with the written or electronic voting rights.</p> <p>The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and the number of shares represented by shareholders attending the meeting.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for</p>	<p>I. Paragraph 2 is not amended.</p> <p>II. To specify that the number of shares in attendance shall include shares registered at the video conference platform when the shareholders' meeting is convened in the manner of video conference. Paragraph 1 is amended accordingly.</p> <p>III. Where the Company convenes the video shareholders' meetings, for any meeting adjournment, the Company shall announce the meeting adjournment on the video conference platform, to inform the shareholders immediately. Paragraph 3 is amended accordingly.</p> <p>IV. Pursuant to the Sample Template, Paragraphs 4 and 5 are added for the requirement of tentative resolution; where tentative resolution is adopted</p>

Amended provisions	Current provision	Description
<p>announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>Where the Company convenes the video shareholders' meetings, the Company shall announce the meeting adjournment on the video conference platform.</u></p> <p><u>If the quorum is not met after two postponements but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act. All shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month. Where the Company convenes the video shareholders' meetings, and shareholders intend to attend in the manner of video conference shall register again with the Company per Article 6.</u></p> <p><u>If the attending shareholders represent more than half of the total issued shares before the end of the meeting, the chair is to make</u></p>	<p>a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.</p>	<p>to re-convene the shareholders' meeting, shareholders intend to attend in the manner of video conference shall register again with the Company.</p>

Amended provisions	Current provision	Description
<p><u><a href="#">a tentative resolution and re-submit it for a shareholder's vote in accordance with Article 174 of the Company Act of Taiwan.</a></u></p>		
<p>Article 11 (Shareholder speech)  Before speaking, the attending shareholders should first fill out speech notes clearly stating the purpose, account number (or the attendance pass number) or account name and allow the chair to determine the order to give the speech.  The attending shareholders are considered to offer no statement if they only provide speech notes without giving statements. In the event where the content of the statement is inconsistent with the speech note, the content of the statement should prevail.  Each shareholder shall not make more than two statements for the same proposals without the chairman's agreement, and each statement shall not exceed five minutes. If the shareholder's statement violates the rules or exceeds the scope of the issue, the chairman shall halt the statement.  When an attending shareholder is making a statement, other shareholders shall not speak unless given permission by the chairman and the speaking shareholder. Violators shall be halted by the chairman.</p>	<p>Article 11 (Shareholder speech)  Before speaking, the attending shareholders should first fill out speech notes clearly stating the purpose, account number (or the attendance pass number) or account name and allow the chair to determine the order to give the speech.  The attending shareholders are considered to offer no statement if they only provide speech notes without giving statements. In the event where the content of the statement is inconsistent with the speech note, the content of the statement should prevail.  Each shareholder shall not make more than two statements for the same proposals without the chairman's agreement, and each statement shall not exceed five minutes. If the shareholder's statement violates the rules or exceeds the scope of the issue, the chairman shall halt the statement.  When an attending shareholder is making a statement, other shareholders shall not speak unless given permission by the chairman and the speaking shareholder.</p>	<p>I. Paragraphs 1 to 6 are not amended.  II. To specify the approach, procedures, and restriction of inquiry for these shareholders attending in the manner of video conference, Paragraph 7 is added accordingly.  III. To assist other shareholders to understand the content of the inquiries raised by shareholders, other than screening the inquiries irrelevant to the proposals in the shareholders' meeting, it is advisable to disclose other shareholders' inquiries. Paragraph 8 is added accordingly.</p>

Amended provisions	Current provision	Description
<p>The corporate shareholders who assign more than two legal representatives to attend the meeting can only have one person give speech for a motion. After an attending shareholder speaks, the chairman shall personally answer or designate a person to answer.</p> <p><u>In shareholders' meetings, the shareholders attending in the manner of video conference may inquire with text at the video conference platform of the meeting since the chair announces the meeting commencement till the adjournment. No more than two inquiries shall be raised for each proposal, and the maximum length is 200 words. Paragraphs 1 to 5 are not applicable.</u></p> <p><u>Where the inquiries in the preceding paragraph do not violate the requirements, or are within the scope of agenda, it is advisable to disclose the inquiries at the video conference platform of the meeting for the public knowledge.</u></p>	<p>Violators shall be halted by the chairman. The corporate shareholders who assign more than two legal representatives to attend the meeting can only have one person give speech for a motion. After an attending shareholder speaks, the chairman shall personally answer or designate a person to answer.</p>	
<p>Article 13</p> <p>Every share represents one vote unless it is restricted or deemed non-voting shares under Paragraph 2, Article 179, the Company Act of Taiwan.</p> <p>Shareholders may exercise their voting power by electronic transmission or in correspondence in shareholder meetings,</p>	<p>Article 13</p> <p>Every share represents one vote unless it is restricted or deemed non-voting shares under Paragraph 2, Article 179, the Company Act of Taiwan.</p> <p>Shareholders may exercise their voting power by electronic transmission or in correspondence in shareholder meetings,</p>	<p>I. Paragraphs 1 to 3, and previous Paragraphs 5, 7 to 9 are not amended.  II. To specify that after a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting via video conference, a written</p>

Amended provisions	Current provision	Description
<p>and the exercise method shall be specified in the notice of shareholders' meetings. Shareholders exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, this is also considered to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore recommended that the Company avoids the submission of extraordinary motions and amendments to original proposals.</p> <p>Shareholders exercising voting rights by correspondence or electronic means shall deliver their declaration of intent to the Company at least two days before the shareholders' meeting. If there is a repetition of the declaration of intent, whichever delivered the first will be served, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>After a shareholder exercises voting rights by correspondence or electronically, if the shareholder intends to <u>attend the meeting in person or via video conference</u>, a written notice of proxy cancellation in the same manner of exercising the voting right shall be submitted to the Company before two days prior to the meeting date. If the cancellation notice is submitted after that</p>	<p>and the exercise method shall be specified in the notice of shareholders' meetings. Shareholders exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, this is also considered to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore recommended that the Company avoids the submission of extraordinary motions and amendments to original proposals.</p> <p>Shareholders exercising voting rights by correspondence or electronic means shall deliver their declaration of intent to the Company at least two days before the shareholders' meeting. If there is a repetition of the declaration of intent, whichever delivered the first will be served, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>After a shareholder exercises voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised no</p>	<p>declaration of intent to retract the voting rights already exercised shall be made known by the same means by which the voting rights were exercised, Paragraph 4 is amended accordingly.</p> <p>III. For the previous Paragraph 6, the regulations have been amended as the passage by voting, and thus the paragraph is deleted.</p> <p>IV. Where the Company convenes the video shareholders' meetings, to permit sufficient voting time for these shareholders attending the shareholders' meeting, they may vote for all original proposals up_the Chairman's declaration of the meeting commencement until the declaration of voting ending, as well as counting votes at once to cope with the voting time of shareholder attending the shareholders' meeting. Thus Paragraphs 9 and 10 are added.</p> <p>V. The shareholders who already have registered to attend the meeting in the manner of video conference, intend to attend the off-line shareholders' meeting in person, shall withdraw the registration in the same manner of registration two days prior to the shareholders' meeting date; these who miss the deadline</p>

Amended provisions	Current provision	Description
<p>time, the voting rights exercised by correspondence or electronically prevail. If a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Unless otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During the voting process, the chair or the designated personnel announces the total number of the eligible voting rights of the attending shareholders case by case and then carries out the voting. On the same day of the meeting, the number of agree, disagree and abstain are entered into the Market Observation Post System.</p> <p>For the amendment or substitute of the same motion, the chair is to combine it with the original motion to determine the vote order. If one of the proposals has been passed, the other proposals are viewed as denied and no more voting will be conducted.</p> <p>The monitoring and counting personnel for the proposal voting should be assigned by</p>	<p>later than 2 days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. If a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Unless otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During the voting process, the chair or the designated personnel announces the total number of the eligible voting rights of the attending shareholders case by case and then carries out the voting. On the same day of the meeting, the number of agree, disagree and abstain are entered into the Market Observation Post System.</p> <p><u>Within the extent permitted by laws, for the motion that the chair consults every attending shareholder without any objection, it is considered passed with the same effectiveness as the voting. In case of any objection, voting should be taken in</u></p>	<p>may only attend the shareholders' meeting in the manner of a video conference. Paragraph 11 is added accordingly.</p> <p>VI. By referring to the explanatory letter Jing-Shang-Zi No.10102404740 dated February 24, 2012, and Jing-Shang-Zi No.10102414350, dated May 3 in the same year by MOEA of Taiwan, shareholders who exercise the vote in the manner of writing or electronic method, without withdrawing their expressions of intents, must not exercise the votes to the original proposal, nor propose any amendment to the original proposal; but they may attend the shareholders' meeting in person and propose extempore motions on-site and exercise the voting right. Also, by considering that both writing and electronic method are the ways for shareholders to exercise their rights, based on the fair treatment principle, voting via correspondence shall be treated as the aforesaid electronic voting, to protect shareholders' interests. Thus, in Paragraph 12, it is specified that those who exercise the vote in the manner of writing or electronic method, without</p>

Amended provisions	Current provision	Description
<p>the chair, and the monitoring personnel should have a shareholder status.</p> <p>Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting and made into record.</p> <p><u>Where the Company convenes the video shareholders' meetings, the shareholders attending in the manner of video conference shall vote via the video conference platform to each proposal and election after the Chairman declares the meeting commencement. Such voting shall be completed before the Chairman declares the end of voting; anyone who misses the deadline is deemed abstention.</u></p> <p><u>Where the Company convenes the video shareholders' meetings, the votes shall be calculated at once upon the end of voting declared by the chair, and announce the results of voting or elections.</u></p> <p><u>Where the Company convenes the video-assisted shareholders' meetings, the shareholders who already have registered to attend the meeting in the manner of video conference pursuant to the regulations, but then intend to attend the off-line</u></p>	<p><u>accordance with the paragraph above. Other than the proposals listed in the agenda, for other proposals, or the amendment or an alternative to a proposal proposed by a shareholder shall be seconded by other shareholders. The shares held by the proposer and shareholders second the proposal shall be at least 1 percent of the total voting rights of the issued shares.</u></p> <p>For the amendment or substitute of the same motion, the chair is to combine it with the original motion to determine the vote order. If one of the proposals has been passed, the other proposals are viewed as denied and no more voting will be conducted.</p> <p>The monitoring and counting personnel for the proposal voting should be assigned by the chair, and the monitoring personnel should have a shareholder status.</p> <p>Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting and made into record.</p>	<p>withdrawing their expressions of intents, and attending the meeting in the manner of video conference, other than the extempore motions, must not exercise the votes to the original proposal, propose any amendment to the original proposal, or exercise the votes to the amendment to the original proposal, other than extempore motions.</p>



Amended provisions	Current provision	Description
<p><u>shareholders' meeting in person, shall withdraw the registration in the same manner of registration two days prior to the shareholders' meeting date; these who miss the deadline may only attend the shareholders' meeting in the manner of a video conference.</u></p> <p><u>Those who exercise the vote in the manner of writing or electronic method, without withdrawing their expressions of intents, and attending the meeting in the manner of video conference, other than the extempore motions, must not exercise the votes to the original proposal, propose any amendment to the original proposal, or exercise the votes to the amendment to the original proposal, other than extempore motions.</u></p>		
<p>Article 15</p> <p>The voted issues should be made into a resolution record signed or stamped by the chair and then distributed to each shareholder within twenty days after the meeting. The production and the distribution of the resolution record can be made electronically.</p> <p>The distribution of the <u>aforementioned resolutions</u> can be <u>entered into the Market Observation Post System</u> to be publicly announced.</p> <p>The resolution proceedings should correctly record the year, month, day, venue, name of</p>	<p>Article 15</p> <p>The voted issues should be made into a resolution record signed or stamped by the chair and then distributed to each shareholder within twenty days after the meeting. The production and the distribution of the resolution record can be made electronically.</p> <p>The distribution of the meeting minute may be made by public announcement.</p> <p>The resolution proceedings should correctly record the year, month, day, venue, name of the chair, voting method, the essentials of the proceedings and the</p>	<p>I. Paragraphs 1 and 3 are not amended.</p> <p>I. Revising wordings in Paragraph 2 pursuant to the Sample Template.</p> <p>III. For the previous Paragraph 4, the regulations have been amended as the passage by voting, and thus the paragraph is deleted.</p> <p>IV. To enable the shareholders to understand the results of convened meeting, and the alternative measures for the shareholders with digital gap, and handling of the communication interruption, it is required that when preparing the shareholders' meeting</p>

Amended provisions	Current provision	Description
<p>the chair, voting method, the essentials of the proceedings and the voting results (including the statistical weights). If there is an election of directors and supervisors, the votes received by each nominee shall also be disclosed. These records are to be kept permanently during the Company's existence.</p> <p><u>Where the Company convenes the video shareholders' meetings, other than the matters to be recorded as required in the preceding paragraph, the starting and ending time of the shareholders' meeting, convention method of the meeting, names of the chair and record-keeper, and the handling method when the video conference platform or participation in the manner of video conference fails due to disasters, incidents or other force majeure, and the handling status shall be specified.</u></p> <p><u>Where the Company convenes the video shareholders' meetings, other than complying with the preceding paragraph, the minutes shall also specify the alternatives for the shareholders having difficulties to attend in the manner of video conference.</u></p>	<p>voting results (including the statistical weights). If there is an election of directors and supervisors, the votes received by each nominee shall also be disclosed. These records are to be kept permanently during the Company's existence.</p> <p><u>Within the extent permitted by laws, where the approach for resolution in the preceding paragraph, is for the motion that the chair consults every attending shareholder without any objection, such resolution shall be recorded as "all attending shareholders were consulted by the chair and passed without objection;" provided, shall there be any objection voiced by any shareholders, such shall be specified the approach of voting, and the number of voting rights in favor, and the percentage of the rights.</u></p>	<p>minutes, other than the matters required in Paragraph 3, the starting and ending time of the shareholders' meeting, convention method of the meeting, names of the chair and record-keeper, and the handling method when the video conference platform or participation in the manner of video conference fails due to disasters, incidents or other force majeure, and the handling status shall be specified. Paragraph 4 is added accordingly.</p> <p>V. Where the Company convenes the video shareholders' meetings, the proper alternatives provided for the shareholders having difficulties attending in the manner of a video conference shall be specified in the meeting notice; therefore, it is specified that the minutes shall also specify the alternatives for the shareholders having difficulties to attend in the manner of video conference. Paragraph 5 is added accordingly.</p>
<p>Article 16 (Public disclosure)</p> <p>On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number</p>	<p>Article 16 (Public disclosure)</p> <p>The number of shares owned by the solicitors and the entrusted proxies is compiled into a chart with a prescribed</p>	<p>I. To enable the shareholders to know the shares obtained by solicitors through solicitation, the number of shares represented by proxies, and</p>

Amended provisions	Current provision	Description
<p>of shares obtained by solicitors through solicitation, the number of shares represented by proxies, and the <u>shares attending by correspondence or electronically</u>, and shall make an express disclosure of the same at the place of the shareholders' meeting. <u>The Company shall upload the aforesaid information to the video conference platform for the shareholders' meeting, at least 30 minutes prior to the meeting, and retain the disclosure of such until the meeting ends. Where the Company convenes the video shareholders' meetings, the total shares held by the shareholders attending the meeting shall be disclosed at the video conference platform. If the total shares and voting rights of the attending shareholders are counted during the meeting, the same applies.</u></p> <p>The Company must disclose on MOPS in a timely manner any shareholder meeting resolutions that constitute material information as defined by law or the rules of Taiwan Stock Exchange Corporation (or Taipei Exchange in Taiwan (if applicable)).</p>	<p>format on the meeting day and is disclosed clearly at the meeting venue. The Company must disclose on MOPS in a timely manner any shareholder meeting resolutions that constitute material information as defined by law or the rules of Taiwan Stock Exchange Corporation (or Taipei Exchange in Taiwan (if applicable)).</p>	<p>shares attending by correspondence or electronically, the Company shall disclose clearly in the venue of the shareholders' meeting. In case of convention via video conference, the Company shall upload such to the video conference platform for the shareholders' meeting. Paragraph 1 is added accordingly.</p> <p>II. For the shareholders attending shareholders' meeting via video conference to know if the attending rights have reached the quorum for commencing the meeting, it is specified that Where the Company convenes the video shareholders' meetings, the total shares held by the shareholders attending the meeting shall be disclosed at the video conference platform, and if the total shares and voting rights of the attending shareholders are counted during the meeting, shall also be disclosed at the video conference platform. Paragraph 2 is added accordingly.</p>
<p><u>Article 19 (Information disclosure for video conference)</u></p> <p><u>Where the shareholders' meetings are convened in the manner of video</u></p>		<p>I. The article is added.</p> <p>II. For the shareholders attending shareholders' meeting via video conference to know the voting of</p>

Amended provisions	Current provision	Description
<p><u>conference, the Company shall disclose the voting result of each proposal and election results at the video conference platform for the shareholders' meeting, and retain the disclosure at least 15 minutes after the chair declares adjournment.</u></p>		<p>each proposal and the election results, and defined the sufficient information disclose time, the article is added.</p>
<p><u>Article 20 (Locations of the chair and the record-keeper of video shareholders' meeting)</u>  <u>When the Company convenes the video shareholders' meetings, the chair and the record-keeper shall be at the same location in Taiwan. The chair shall announce the address of this location.</u></p>		<p>I. The article is added.  II. When the Company convenes the video shareholders' meetings, the chair and the record-keeper shall be at the same location within Taiwan. The chair shall announce the address of this location; and for the shareholders to know the location of the chair, the chair shall also announce his/her location at the commencement of the meeting. The paragraph is added accordingly.</p>
<p><u>Article 21 (Handling communication interruption)</u>  <u>Where the shareholders' meeting is convened in the manner of video conference, the Company may provide the shareholders with a simple connection test, and the related services before and during the meeting in real-time, to help to handle technical problems in communications.</u>  <u>Where the shareholders' meeting is convened in the manner of video conference, the chair, when declaring the meeting commencement, shall also declare the events not requiring postponement or</u></p>		<p>I. The article is added.  II. To reduce the communication problems of video conferences, the Company may provide the shareholders with a simple connection test, and the related services before and during the meeting in real-time, to help to handle technical problems of communications. Paragraph 1 is added accordingly.  III. Where the shareholders' meeting is convened in the manner of video conference, the chair, when declaring</p>

Amended provisions	Current provision	Description
<p><u>re-convention specified in Paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies; before the chair declares the adjournment, in the event where the video conference platform or the participation in the video conference fails for 30 minutes or more due to natural disasters, incidents, or other force majeure, the date of the shareholders' meeting postponed to, or re-convened shall be within five days, and Article 182 of the Company Act shall not apply.</u></p> <p><u>Where the meeting is to be postponed or re-convened as specified in the preceding paragraph, the shareholders who have not registered to attend the first shareholders' meeting must not attend the postponed or re-convened meeting.</u></p> <p><u>For the meeting is to be postponed or re-convened as specified in Paragraph 2, the shareholders who registered to attend the original meeting via the video conference, and have completed the acceptance, but not attend the postponed or re-convened meeting, their attending shares at the original meeting, the exercised voting right and election right, shall be counted into the total shares, voting rights, and election rights of the attending shareholders in the postponed or re-convened meeting.</u></p>		<p>the meeting commencement, in the event where the video conference platform or the participation in the video conference fails for 30 minutes or more due to natural disasters, incidents, or other force majeure, the date of the shareholders' meeting postponed to, or re-convened shall be within five days, and Article 182 of the Company Act shall not apply. Paragraph 2 is added accordingly. Where the failure of convening or attending a video conference due to the intentional or unintentional conduct of the Company, video conference platform, shareholders, solicitors, or proxies are excluded from this article.</p> <p>IV. Where the Company postpones or re-convenes any shareholders' meeting as specified in Paragraph 2, pursuant to Paragraph 2, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the shareholders (solicitors and proxies included) have not registered to attend the first shareholders' meeting must not attend the postponed or re-convened meeting. Paragraph 3 is added accordingly. It is also specified that where the Company</p>

Amended provisions	Current provision	Description
<p><u>The postponement or re-convention of shareholders' meetings conducted per Paragraph 2 needs not again discuss and resolve the proposal that has completed voting and vote calculation, with the announcement of voting results, or the list of elected directors and supervisors.</u></p> <p><u>Where the Company convenes the video-assisted shareholders' meetings, and when the video meeting is discontinued as specified in Paragraph 2 and the total attending shares still meet the statutory quorum for shareholders' meeting commencement, the postponement or re-convention of the meeting per Paragraph 2 is not required.</u></p> <p><u>Under the circumstances to continue the meeting as specified in the preceding paragraph, the shares held by the shares attending the meeting via video conference shall be included in the total shares of the attending shareholders, but deemed abstaining for all proposals in the concerned shareholders' meeting.</u></p> <p><u>Where the Company postpones or re-convenes any shareholders' meeting as specified in Paragraph 2, the pre-requisite operations shall be conducted based on the original shareholders' meeting date, and pursuant to Paragraph 7, Article 44-20 of the Regulations Governing the</u></p>		<p>convenes the video-assisted shareholders' meetings, the shareholders attend the physical meeting may attend the postponed or re-convened physical meeting.</p> <p>V. For the meeting is to be postponed or re-convened as specified in Paragraph 2, pursuant to Paragraph 3, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the shareholders (solicitors and proxies included) who registered to attend the original meeting via the video conference, and have completed the acceptance, but not attend the postponed or re-convened meeting, their attending shares at the original meeting, the exercised voting right and election right, shall be counted into the total shares, voting rights, and election rights of the attending shareholders in the postponed or re-convened meeting. Paragraph 4 is added accordingly.</p> <p>VI. For the meetings discontinued due to communication errors, and have to be postponed or re-convened, the proposal that has completed voting and vote calculation, with the announcement of voting results, or</p>

Amended provisions	Current provision	Description
<p><u>Administration of Shareholder Services of Public Companies.</u></p> <p><u>For the periods specified in the latter part of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Paragraph 2 of Article 44-5, Article 44-15, Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall proceed on the date of the postponed or re-convened shareholders' meeting as specified in Paragraph 2.</u></p>		<p>the list of elected directors and supervisors are deemed resolved, and no need to discuss and resolve again, to save the time and costs for the postponed or re-convened meeting. Paragraph 5 is established accordingly.</p> <p>VII. By considering that video-assisted shareholders' meetings will be proceeded along with the physical meeting and video conference when the video meeting is discontinued due to force majeure, as there is the physical meeting in progress, if the total attending shares still meet the statutory quorum for shareholders' meeting commencement, after deducting the shares attended via video conference, the meeting shall continue, and the postponement or re-convention of the meeting per Paragraph 2 is not required. Paragraph 6 is established according.</p> <p>VIII. Where the Company shall continue the meeting without postponement or re-convention as specified in Paragraph 2, pursuant to Paragraph 5, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the</p>

Amended provisions	Current provision	Description
		<p>shares held by the shareholders (solicitors and proxies included) attending the meeting via video conference shall be included in the total shares of the attending shareholders, but deemed abstaining for all proposals in the concerned shareholders' meeting. Paragraph 7 is established according.</p> <p>IX. By considering the meeting postponed or reconvened due to communication interruption or the original meeting being the same one substantially, the pre-requisite operations are not required as Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies. Paragraph 8 is established according.</p> <p>X. By considering that the video shareholders' meeting is postponed, for the periods specified in the latter part of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Paragraph 2 of Article 44-5, Article 44-15, Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder</p>



Amended provisions	Current provision	Description
		Services of Public Companies, the Company shall disclose the matters to be disclose on the date of shareholders' meeting, on the date of the postponed or re-convened shareholders' meeting. Paragraph 9 is established according.
<p><u>Article 22 (Handling digital gap)</u>  <u>Where the Company convenes the video shareholders' meetings, the minutes shall specify the alternatives for the shareholders having difficulties attending the manner of video conference.</u></p>		<p>I. The article is newly added.  II. Where the Company convenes the video shareholders' meetings, as there may be difficulties for shareholders with digital gap to attend the meeting via video conference, the proper alternatives shall be provided, such as attendance via correspondence or providing the shareholders to rent the required equipment to attend the meeting.</p>
<p>Article <u>23</u>  These Rules are to be announced and implemented after being approved by the shareholders' meeting, and likewise for the revision.</p>	<p>Article 19  These Rules are to be announced and implemented after being approved by the shareholders' meeting, and likewise for the revision.</p>	<p>The number of the article is adjusted to accommodate the additional provisions.</p>

**Asia Plastic Recycling Holding Limited**  
**Comparison Table of Amendments to Procedures for Acquisition or Disposal of Assets**

Amended provisions	Current provision	Reason of amendment
<p>Article 4: For the appraisal report or opinion of accountants, lawyers or securities underwriters obtained by the Company, the professional appraiser and its appraising staff, accountants, lawyers or securities underwriters shall comply with the following requirements:</p> <p>I. Having not been sentenced to fixed-term imprisonment of more than one year for violating the Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, and the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery or business crimes. However, this restriction shall not apply if three years have passed after the completion of</p>	<p>Article 4: For the appraisal report or opinion of accountants, lawyers or securities underwriters obtained by the Company, the professional appraiser and its appraising staff, accountants, lawyers or securities underwriters shall comply with the following requirements:</p> <p>I. Having not been sentenced to fixed-term imprisonment of more than one year for violating the Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, and the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery or business crimes. However, this restriction shall not apply if three years have passed after the completion of</p>	<p>To clarify the procedures to be complied with by the external experts and their responsibility, Paragraph 2 is added to specify that when professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions, they shall comply with the self-regulatory rules of the industry associations to which they belong.</p>

Amended provisions	Current provision	Reason of amendment
<p>execution or expiration of probation or after a pardon.</p> <p>II. Not a related party of or having a substantial relationship with the transaction counterparty.</p> <p>III. If the Company should obtain the appraisal reports of two or more professional appraisers, the different appraisers or appraising staff shall not be related to each other or have a substantial relationship with each other.</p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:</u></p> <p>I. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p>	<p>execution or expiration of probation or after a pardon.</p> <p>II. Not a related party of or having a substantial relationship with the transaction counterparty.</p> <p>III. If the Company should obtain the appraisal reports of two or more professional appraisers, the different appraisers or appraising staff shall not be related to each other or have a substantial relationship with each other.</p>	

Amended provisions	Current provision	Reason of amendment
<p><u>II. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>III. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and</u></p>		

Amended provisions	Current provision	Reason of amendment
<p style="text-align: center;"><u>reasonable, and that they have complied with applicable laws and regulations.</u></p>		
<p>Article 6: Operational Procedures for the Acquisition and Disposal of Properties or Equipment</p> <p>I. Evaluation and Operation Procedures</p> <p>In acquiring or disposing of real property and equipment, the Company shall comply with the property, plant and equipment cycle procedures in the internal control system.</p> <p>II. Determination procedures for transaction conditions and authorized limits</p> <p>(I) For the acquisition or disposal of real estate, the Company shall refer to the announced present value, the appraised value, the actual transaction price of the adjacent real estate, final transaction conditions and transaction price, and file an analysis report to the Chairman. If the amount is RMB 10 million or</p>	<p>Article 6: Operational Procedures for the Acquisition and Disposal of Properties or Equipment</p> <p>I. Evaluation and Operation Procedures</p> <p>In acquiring or disposing of real property and equipment, the Company shall comply with the property, plant and equipment cycle procedures in the internal control system.</p> <p>II. Determination procedures for transaction conditions and authorized limits</p> <p>(I) For the acquisition or disposal of real estate, the Company shall refer to the announced present value, the appraised value, the actual transaction price of the adjacent real estate, final transaction conditions and transaction price, and file an analysis report to the Chairman. If the amount is RMB10 million or</p>	<p>I. By considering that the amendment of Article 4 has added that the external experts shall comply with the self-regulatory rules of the industry associations to which they belong when issuing opinions, which covers the procedures to be complied with by accountants when issuing opinions, the texts “and the accountant shall comply with Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation in the handling” are deleted.</p> <p>II. However, if the announced current value of the same period is applicable and the announcement date was less than six months ago, the original professional appraiser may issue a written opinion.</p>

Amended provisions	Current provision	Reason of amendment
<p>less, it shall be submitted to the Chairman for approval and reported afterwards to the next board meeting for recordation; if the amount exceeds RMB 10 million, it shall be submitted to the board meeting for approval before implementation.</p> <p>(II) The Company shall select either price comparison, negotiation, or tender for acquiring or disposing of real properties. If the amount RMB10 million or less, it shall be approved by each level pursuant to the authorization regulations; if the amount exceeds RMB10 million, it shall be submitted to the President for approval, and then approved by the board of directors before implementation.</p> <p>III. Execution units</p> <p>When acquiring or disposing of real</p>	<p>less, it shall be submitted to the Chairman for approval and reported afterwards to the next board meeting for recordation; if the amount exceeds RMB 10 million, it shall be submitted to the board meeting for approval before implementation.</p> <p>(II) The Company shall select either price comparison, negotiation, or tender for acquiring or disposing of real properties. If the amount RMB 10 million or less, it shall be approved by each level pursuant to the authorization regulations; if the amount exceeds RMB10 million, it shall be submitted to the President for approval, and then approved by the board of directors before implementation.</p> <p>III. Execution units</p> <p>When acquiring or disposing of real</p>	

Amended provisions	Current provision	Reason of amendment
<p>property or equipment the Company shall obtain the approval as the approval authorities in the preceding paragraph, and the unit using the asset and the management unit execute the transaction.</p> <p>IV. Appraisal reports of real property or equipment</p> <p>For the Company's acquiring or disposing of real estate, equipment or its right-of-use assets, other than the transactions with domestic government agencies, commissioned construction of self-own land, commissioned construction of leased land, or acquisition or disposal of equipment or its right-of-use assets for business purposes, if the transaction amount reaches 20% of the paid-in capital of the Company or exceeds NT\$300 million equivalent, the Company shall obtain the appraisal report issued by a professional appraiser before the date of</p>	<p>property or equipment the Company shall obtain the approval as the approval authorities in the preceding paragraph, and the unit using the asset and the management unit execute the transaction.</p> <p>IV. Appraisal reports of real property or equipment</p> <p>For the Company's acquiring or disposing of real estate, equipment or its right-of-use assets, other than the transactions with domestic government agencies, commissioned construction of self-own land, commissioned construction of leased land, or acquisition or disposal of equipment or its right-of-use assets for business purposes, if the transaction amount reaches 20% of the paid-in capital of the Company or exceeds NT\$300 million equivalent, the Company shall obtain the appraisal report issued by a professional appraiser before the date of</p>	

Amended provisions	Current provision	Reason of amendment
<p>occurrence (the parts with appraisal report issued by a professional appraiser obtain are excluded) and comply with the following:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) In case of any of the following circumstances, except that the</p>	<p>occurrence (the parts with appraisal report issued by a professional appraiser obtain are excluded) and comply with the following:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) In case of any of the following circumstances, except that the</p>	



Amended provisions	Current provision	Reason of amendment
<p>appraisal results of the assets obtained are higher than the transaction amount, or the appraisal results of the disposed assets are lower than the transaction amount, the accountant shall be requested to express a concrete opinion about the reasons for the difference and the fairness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</li> </ol> <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional</p>	<p>appraisal results of the assets obtained are higher than the transaction amount, or the appraisal results of the disposed assets are lower than the transaction amount, the accountant shall be requested to <u>handle it in accordance with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation of Taiwan, and</u> express a concrete opinion about the reasons for the difference and the fairness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers is 10</li> </ol>	

Amended provisions	Current provision	Reason of amendment
<p>appraiser and the contract execution date. <u>However, if the announced current value of the same period is applicable and the announcement date was less than six months ago, the original professional appraiser may issue a written opinion.</u></p>	<p>percent or more of the transaction amount.</p> <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date.</p>	
<p>Article 7: Procedures for acquiring or disposing of securities investment</p> <p>I. Evaluation and Operation Procedures:</p> <p>In purchasing or selling long- and short-term securities, the Company shall comply with the invest cycle procedures in the internal control system.</p> <p>II. Determination procedures for transaction conditions and authorized limits:</p> <p>Once the investment is made, the Finance Department will review if the total amount of disbursement when applying for the payment for the investment stays</p>	<p>Article 7: Procedures for acquiring or disposing of securities investment</p> <p>I. Evaluation and Operation Procedures:</p> <p>In purchasing or selling long- and short-term securities, the Company shall comply with the invest cycle procedures in the internal control system.</p> <p>II. Determination procedures for transaction conditions and authorized limits:</p> <p>Once the investment is made, the Finance Department will review if the total amount of disbursement when applying for the payment for the investment stays</p>	<p>I. Adding the reference and exception provision for evaluate transaction prices in Paragraph 4.</p> <p>II. The texts “and the accountant shall comply with Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation in the handling” are deleted, with the identical reason as the reason of amendment for Article 6.</p>

Amended provisions	Current provision	Reason of amendment
<p>within the limit approved by the board of directors, and check if the amount of the investment contract is consistent. Any inconsistency will be returned to the clerk in charge to revise. If correct, the voucher is printed to be approved by each level, and deliver to the cashier for remittance.</p> <p>III. Execution units: When purchasing or selling long- and short-term securities, the Company shall obtain the approval as the approval authorities in the preceding paragraph, and the Finance Department executes the transactions</p> <p>IV. Obtaining accountants' opinions: Where any one of the following circumstances applies with respect to acquisitions or disposals of securities, <u>the latest audited and certified or checked financial statements of the target company shall be taken as the reference for</u></p>	<p>within the limit approved by the board of directors, and check if the amount of the investment contract is consistent. Any inconsistency will be returned to the clerk in charge to revise. If correct, the voucher is printed to be approved by each level, and deliver to the cashier for remittance.</p> <p>III. Execution units: When purchasing or selling long- and short-term securities, the Company shall obtain the approval as the approval authorities in the preceding paragraph, and the Finance Department executes the transactions</p> <p>IV. Obtaining accountants' opinions: II. When acquiring or disposing of securities, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall consult an accountant for a fair opinion on the transaction price</p>	

Amended provisions	Current provision	Reason of amendment
<p><u>evaluating the trading price before the date of occurrence.</u> In addition, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall consult an accountant for a fair opinion on the transaction price before the date of occurrence (except for the part to which the opinion of accountant is obtained). <u>However, this restriction does not apply if the securities are publicly quoted in an active market or there are other applicable requirements by the Financial Supervisory Commission of Taiwan:</u></p> <p>(I) Acquiring or disposing of securities not trading on securities exchanges or OTC markets.</p> <p>(II) Acquiring or disposing of securities privately placed.</p>	<p>before the date of occurrence (except for the part to which the opinion of accountant is obtained). <u>If the accountant needs to use an expert report, he should follow the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.</u></p> <p>(I) Acquiring or disposing of securities not trading on securities exchanges or OTC markets.</p> <p>(II) Acquiring or disposing of securities privately placed.</p>	
Article 8: Operational Procedures for acquiring <u>or</u>	Article 8: Operational Procedures for acquiring <u>real</u>	I. Wording in Operational Procedures and Subparagraph

Amended provisions	Current provision	Reason of amendment
<p><u>disposing</u> of assets with a related party</p> <p>I. If the Company acquires or disposes of assets from a substantive related party, in addition to the handling procedures set forth in Article 6, the operational procedures for acquiring properties, the Company shall handle the relevant resolution procedures and evaluate the rationality of the trading conditions in accordance with the following provisions. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report issued by a professional appraiser or an opinion of a CPA in accordance with the provisions of the preceding requirements.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 2 of Article 13. In addition, when judging whether a counterparty is a related party, attention shall be paid to not just its legal form, but also the</p>	<p><u>properties</u> with a related party</p> <p>I. If the Company acquires or disposes of assets from a substantive related party, in addition to the handling procedures set forth in Articles 6, the operational procedures for acquiring properties, the Company shall handle the relevant resolution procedures and evaluate the rationality of the trading conditions in accordance with the following provisions. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report issued by a professional appraiser or an opinion of a CPA in accordance with the provisions of the preceding requirements.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 2 of Article 13. In addition, when judging whether a counterparty is a related party, attention shall be paid to not just its legal form, but also the</p>	<p>1, Paragraph 2 is revised.</p> <p>II. The calculation of transaction amount in the current Paragraph 2 is moved the end of the same paragraph, and to cope with the addition in transactions with related parties in Paragraph 2, the amendment is made to include the calculation of transaction in the subject of shareholders' meeting's approval</p> <p>III. Additional paragraph for transactions with related parties:</p> <p>(I) To enhance the management to the transactions with related parties, and protect the right of minority shareholders to express opinion regarding the transactions with related parties, by referring the requirement to have the shareholders' meeting's prior approval for material transactions with related parties in the key</p>

Amended provisions	Current provision	Reason of amendment
<p>substantive relationship.</p> <p>II. Evaluation and Operation Procedures</p> <p>When the Company acquires or disposes of real estate or its right-of-use assets from related parties, or acquires or disposes of assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the Company’s paid-in capital, 10% of the total assets or NT\$300 million, except the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the board meeting for approval and supervisors for ratification before the Company signs off the transaction contract and makes the payment.</p> <p>(I) The purpose, necessity and expected benefits of acquisition or <u>disposal of</u></p>	<p>substantive relationship.</p> <p>II. Evaluation and Operation Procedures</p> <p>When the Company acquires or disposes of real estate or its right-of-use assets from related parties, or acquires or disposes of assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the Company’s paid-in capital, 10% of the total assets or NT\$300 million, except the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the board meeting for approval and supervisors for ratification before the Company signs off the transaction contract and makes the payment.</p> <p>(I) The purpose, necessity and expected benefits of acquisition of the <u>real</u></p>	<p>international capital markets, such as Hong Kong and Singapore, while avoid the public companies to engage in material transactions with related parties via the non-public subsidiary, so that the related information shall be submitted to the shareholders’ meetings for approval when avoiding. Therefore, it is specified herein that If a public company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the public company’s total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders’ meeting for approval before the transaction contract may be</p>

Amended provisions	Current provision	Reason of amendment
<p>the assets.</p> <p>(II) Reasons for selecting the related party as the trading counterparty.</p> <p>(III) For the acquisition of real estate or its right-of-use assets from a related party, evaluate the rationality of the predetermined trading conditions in accordance with the provisions of subparagraphs (I) and (IV) paragraph 3 of the article.</p> <p>(IV) The original acquisition date and price of the related party, and the trading counterparty and its relationship with the Company and the related party, etc.</p> <p>(V) A forecast statement of cash receipts and payments for each month of the next year from the beginning of the contract month, and an assessment of the necessity of the transaction and the rationality of the use of</p>	<p><u>properties.</u></p> <p>(II) Reasons for selecting the related party as the trading counterparty.</p> <p>(III) For the acquisition of real estate or its right-of-use assets from a related party, evaluate the rationality of the predetermined trading conditions in accordance with the provisions of subparagraphs (I) and (IV) paragraph 3 of the article.</p> <p>(IV) The original acquisition date and price of the related party, and the trading counterparty and its relationship with the Company and the related party, etc.</p> <p>(V) A forecast statement of cash receipts and payments for each month of the next year from the beginning of the contract month, and an assessment of the necessity of the transaction and the rationality of the use of</p>	<p>entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries. The matters of non-public subsidiary to be approved by the shareholders' meetings, shall be conducted by the public parent.</p> <p>(II) By considering the demands for the overall business planning among a public company, its parent or subsidiaries, or among its subsidiaries, while referring the exemption requirements in the aforesaid key international capital markets, it is specified in the proviso to exempt the transactions among such companies from the resolutions of the shareholders' meetings.</p> <p>(III) Where the aforesaid material transactions with related parties are these</p>

Amended provisions	Current provision	Reason of amendment
<p>funds.</p> <p>(VI) The appraisal report issued by a professional appraiser or the opinion of an accountant is obtained in accordance with paragraph 1 of this article.</p> <p>(VII) Restrictions and other important agreements of this transaction.</p> <p>If the Company engages in the following transactions with its parent, subsidiary or a company of which its subsidiary directly or indirectly holds 100% of the issued shares or total capital, the board meeting may authorize the Chairman of the board of directors to make a decision within RMB10 million, and then submit it to the latest board meeting for ratification:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or its right-of-use assets for business use.</li> <li>2. Acquisition or disposal of real estate or its right-of-use assets for business use.</li> </ol>	<p>funds.</p> <p>(VI) The appraisal report issued by a professional appraiser or the opinion of an accountant is obtained in accordance with paragraph 1 of this article.</p> <p>(VII) Restrictions and other important agreements of this transaction.</p> <p>The calculation of the transaction amounts referred to in the <u>preceding</u> paragraph and the preceding paragraph shall be made in accordance with Article 13, paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders’ meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>If the Company engages in the following transactions with its parent, subsidiary or a company of which its subsidiary directly or</p>	<p>specified in Subparagraphs 1 to 3, Paragraph 1, Article 185 of the Company Act of Taiwan, the resolutions of the shareholders’ meetings shall comply with the special resolutions specified in Article 185 of the Company Act of Taiwan, as well as in the preceding paragraph, and other related provisions in the Company Act.</p>



Amended provisions	Current provision	Reason of amendment
<p><u>Where the Company or its subsidiary that is not a domestic public company in Taiwan has a transaction in the paragraph and the transaction amount reaches 10% or more of the total assets of the Company, the Company shall submit the information listed in the paragraph to the shareholders' meeting for approval before signing the transaction contract and making the payment. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in <u>the</u> paragraph <u>above</u> and the preceding paragraph shall be made in</p>	<p>indirectly holds 100% of the issued shares or total capital, the board meeting may authorize the Chairman of the board of directors to make a decision within RMB10 million, and then submit it to the latest board meeting for ratification:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of equipment or its right-of-use assets for business use.</li> <li>2. Acquisition or disposal of real estate or its right-of-use assets for business use.</li> </ol>	

Amended provisions	Current provision	Reason of amendment
<p>accordance with Article 13, paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the <u>shareholders’ meeting</u> or board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>(Omitted below)</p>	<p>(Omitted below)</p>	
<p>Article 9: Procedures for acquisition or disposing of membership cards or intangible assets</p> <p>I. Evaluation and Operation Procedures:</p> <p>In acquiring or disposing of membership or intangible assets, the Company shall comply with the property, plant and equipment cycle procedures in the internal control system.</p> <p>II. Determination procedures for transaction</p>	<p>Article 9: Procedures for acquisition or disposing of membership cards or intangible assets</p> <p>I. Evaluation and Operation Procedures:</p> <p>In acquiring or disposing of membership or intangible assets, the Company shall comply with the property, plant and equipment cycle procedures in the internal control system.</p> <p>II. Determination procedures for transaction</p>	<p>The texts “and the accountant shall comply with Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation in the handling” are deleted, with the identical reason as the reason of amendment for Article 6.</p>

Amended provisions	Current provision	Reason of amendment
<p>conditions and authorized limits:</p> <p>Where the Company’s acquisition and disposal of assets that is required to be approved by the board of directors pursuant to the Procedure or other laws, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director’s dissenting opinion to each supervisor.</p> <p>III. Execution units:</p> <p>When acquiring or disposing of membership or intangible assets, the Company shall obtain the approval as the approval authorities in the preceding paragraph, and the unit using the asset and the management unit execute the transaction.</p> <p>IV. Expert’s appraisal report on membership or intangible assets:</p> <p>Other than dealing with domestic</p>	<p>conditions and authorized limits:</p> <p>Where the Company’s acquisition and disposal of assets that is required to be approved by the board of directors pursuant to the Procedure or other laws, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director’s dissenting opinion to each supervisor.</p> <p>III. Execution units:</p> <p>When acquiring or disposing of membership or intangible assets, the Company shall obtain the approval as the approval authorities in the preceding paragraph, and the unit using the asset and the management unit execute the transaction.</p> <p>IV. Expert’s appraisal report on membership or intangible assets:</p> <p>Other than dealing with domestic</p>	

Amended provisions	Current provision	Reason of amendment
<p>government agencies, if the transaction amount of intangible assets or its right-of-use assets or membership cards acquired or disposed of by the company reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company shall, before the date of occurrence, consult the accountant to express an opinion on the fairness of the transaction price (the part to which obtain an appraisal report issued by a professional appraiser or an opinion of a CPA is obtained is excluded)</p>	<p>government agencies, if the transaction amount of intangible assets or its right-of-use assets or membership cards acquired or disposed of by the Company reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, before the date of occurrence, consult the accountant to express an opinion on the fairness of the transaction price, <u>and the accountant shall comply with Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation in the handling.</u></p>	
<p>Article 13: Information disclosure procedures</p> <p>I. Items to be declared and declaration standards</p> <p>(I) Acquisition or disposal of real estate or its right-of-use assets from related parties, or acquisition or</p>	<p>Article 13: Information disclosure procedures</p> <p>I. Items to be declared and declaration standards</p> <p>(I) Acquisition or disposal of real estate or its right-of-use assets from related parties, or acquisition or</p>	<p>I. By considering the trading of domestic government bonds by public companies is exempted from public announcement and report, Item 1, Subparagraph 7 of Paragraph 1 is amended, to permit the trading of foreign government bonds with a</p>

Amended provisions	Current provision	Reason of amendment
<p>disposal of other assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million or more. However, this restriction does not apply to the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Merger, division, acquisition or share transfer.</p> <p>(III) Derivative trading, which reaches the loss limit of all or individual contracts specified in the prescribed handling procedures.</p>	<p>disposal of other assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million or more. However, this restriction does not apply to the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Merger, division, acquisition or share transfer.</p> <p>(III) Derivative trading, which reaches the loss limit of all or individual contracts specified in the prescribed handling procedures.</p>	<p>rating that is not lower than the sovereign rating of Taiwan is exempted from public announcement and report, too.</p> <p>II. By considering the nature of foreign government bonds is simple, and the credit ratings tend to be better than the foreign common corporate bonds, and the ETN and the ETF are similar substantially, Item 2, Subparagraph 7 of Paragraph 1 is amended, to permit the trading of foreign government bonds in the primary market, or subscription or redemption of exchange traded notes, are exempted from public announcement and report, too.</p>

Amended provisions	Current provision	Reason of amendment
<p>(IV) Acquisition or disposal of equipment or its right-of-use assets for business use, where the transaction counterparty is not a related party, and the transaction amount reaches any of the following criteria.</p> <p>1. For paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>2. For paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(V) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not</p>	<p>(IV) Acquisition or disposal of equipment or its right-of-use assets for business use, where the transaction counterparty is not a related party, and the transaction amount reaches any of the following criteria.</p> <p>1. For paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>2. For paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(V) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not</p>	

Amended provisions	Current provision	Reason of amendment
<p>a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p>(VI) The company obtains real estate by means of entrusted construction of its own land, entrusted construction of leased land, joint construction and sharing, and joint construction and sub-sale, where the trading counterparty is not a related party, and the company</p>	<p>a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p>(VI) The company obtains real estate by means of entrusted construction of its own land, entrusted construction of leased land, joint construction and sharing, and joint construction and sub-sale, where the trading counterparty is not a related party, and the company</p>	

Amended provisions	Current provision	Reason of amendment
<p>expects to invest more than NT\$500 million in the transaction.</p> <p>(VII) Asset transactions other than the preceding six subparagraphs, or the claims of financial institutions, and the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more. However, the following cases shall not apply:</p> <ol style="list-style-type: none"> <li>1. Trading of domestic government bonds <u>or foreign government bonds with a credit rating not lower than the sovereign rating of our country.</u></li> <li>2. Those who specialize in investment trading securities on the Taiwan Stock Exchange or at the business premises of securities firms, or subscribing</li> </ol>	<p>expects to invest more than NT\$500 million in the transaction.</p> <p>(VII) Asset transactions other than the preceding six subparagraphs, or the claims of financial institutions, and the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more. However, the following cases shall not apply:</p> <ol style="list-style-type: none"> <li>1. Trading of domestic government bonds.</li> <li>2. Those who specialize in investment trading securities on the Taiwan Stock Exchange or at the business premises of securities firms, or subscribing to common corporate bonds or general financial bonds (excluding subordinated bonds) not involving equity issued in</li> </ol>	



Amended provisions	Current provision	Reason of amendment
<p>to <b>foreign government bonds</b> or common corporate bonds or general financial bonds (excluding subordinated bonds) not involving equity issued in the primary market, or subscribing to or resell securities investment trust funds or futures trust funds, <u>or subscribing to or reselling index investment securities</u>; securities firms subscribing to securities in accordance with the regulations of the Taipei Exchange due to the needs of underwriting business or acting as recommending securities firms for emerging stock companies.</p> <p>3. Trading of bonds with repurchase or resale conditions,</p>	<p>the primary market, or subscribing to or repurchasing securities investment trust funds or futures trust funds, or subscribing to or resell index investment securities; securities firms subscribing to securities in accordance with the regulations of the Taipei Exchange due to the needs of underwriting business or acting as recommending securities firms for emerging stock companies.</p> <p>3. Trading of bonds with repurchase or resale conditions, and subscription to or redemption of money market funds of domestic securities investment trust enterprises.</p> <p>II. The calculation method of the</p>	

Amended provisions	Current provision	Reason of amendment
<p>and subscription to or redemption of money market funds of domestic securities investment trust enterprises.</p> <p>II. The calculation method of the transaction amount in the preceding paragraph is as follows, and the said one-year period is based on the date of the occurrence of the transaction, which is calculated retroactively one year backward, and the part that has been announced in accordance with the provisions of these procedures is exempt from inclusion.</p> <p>(I) The amount of each transaction.</p> <p>(II) The cumulative amount of transactions of acquisition or disposal of subjects of the same nature by the same counterparty within one year.</p> <p>(III) The cumulative amount of</p>	<p>transaction amount in the preceding paragraph is as follows, and the said one-year period is based on the date of the occurrence of the transaction, which is calculated retroactively one year backward, and the part that has been announced in accordance with the provisions of these procedures is exempt from inclusion.</p> <p>(I) The amount of each transaction.</p> <p>(II) The cumulative amount of transactions of acquisition or disposal of subjects of the same nature by the same counterparty within one year.</p> <p>(III) The cumulative amount of acquisition or disposal (amount accumulated separately) of real estate of the same development plan or its right-of-use assets within one year.</p>	

Amended provisions	Current provision	Reason of amendment
<p>acquisition or disposal (amount accumulated separately) of real estate of the same development plan or its right-of-use assets within one year.</p> <p>(IV) The cumulative amount of the same securities acquired or disposed of (amount accumulated separately) within one year.</p> <p>(Omitted below)</p>	<p>(IV) The cumulative amount of the same securities acquired or disposed of (amount accumulated separately) within one year.</p> <p>(Omitted below)</p>	

# Appendix

Asia Plastic Recycling Holding Limited

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THE COMPANIES LAW (2020 REVISION)  
COMPANY LIMITED BY SHARES  
**ELEVENTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION**  
**OF**  
**Asia Plastic Recycling Holding Limited**

(as adopted by a Special Resolution passed on June 15, 2020)

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1. The name of the company is Asia Plastic Recycling Holding Limited.
2. The Registered Office of the Company shall be at the offices of Vistra (Cayman) Limited, Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands or at such other place within the Cayman Islands as the Board may from time to time decide.
3. Subject to the following provisions of this Memorandum of Association, the objects for which the Company is established are unrestricted.
4. Subject to the following provisions of this Memorandum of Association, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law (2020 Revision) of the Cayman Islands (as amended from time to time).
5. Nothing in this Memorandum of Association shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.
6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. When conducting business, the Company shall comply with the laws and regulations as well as business ethics, and may take actions that will promote public interests in order to fulfil its social responsibilities.
8. The liability of each member is limited to the amount from time to time unpaid on such

member's shares.

9. The share capital of the Company is NTD3,600,000,000.00 divided into 360,000,000 ordinary shares of a nominal or par value of NTD10.00 each.

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THE COMPANIES LAW (2020 REVISION)  
COMPANY LIMITED BY SHARES  
**ELEVENTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION**  
**OF**  
**Asia Plastic Recycling Holding Limited**

(as adopted by a Special Resolution passed on June 15, 2020)

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**INTERPRETATION**

1. The Regulations contained or incorporated in Table A of the First Schedule of the Companies Law (2020 Revision) of the Cayman Islands (as amended from time to time) shall not apply to this Company.
2. (1) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:-

Applicable Listing Rules	the relevant laws, regulations, rules and codes as amended, from time to time, applicable as a result of the original and continued trading or listing of any Shares on any Taiwan stock exchange or securities market, including, without limitation the relevant provisions of the Securities and Exchange Act of the R.O.C., the Company Act of the R.O.C., the Business Mergers And Acquisitions Act of the R.O.C., the Act Governing Relations Between Peoples of the Taiwan Area and the Mainland Area of the R.O.C., or any similar laws, statutes and the rules and regulations of the R.O.C. authorities thereunder, and the rules and regulations promulgated by the Financial Supervisory Commission, the TPEX (including the Emerging Market) and the TWSE (where applicable);
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Articles	these Articles of Association of the Company in their present form, as amended, substituted or supplemented from time to
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	time by a Special Resolution;
Board	the board of Directors of the Company comprising all the Directors;
Capital Reserve	means (1) the Share Premium Account, (2) income from endowments received by the Company and (3) other items required to be treated as Capital Reserve pursuant to the Applicable Listing Rules;
Chairman	has the meaning given thereto in Article 63;
Class or Classes	any class or classes of Shares as may from time to time be issued by the Company;
Commission	the Financial Supervisory Commission of the R.O.C. or any other authority for the time being administering the Securities and Exchange Act of the R.O.C.;
Company	Asia Plastic Recycling Holding Limited;
Consolidation	the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company within the meaning of the Law and the Applicable Listing Rules;
Director	a director of the Company for the time being who collectively form the Board, and “Directors” means 2 or more of them;
electronic	shall have the meaning given to it in the Electronic Transactions Law (As Revised) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force including every other law incorporated therewith or substituted therefore;



Emerging Market	the emerging market board of the TPEX in the R.O.C.;
Financial Statements	has the meaning set out in Article 109;
Independent Directors	those Directors appointed as "Independent Directors" pursuant to the requirements of the Applicable Listing Rules;
Juristic Person	a firm, corporation or other organization which is recognised by the Law and the Applicable Listing Rules as a legal entity;
Law	the Companies Law (2020 Revision) of the Cayman Islands and any amendment or other statutory modification thereof and every other act, order, regulation or other instrument having statutory effect (as amended from time to time) for the time being in force in the Cayman Islands applying to or affecting the Company, the Memorandum of Association and/or these Articles, and where in these Articles any provision of the Law is referred to, the reference is to that provision as modified by any law for the time being in force;
Member or Shareholder	a Person who is duly registered as the holder of any Share or Shares in the Register and includes each subscriber to the Memorandum of Association pending entry in the Register of such subscriber and "Members" or "Shareholders" means 2 or more of them;
Memorandum of Association	the memorandum of association of the Company, as amended or substituted from time to time;
Merger	the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such company as the surviving company within the meaning of the Law and the Applicable Listing Rules;

Month	a calendar month;
NTD	New Taiwan Dollars;
Ordinary Resolution	a resolution passed by a simple majority of such Members as, being entitled to do so, vote in person or, in the case of any Members being corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy, present at a general meeting of the Company held in accordance with these Articles;
Person	any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
Preferred Shares	has the meaning given thereto in Article 4;
Private Placement	an offer by the Company of its Shares, bonds and other securities approved by the Commission to specific persons pursuant to the Applicable Listing Rules;
Register	the register of Members of the Company to be maintained at such place within or outside the Cayman Islands;
Registered Office	the registered office of the Company for the time being as required under the Law;
Relevant Period	the period commencing from the date on which any of the securities of the Company first become listed on the Emerging Market, the TPEX, the TWSE or any Taiwan stock exchange or securities market to and including the date immediately before the day on which none of such securities are so listed (and so that if at any time listing of any such securities is suspended for any reason whatsoever

and for any length of time, they shall nevertheless be treated, for the purpose of this definition, as listed);

R.O.C. or Taiwan	the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;
R.O.C. Courts	the Taiwan Taipei District Court or any other competent courts in the R.O.C.;
Seal	the common seal of the Company;
Secretary	any Person for the time being appointed by the Directors to perform any of the duties of the secretary of the Company and including any assistant, deputy, acting or temporary secretary;
Share	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;
Share Premium Account	the share premium account of the Company established in accordance with these Articles and the Law;
Shareholders Service Agent	the agent licensed by the R.O.C. authorities and having its offices in the R.O.C. to provide shareholder services, in accordance with the Applicable Listing Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C., to the Company;
signed	bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a Person with

the intent to sign the electronic communication;

Special Reserve has the meaning set out in Article 102;

Special Resolution a special resolution of the Company passed in accordance with the Law, being a resolution passed by a majority of at least two-thirds of such Members as, being entitled to do so, vote in person or, in the case of any Members being corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy, present at a general meeting of the Company held in accordance with these Articles, of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given.

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

Spin-off an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to give shares, cash or other assets to the transferor company or to shareholders of the transferor company;

Statutory Reserve has the meaning set out in Article 101;

Subordinate Company any company (i) of which a majority of the total outstanding voting shares or the total amount of the capital stock is held by the Company; (ii) in which the Company has a direct or indirect control over the management of the personnel, financial or business operation of that company; (iii) of which a majority of directors in such company are

contemporarily acting as directors in the Company; or (iv) of which a majority of the total outstanding voting shares or the total amount of the capital stock of such companies and the Company are held by the same Members;

Supervisor	a person who monitors the Company's business, management and operation in accordance with these Articles;
TDCC	the Taiwan Depository & Clearing Corporation;
TPEX	the Taipei Exchange, originally named as GreTai Securities Market (GTSM), in Taiwan;
Treasury Shares	Shares that have been purchased by the Company and have not been cancelled but have been held continuously by the Company since they were purchased, in accordance with the Law and the Applicable Listing Rules; and
TWSE	the Taiwan Stock Exchange Corporation.

- (2) Unless the context otherwise requires, expressions defined in the Law and used herein shall have the meanings so defined.
- (3) In these Articles unless the context otherwise requires:
- (a) words importing the singular number shall include the plural number and vice-versa;
  - (b) words importing the masculine gender shall include the feminine gender and neuter genders;
  - (c) a notice provided for herein shall be in writing unless otherwise specified and all reference herein to "in writing" and "written" shall include printing, lithography, photography and other modes of representing or reproducing words in permanent visible form; and
  - (d) "may" shall be construed as permissive and "shall" shall be construed as imperative.

- (4) Headings used herein are intended for convenience only and shall not affect the construction of these Articles.

## SHARES

3. Subject to the Law and these Articles, the Board may, in respect of all Shares for the time being unissued:
- (a) offer, issue and allot of such Shares to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine, but so that no Share shall be issued at a discount, except in accordance with the provisions of the Law and the Applicable Listing Rules; and
  - (b) grant options with respect to such Shares and issue warrants or similar instruments with respect thereto, in accordance with the provisions of the Law and Applicable Listing Rules; and, for such purposes, the Board may reserve an appropriate number of Shares for the time being unissued.
4. The Company, subject to the Memorandum of Association and these Articles including by approval of a Special Resolution adopted at a general meeting in accordance with Article 5, may issue Shares of different Classes with rights which are preferential or inferior to those of ordinary Shares issued by the Company (“**Preferred Shares**”) with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors.
5. Prior to the issuance of any Preferred Shares approved pursuant to the preceding Article, these Articles shall be amended to set forth the rights and obligations of the Preferred Shares, including but not limited to the following terms, and the same shall apply to any variation of rights of Preferred Shares:
- (a) the total number of Preferred Shares that have been authorized to be issued and the numbers of the Preferred Shares already issued;
  - (b) the order, fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
  - (c) the order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
  - (d) the order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of Members of such Preferred Shares;
  - (e) other matters concerning rights and obligations incidental to Preferred Shares; and
  - (f) the conditions and method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply.

6. Subject to the sufficiency of the authorised share capital of the Company and these Articles, the issue of new ordinary Shares in the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors. The Company shall not issue any unpaid Shares or partial paid-up Shares.
7. (1) The Company may issue Shares without printing share certificates. Any share certificate of the Company, if any, shall not be the bearer certificate. During the Relevant Period, the Company shall not issue share certificates and the share certificates existing prior to the Relevant Period shall be cancelled, provided that the Register shall be conclusive evidence of the entitlement of a Person to Shares recorded against his name.
- (2) During the Relevant Period, the Company shall in compliance with the Law and the Applicable Listing Rules and subject to receipt of the subscription price from each subscriber, deliver, or cause its Shareholders' Service Agent to deliver Shares by book-entry transfer to the subscribers within thirty (30) days from the date the Board resolves to issue Shares. The Company shall make a public announcement in accordance with Applicable Listing Rules prior to the delivery of such Shares.
- (3) When the total number of Shares in every issuance has been subscribed to in full, the Company shall immediately request each of the subscribers for payment. Where the Company issues Shares at a premium, the amount in excess of par value shall be collected at the same time with the payment for Shares. Where a subscriber delays payment for Shares as mentioned above, the Company shall prescribe a period of not less than one (1) month and call upon each subscriber to pay up, declaring that in case of default of payment within that prescribed period the subscriber's right shall be forfeited. After the Company have made the aforesaid call, the subscribers who fail to pay accordingly shall forfeit their rights and the Shares subscribed to by them shall be otherwise sold. Under such circumstances, the Company may hold the subscriber liable for compensating the damage, if any, resulting from such default in payment.
- (4) For the avoidance of doubt, a subscriber who fails to pay up the Shares pursuant to Paragraph (3) of this Article will not be considered a Member until the Shares to be subscribed are paid in full, and only if the Shares the subscriber subscribed have been paid in full may the subscriber's name be entered in the Register.
- (5) The Company shall neither issue Shares without par value nor convert its Shares from Shares with par value to Shares without par value.

8. During the Relevant Period:

- (a) upon each issuance of new Shares, the Board may reserve not more than fifteen percent (15%) of the new Shares for subscription by the employees of the Company and/or its Subordinate Companies, as determined by the Board in its reasonable discretion pursuant to the Law and the Applicable Listing Rules; and
  - (b) where the Company issues new Shares for cash consideration, after the Board reserving certain percentage of the new Shares for subscription by the employees of the Company and/or its Subordinate Companies pursuant to subparagraph (a) of this Article, the Company shall allocate ten percent (10%) (or such greater percentage as may be determined by an Ordinary Resolution) of the total number of the new Shares to be issued for offering in the R.O.C. to the public unless (i) the Commission, the Emerging Market, the TPEX and/or the TWSE (where applicable) considers such public offering unnecessary or inappropriate or (ii) the Applicable Listing Rules provide otherwise .
9. During the Relevant Period, subject to an Ordinary Resolution, upon each issuance of new Shares for cash consideration, the Company shall, after reserving the portion of Shares for subscription by the employees of the Company and/or its Subordinate Companies and public offering in the R.O.C. pursuant to Article 8, first offer such remaining new Shares, by a public announcement and a written notice to each existing Member respectively, stating that in case the Member fails to confirm his subscription within the prescribed period his subscription right shall be forfeited, for their subscription in proportion to the number of Shares held by it, provided that:
- (a) where any fractional Share held by a Member is insufficient to subscribe for one new Share, the fractional Shares being held by several Members may be combined for joint subscription of one or more integral new Shares or for subscription of new Shares in the name of a single Member;
  - (b) the existing Member(s) may assign and transfer his subscription right to other Persons independently of his original Shares; and
  - (c) new Shares left unsubscribed may be offered to the public or to specific Persons through negotiation.
10. (1) Subparagraph (a) of Article 8 and Article 9 shall not apply whenever the new Shares are issued due to the following reasons:
- (a) in connection with a Merger or a Consolidation of the Company or the Spin-off of the Company's business, or pursuant to any reorganization of the Company save as otherwise provided by these Articles;
  - (b) in connection with meeting the Company's obligation under Share subscription warrants and/or options granted to the employees;



- (c) in connection with distribution of the employees' compensation;
- (d) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;
- (e) in connection with meeting the Company's obligation under Share subscription warrant or Preferred Shares vested with rights to acquire Shares; or
- (f) in connection with issuance of new Shares to the existing Members by capitalisation of the Company's reserves in accordance with these Articles.

(2) Article 8 and Article 9 shall not apply to any of the following circumstances:

- (a) the Company, as the surviving company, issues new Shares for a Merger, or the Company issues new shares for the Merger between its subsidiary and other companies;
- (b) all new Shares are issued as consideration for being acquired by the other company with the intention of takeover;
- (c) all new Shares are issued as consideration for the acquisition of issued shares, business, or assets of other companies;
- (d) new Shares are issued for the share exchange entered into by the Company;
- (e) new Shares are issued for a Spin-off effected by the transferor company;
- (f) new Shares are issued in connection with any Private Placement conducted pursuant to Article 11-2; or
- (g) new Shares are issued in connection with any other event otherwise prohibited, limited, restricted or exempted to so apply pursuant to the Law and/or the Applicable Listing Rules.

(3) New Shares issued for any of the circumstances in the preceding Paragraph may be paid up in cash or assets as required for the business of the Company.

11. Subject to the Applicable Listing Rules, the Company may, upon adoption of a resolution passed by a majority of the Directors present at a meeting of the Board attended by two-thirds or more of the total number of Directors, enter into a share subscription right agreement with the employees of the Company and/or its Subordinate Companies whereby the employees may subscribe, within a specific period of time, for a specific number of Shares of the Company at an agreed subscription price. Upon execution of the said agreement, the Company shall issue to each employee a share subscription warrant. Such issued share subscription warrant shall be non-assignable, except for transfer by inheritance or intestacy.

11-1. The Company may, with the authority of a Special Resolution, issue new Shares to employees of the Company and/or its Subordinate Companies subject to any restrictions

and conditions as approved by such Special Resolution, provided that Articles 8 and 9 shall not apply. In respect of the issuance of Shares to employees in the preceding sentence, the number of Shares to be issued, issue price, issue conditions, restrictions and other matters shall be subject to the Applicable Listing Rules and the Law.

- 11-2. During the Relevant Period and subject to the Applicable Listing Rules, the Company may, with the sanction of a Special Resolution, conduct a Private Placement with any of the following Persons in the R.O.C.:
  - (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other Juristic Persons or institutions approved by the Commission;
  - (b) natural persons, Juristic Persons, or funds meeting the conditions prescribed by the Commission; or
  - (c) directors, supervisors, officers and managers of the Company or its affiliated enterprises.
12. The Company may by a Special Resolution reduce its share capital in the manner authorised, and subject to any conditions prescribed, by the Law and the Applicable Listing Rules.
13. During the Relevant Period, any issuance, conversion or cancellation of the Shares or any other equity securities (including but not limited to warrants, options or bonds), capitalisation and shareholder services, shall comply with the Law, the Applicable Listing Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C..

## **MODIFICATION OF RIGHTS**

14. Whenever the share capital of the Company is divided into different Classes of shares, including where Preferred Shares are issued, subject to Article 38 and in addition to a Special Resolution, the special rights attached to any Class shall be varied or abrogated with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of such Class. To every such separate general meeting and all adjournments thereof, all the provisions of these Articles relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply.
15. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that Class, be deemed to be materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of Shares of any Class by the Company.

## **REGISTER**

16. (1) The Board shall cause to be kept the Register at such place within or outside the Cayman Islands as it deems fit. During the Relevant Period, the Register shall be entered therein the particulars required under the Law and the Applicable Listing Rules, and shall be made available at its Shareholders Service Agent's office in the R.O.C. The Board or any other authorized conveners of general meetings of the Company may request that the Company or the Company's Shareholders' Service Agent provide a copy of the Register for inspection.
- (2) Notwithstanding anything contained in these Articles and subject to the Law, during the Relevant Period, the relevant information of the Members shall be recorded by TDCC, and the Company shall recognize each person identified in the records provided by TDCC to the Company as a Member and such records shall form part of the Register as at the date of receipt of such records by the Company.

## **REDEMPTION AND REPURCHASE OF SHARES**

17. During the Relevant Period, all Preferred Shares may be redeemed as authorised by the Law, provided that the privileges accorded to holders of the Preferred Shares by these Articles shall not be impaired under the Law and the Applicable Listing Rules.
18. (1) Subject to the Law, the Applicable Listing Rules and other provision of this Article, upon the approval of a majority of the Board present at a Board meeting attended by two-thirds or more of Directors, the Company may purchase its own Shares, either for cancellation or to be held as Treasury Shares, upon such terms and manner and subject to such conditions as the Board thinks fit, PROVIDED ALWAYS that such purchase is effected in accordance with the provisions of the Law and the Applicable Listing Rules. During the Relevant Period, except purchases of Shares carried out pursuant to Article 18-1(1), the number of Shares to be purchased by the Company from time to time shall not exceed ten percent (10%) of the total number of issued and outstanding Shares and the total amount of the shares to be purchased by the Company shall not exceed the aggregate amount of retained earnings, premium on capital stock, and realized capital reserve. The resolutions of Board approving a purchase of Shares listed on the TWSE, how such resolutions are implemented, and the failure of any purchase of Shares as approved by such resolutions (if any) shall be reported to the Shareholders at the next general meeting.

- (2) Subject to the Law, where the Company holds Treasury Shares, the Company may cancel any or all of the Treasury Shares, or transfer any or all of the Treasury Shares to the employees of the Company and/or any of its Subsidiary Companies, at which the terms of such transfer and qualifications of the employees shall be determined by the Board, subject to Paragraph (3) of this Article. The Board may impose a lock-up period restricting the transfer of any Treasury Shares transferred to the employees pursuant to this Paragraph (2) for a term of up to two (2) years.
- (3) Subject to Paragraph (4) of this Article, the Company may, by way of a Special Resolution passed at the immediate preceding general meeting of the Company, transfer the Treasury Shares to the employees of the Company and/or any of its Subsidiary Companies for a price that is below the average price that the Company has paid to purchase such Treasury Shares (the “**Discount Transfer**”), provided that the following matters shall be specified in the notice of such general meeting with the description of their major contents, and shall not be proposed as ad hoc motions:
  - (a) the transfer price of the Treasury Shares as determined by the Board, the discount rate used for the Discount Transfer, and the calculation basis of the Discount Transfer, and the basis of such determination;
  - (b) the amount of the Treasury Shares to be transferred pursuant to, and the purpose of, the Discount Transfer, and the basis of such determination;
  - (c) the qualification and terms of the employees of the Company and/or any of its Subsidiary Companies to whom the Treasury Shares are transferred and the amount of Treasury Shares for which such employees may subscribe pursuant to the Discount Transfer; and
  - (d) matters that may affect Shareholders' rights:
    - (i) any expenses that may be incurred and dilution of per share profit, if any, due to the Discount Transfer, in accordance with the Applicable Listing Rules; and
    - (ii) any burden on the Company caused by the Discount Transfer, in accordance with the Applicable Listing Rules.
- (4) The total aggregate amount of the Treasury Shares that are transferred to the employees of the Company and/or any of its Subordinate Companies pursuant to the Discount Transfer in accordance with Paragraph (3) of this Article shall not exceed five percent (5%) of the total number of issued and outstanding Shares of the Company, and the aggregate amount of the Treasury Shares transferred to each employee shall not exceed point five percent (0.5%) of the total number of issued and outstanding Shares of the

Company.

(5) Subject to the Law and the Applicable Listing Rules, the Company shall not be entitled to exercise the rights of a Shareholder in respect of any Treasury Shares.

18-1. (1) Subject to the Law and the Applicable Listing Rules, the Company may carry out a compulsorily purchase and cancellation of its Shares on a pro rata basis (rounded up or down to the nearest whole number) among the Shareholders in proportion to the number of Shares held by each such Shareholder subject to approval by a Special Resolution. The purchase price payable to the Shareholders in connection with a purchase of Shares described in the preceding sentence may be paid in cash or in kind. Any purchase price to be paid in kind shall be subject to approval by a Special Resolution and shall be subject to individual consent by the Shareholder(s) receiving such payment in kind. Prior to convening the general meeting for approving such purchase of Shares, the Board shall determine the monetary equivalent value of any purchase price to be paid in kind and have such value audited and certified by a certified public accountant in the R.O.C.

(2) For the avoidance of doubt, where the proposed purchase and cancellation of Shares is not on a pro rata basis, subject to the Law and the Applicable Listing Rules, the Board is empowered to authorize and carry out such repurchase without approval by Special Resolution in accordance with the preceding paragraph.

19. Any Shares redeemed in accordance with Article 17, and any Shares purchased for cancellation in accordance with Paragraph (1) of Article 18, shall be treated as cancelled immediately on redemption or purchase, as the case may be.

#### **TRANSFER AND TRANSMISSION OF SHARES**

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

21. The Company shall not be obligated to recognize any transfer or assignment of Shares unless the name/title and residence/domicile of the transferor and transferee have been recorded in the Register. The registration of transfers shall be suspended when the Register is closed in accordance with Article 22.

#### **CLOSING REGISTER OR FIXING RECORD DATE**

22. (1) The Board may fix in advance the record date(s) for (a) determining the Members entitled to receive any dividend, distribution or issue; (b) determining the Members

entitled to receive notices of, attend or vote at any general meeting or any adjournment thereof in person, by proxy or by way of electronic transmission; and (c) any other purposes as determined by the Board.

In the event the Directors designate record date(s) for (b) in accordance with this Article, such record date(s) shall be date(s) prior to the general meeting.

- (2) During the Relevant Period, the Register shall be closed for transfers (the “**Book Closure Period**”) at least for a period of sixty (60) days before the date of each annual general meeting, thirty (30) days before the date of each extraordinary general meeting and five (5) days before the target date for a dividend, bonus or other distribution. For the purpose of calculating the Book Closure Period, the respective convening date of the general meeting or the relevant target date shall be included.

### **GENERAL MEETINGS**

23. The Company shall in each year hold a general meeting as its annual general meeting within six (6) months after close of each financial year or such other period as may be permitted by the TPEX or TWSE (where applicable). The annual general meeting shall be convened by the Board.
24. All general meetings other than annual general meetings shall be called extraordinary general meetings. The Board may, whenever they think fit, convene an extraordinary general meeting of the Company.
25. During the Relevant Period, all general meetings shall be held in the R.O.C.
26. (1) Any one or more Member(s) holding at least three percent (3%) of the total issued Shares of the Company for a period of one (1) year or a longer time may, by depositing the requisition notice specifying the proposals to be resolved and the reasons, request the Board to convene an extraordinary general meeting. If the Board does not give notice to Members to convene such meeting within fifteen (15) days after the date of the requisition notice, the proposing Member(s) may convene a general meeting.  
(2) Any one or more Member(s) continuously holding more than half of the total issued Shares of the Company for a period of no less than three (3) months may convene an extraordinary general meeting. The number of Shares held by such Member or Members and the holding period of which such Member or Members hold such Shares shall be calculated and determined based on the Register as of the first day of the Book Closure Period.

- (3) In addition to the circumstance where the Board should have convened a general meeting but does not or is unable to convene a general meeting pursuant to the Law, the Applicable Listing Rules or these Articles, an Independent Director from the audit committee of the Company may also, for the benefit of the Company, call a general meeting when it is deemed necessary.
27. During the Relevant Period, the Company shall engage a Shareholders' Service Agent within the R.O.C. to handle the administration of general meetings, including but not limited to, the voting matters.

### **NOTICE OF GENERAL MEETING**

28. At any time other than during the Relevant Period, at least seven (7) days notice in writing prior to the scheduled date of any annual general meetings and five (5) days notice in writing prior to the scheduled date of any extraordinary general meeting shall be given to each Member. During the Relevant Period, at least thirty (30) days notice in writing prior to the scheduled date of any annual general meetings and fifteen (15) days notice in writing prior to the scheduled date of any extraordinary general meeting shall be given to each Member, and subject to the Law and the Applicable Listing Rules, the Company may make a public announcement of a notice of general meeting to Members holding less than 1,000 Shares instead of delivering the same to each Member. The period of notice shall be exclusive of the day on which it is served and of the day on which the general meeting is to be held. Such notice shall specify the place, the day and the time of meeting and the agenda and the proposals to be resolved at the general meeting. The notice for a general meeting may be given by means of electronic communication if the Company obtains prior consent from the Members or as permitted by the Law and the Applicable Listing Rules.
- 28-1.(1) The Company shall make public announcements with regard to notice of general meeting, proxy form, summary information and details about items to be proposed at the meeting for approval, discussion, election or dismissal of Directors at least thirty (30) days prior to any annual general meeting or at least fifteen (15) days prior to any extraordinary general meeting.
- (2) If the Company allows the Shareholders to exercise the votes and cast the votes in writing or by way of electronic transmission in accordance with Article 46, the Company shall also send to the Shareholders the information and documents as described in the preceding paragraph, together with the voting right exercise forms.
29. For the purpose of these Articles, the following matters shall be regarded as special business and be specified in the notice of general meeting with the description of their major contents,

and shall not be proposed as ad hoc motions; the major contents may be posted on the website designated by the R.O.C. competent authorities or the Company, and such website shall be indicated in the notice:

- (a) election or discharge of Directors or Supervisors (if any);
- (b) amendments to the Memorandum of Association and/or these Articles;
- (c) any capital reduction or compulsory purchase and cancellation of Shares pursuant to Paragraph (1) of Article 18-1;
- (d) applying for the approval of ceasing the status as a public company;
- (e) winding-up, Merger/Consolidation, share exchange or Spin-off of the Company;
- (f) entering into, amendment to, or termination of any contract for lease, management by others, or regular joint operation with others of its business in whole;
- (g) the transfer of the whole or any material part of its business or assets;
- (h) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
- (i) carrying out a Private Placement of any equity-type securities issued by the Company;
- (j) granting a waiver to the Director's non-competition obligation;
- (k) distributing part or all of its dividends or bonus by way of issuance of new Shares; and
- (l) capitalisation of the Statutory Reserve of the Company, the Share Premium Account of the Company and/or the endowments received by the Company in the Capital Reserve, by issuing new Shares and/or cash to its existing Member in proportion to the number of Shares being held by each of them.

30. During the Relevant Period, the Company shall prepare a manual for each general meeting, and such manual and relevant materials shall be published on the website designated by the Commission, the TPEX or TWSE (where applicable) twenty-one (21) days prior to the scheduled date of the relevant annual general meeting and fifteen (15) days prior to the scheduled date of the relevant extraordinary general meeting pursuant to the Applicable Listing Rules.

### **PROCEEDINGS AT GENERAL MEETINGS**

31. No business, other than the appointment of a chairman of the meeting, shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, the Members present in person or by proxy or (in the case of a Member being a corporation) by its duly authorised representative representing more than one-half of the total issued and outstanding Shares



with voting rights shall be a quorum of Members for all purposes.

32. (1) One or more Member(s) holding one percent (1%) or more of the total issued Shares of the Company may submit to the Company not more than one proposal in writing or by way of electronic transmission for resolution at an annual general meeting.
- (2) Prior to the commencement of the period in which the Register is closed for transfers before an annual general meeting, the Company shall make a public announcement of the place and the period for Members to submit proposals; provided that the period for submitting such proposals shall not be less than ten (10) days.
- (3) The Member who has submitted a proposal shall attend, in person or by a proxy, such general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
- (4) The Board shall include a proposal submitted by Member(s) unless:
- (a) the proposal involves matters which cannot be settled or resolved at a general meeting under the Law, the Applicable Listing Rules and these Articles;
  - (b) the number of Shares held by the proposing Member(s) is less than one percent (1%) of the total issued Shares in the Register upon commencement of the Book Closure Period before the relevant annual general meeting of the Company;
  - (c) the proposal contains more than one matter;
  - (d) the proposal contains more than three hundred (300) words; or
  - (e) the proposal is submitted after the expiration of the specified period announced by the Company for submitting proposals.
- (5) If a proposal submitted by Member(s) is intended to urge the Company to promote public interests or fulfil its social responsibilities, the Board may include the proposal notwithstanding that one of the circumstances set forth in the preceding Paragraph (4) of this Article applies.
- (6) The Company shall, prior to the despatch of a notice of the relevant annual general meeting, inform all the proposing Members of whether their proposals are accepted or not, and shall list in the notice of the relevant annual general meeting all the accepted proposals. The Board shall explain at the relevant annual general meeting the reasons for excluding any proposal submitted by Members.
33. The Chairman shall preside as chairman at every general meeting of the Company convened by the Board. For a general meeting convened by any Person other than the Board, such Person shall act as the chairman of that meeting; provided that if there are two or more Persons jointly convening such meeting, the chairman of the meeting shall be elected from those Persons.

34. If at any general meeting the Chairman is not present or is unwilling to act as chairman, he shall appoint one of the Directors to act on his behalf. In the absence of such appointment, the Directors present may choose one of them to be the chairman of that general meeting.
35. A general meeting may be adjourned by an Ordinary Resolution from place to place within five (5) days, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for more than five (5) days, notice of the time and location of the adjourned meeting shall be given as in the case of an original meeting.
36. At any general meeting, a resolution put to the vote of the meeting shall be decided on a poll.
37. Unless otherwise expressly required by the Law, the Applicable Listing Rules or these Articles, any matter proposed for approval by the Members at general meeting shall be passed by an Ordinary Resolution.
38. Subject to the Law and the Applicable Listing Rules, the Company may by a Special Resolution:
  - (a) enter into, amend, or terminate any contract for lease, management by others, or regular joint operation with others of its business in whole;
  - (b) transfer the whole or any material part of its business or assets;
  - (c) acquire the whole business or assets of other(s), which will have a material effect on the business operation of the Company;
  - (d) distribute part or all of its dividends or bonus by way of issuance of new Shares;
  - (e) effect any Spin-off of the Company's business, Consolidation and/or Merger;
  - (f) enter into any share exchange;
  - (g) be voluntary wound up;
  - (h) carry out a Private Placement;
  - (i) grant a waiver to the Directors' non-competition obligation, or approve a Director to engage in activities in competition with the Company;
  - (j) change its name;
  - (k) change the currency denomination of its share capital;
  - (l) increase the share capital by such sum, to be divided into new Shares of such Classes of such par value, as the resolution shall prescribe;
  - (m) consolidate and divide all or any of its share capital into Shares of a larger par value than its existing Shares;
  - (n) subdivide its existing Shares, or any of them, into Shares of a smaller par value than is fixed by the Memorandum of Association;

- (o) cancel any Shares that, at the date of the resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the Shares so cancelled;
  - (p) subject to these Articles (including without limitation Articles 14 and 15), alter or amend the Memorandum of Association or these Articles, in whole or in part;
  - (q) reduce its share capital and any fund of the capital redemption reserve in any manner authorised by the Law and the Applicable Listing Rules;
  - (r) appoint an inspector to examine the affairs of the Company under the Law;
  - (s) issue new Shares to employees of the Company and/or its Subordinate Companies subject to any restrictions and conditions; and
  - (t) apply for the approval of ceasing the status as a public company.
39. Notwithstanding anything contained in these Articles, unless otherwise provided by the Law and the Applicable Listing Rules, in case the Company is dissolved after participating in the merger/consolidation or the Company is delisted from the TPEX or TWSE due to the general transfer (or the assignment of all rights and delegation of all duties of the Company), the transfer of business or assets of the Company, any share exchange or any Spin-off entered into or carried out by the Company while the surviving, transferee, existing or newly incorporated company is not a listed company (including TWSE/TPEX listed company), any such action aforementioned shall be approved by the affirmative vote of at least two-thirds (2/3) of the total votes cast by the Members of the Company.
40. (1) In the event any of the resolutions with respect to the matter(s) as set out in Subparagraphs (a), (b) or (c) of Article 38 is adopted at a general meeting, a Member who has notified the Company in writing of his objection to such proposal prior to that meeting and subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Member shall have the abovementioned appraisal right if the resolution to be adopted is in relation to the matter(s) set out in Paragraph (b) of Article 38 and at the same meeting the resolution for the winding up of the Company is also adopted.
- (2) In the event that the Company resolves to carry out any part of the Company's business is involved in any Spin-Off, Consolidation, Merger, acquisition or share exchange (collectively, the "**Merger and Acquisition**"), a Member expressing his dissent in accordance with the Applicable Listing Rules may request the Company to purchase all of his Shares at the then prevailing fair price in accordance with the Law.
- (3) Without prejudice to the Law, in the event the Company and a Member making a request

pursuant to Paragraph (2) of this Article fail to reach agreement on the purchase price within sixty (60) days following the date of the resolution, the Company shall, within thirty (30) days after such sixty (60) days period, file a petition against all Members who fail to reach such an agreement (collectively, the "**Dissenting Members**") with the R.O.C. Court for a ruling on the appraisal price, and may designate Taiwan Taipei District Court of the R.O.C. as the court of first instance.

- (4) Without prejudice to the Law, a Member making a request pursuant to Paragraphs (1) or (2) of this Article shall make such request in writing within twenty (20) days after the date of the general meeting adopting resolutions with respect to the matter(s) as set out in Subparagraph (a), (b) or (c) of Article 38 or the Merger and Acquisition, and specify the repurchase price. If the Member and the Company reach an agreement on the repurchase price, the Company shall pay for the Shares to be repurchased within ninety (90) days after the date of the general meeting adopting such resolutions. In case no agreement is reached, the Company shall pay the fair repurchase price determined at its discretion to the Dissenting Members with whom the Company fail to reach an agreement within ninety (90) days after the date of the general meeting adopting such resolutions. If the Company fails to pay the price, it shall be considered to have accepted the repurchase price proposed by such Dissenting Members.
- (5) Notwithstanding Paragraphs (2), (3) and (4) of this Article, nothing under this Article shall restrict or prohibit a Member from exercising his right under section 238 of the Companies Law (2020 Revision) of the Cayman Islands and any amendment or other statutory modification thereof to payment of the fair value of his shares upon dissenting from a Consolidation or Merger.

41. In case the procedure for convening a general meeting in which a resolution is adopted or the method of adopting a resolution is in violation of the Law, the Applicable Listing Rules or these Articles, a Member may, within thirty (30) days from the date of the resolution, submit a petition to the Taiwan Taipei District Court or a competent court in Cayman Islands, as applicable, for an appropriate remedy, including but not limited to, requesting the court to invalidate and cancel the resolution adopted therein.

## **VOTES OF MEMBERS**

42. Subject to any rights and restrictions as to voting for the time being attached to any Share by or in accordance with these Articles, at any general meeting, every Member who is present in person (or in the case of a Member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each Share registered in his/her/its name in the Register.

43. In the case of joint Members, the joint Members shall select a representative among them to exercise their voting powers.
44. Any corporation which is a Member of the Company may, by resolution of its board or other governing body, authorise such natural person as it thinks fit to act as its representative at any general meeting or at any meeting of a Class of Members of the Company.
- 44-1. A Shareholder who holds Shares for the benefit of others need not use all his votes or cast all the votes he holds in the same way as he uses his votes in respect of share he holds for himself. The qualifications, scope, methods of exercise, operating procedures and other requirements for separate votes shall be in compliance with the Applicable Listing Rules.
45. (1) No vote may be exercised with respect to any of the following Shares:
- (a) the Shares held by the Company itself (if such holding is permitted by the Law and these Articles);
  - (b) the Shares held by any Subordinate Companies, of which a majority of the total issued and outstanding shares or the total amount of capital stock with voting rights are held by the Company; or
  - (c) the Shares held by other companies, of which a majority of the total issued and outstanding shares or the total amount of the capital stock with voting rights are, either directly or indirectly, held by the Company and its holding/Subordinate Companies.
- (2) Subject to the Law and these Articles, the Shares held by any Member who has no voting rights shall not be counted in the total number of the issued and outstanding Shares with voting rights while adopting a resolution at a general meeting.
- (3) Any Member who bears a personal interest that may conflict with and impair the interest of the Company in respect of any matter proposed for consideration and approval at a general meeting shall abstain from voting in respect of all the shares that such Member should otherwise be entitled to vote, on his behalf or as a proxy or corporate representative, with respect to the said matter. Any and all votes cast by such Member(s) shall not be counted in determining the number of votes for or against such matter.
- (4) Where any Director or Supervisor (if any), who is also a Shareholder of the Company, creates or has created any charge, mortgage, encumbrance or lien in respect of Shares held by such Director or Supervisor (the "Charged Shares") exceeding fifty percent (50%) of the total Shares held by such Director or Supervisor at the time of his/her latest appointment as Director or Supervisor, such Director or Supervisor shall refrain from exercising its voting rights on the Shares representing the difference between the Charged Shares and fifty percent (50%) of total Shares held by such Director or Supervisor at the

time of his/her appointment as Director or Supervisor, and such Shares shall not be counted toward the number of votes represented by the Shareholders present at a general meeting nor quorum at such general meeting.

46. To the extent permitted by the Law, votes may be exercised in writing or by way of electronic transmission as the Board thinks fit, subject to the Applicable Listing Rules. If a written instrument or electronic transmission for voting is proposed to be used, the relevant methods and procedures shall be specified in the notice of that meeting. Notwithstanding the foregoing, where the Company conform to the Applicable Scope of Listing Companies to Conduct Electronic Voting announced by the competent authority in the R.O.C., the Company shall adopt the electronic transmission as one of the methods for exercising the voting power of a Member.
47. A Member who exercises his votes in writing or by way of electronic transmission in accordance with these Articles shall be counted towards the quorum, and shall be deemed to have attended and voted in person at such general meeting for the purposes of these Articles and the Law, but shall be deemed to have waived his votes in respect of any ad hoc motions and the amendments to any original proposals for resolution at such general meeting.
48. (1) A Member shall submit his vote in writing or by way of electronic transmission to the Company in the manner specified in the notice of that meeting at least two (2) days prior to the meeting date. Whereas if two (2) or more such written ballot or electronic transmission are submitted to the Company, the first written ballot or electronic transmission shall prevail unless it is expressly included in the subsequent written ballot or electronic transmission that the original vote submitted in writing or by way of electronic transmission be revoked.  
(2) Subject to Article 54, in case a Member who has casted his votes in writing or by way of electronic transmission intends to attend the general meeting in person, he shall, at least two (2) days prior to the meeting date, revoke his previous votes by serving a separate notice in the same manner as such Member casted his votes. In the absence of a timely revocation of the previous declaration of intention, the votes exercised in writing or by way of electronic transmission shall prevail.
49. For the avoidance of doubt, a Shareholder who exercises his voting power as set forth in Articles 46, 47 and 54 in accordance with the Applicable Listing Rules shall be deemed to have attended and voted in person at the general meeting for the purposes of these Articles and the Law.
50. The proceedings regarding the general meeting and the voting in the general meeting not

covered by these Articles shall be governed by the internal rules of the Company, as adopted and amended by an Ordinary Resolution from time to time, which shall be in compliance with the Law and the Applicable Listing Rules (in particular the Rules Governing the Conduct of Shareholders Meetings by Public Companies of the R.O.C.).

51. Where the Company has only one Shareholder, a resolution in writing signed by such Shareholder in accordance with these Articles shall be as valid and effective as if the same had been passed at a general meeting of the Company duly called and constituted.

### **PROXY**

52. A Member may appoint a proxy to attend a general meeting on his behalf by executing a proxy form prepared by the Company stating therein the scope of power authorized to the proxy. A proxy need not be a Member.
53. A Member may only appoint one proxy for each general meeting and shall serve an executed proxy in compliance with the preceding Article to the Company or its designated Shareholders Service Agent as the case may be no later than five (5) days prior to the relevant meeting date. In case the Company receives two or more proxies from one Member, the one received first by the Company shall prevail unless an explicit statement by the Member to revoke such proxy is made in the subsequent proxy, provided this subsequent proxy is received no later than five (5) days prior to the relevant meeting date.
54. In case a Member who has served a proxy intends to attend the relevant general meeting in person, a written proxy revocation notice shall be made to the Company or Shareholders Service Agent at least two (2) days prior to the meeting date; otherwise, the votes cast by the appointed proxy at the meeting shall prevail.
55. In case a Member has exercised his voting power in writing or by way of electronic transmission in accordance with Article 46, and has also authorized a proxy to attend the general meeting on his behalf, then the voting power exercised by the authorized proxy for the said Member shall prevail.
56. The proxy form prepared by the Company shall be expressed to be for a particular general meeting only and shall include the following: (a) instructions on how to fill in and complete such proxy form, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information of the Member as appointor, the proxy, and proxy solicitor (if any). To the extent permitted by the Law, the proxy form prepared to be used for a particular general meeting shall be sent out together with the notice of that general meeting, either in writing through post or by electronic transmission, as the case maybe, to all Members on the

same day.

57. Except for trust enterprises or shareholders service agencies duly licensed under the R.O.C. competent authorities, where a Person acts as a proxy for two or more Members, the number of Shares with voting rights that the proxy may vote in respect thereof represented by him shall not exceed three percent (3%) of the total number of issued and outstanding Shares with voting rights of the Company; otherwise, such number of Shares with voting rights in excess of the aforesaid threshold shall not be counted towards the number of votes cast for or against the relevant resolution or the number of Shares with voting rights present at the relevant meeting but shall be included in the quorum. Upon such exclusion, the number of Shares with voting rights being excluded and attributed to each Member represented by the same proxy shall be determined on a pro-rata basis based on the total number of Shares with voting rights being excluded and the number of Shares with voting rights that such Members have appointed the proxy to vote for.
58. The use and solicitation of proxies shall be subject to, the Law, the internal rules of the Company and the Applicable Listing Rules (in particular, the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies of the R.O.C.).

### **DIRECTORS AND THE BOARD**

59. (1) The number of Directors (including Independent Directors) shall be a minimum of five (5). Subject to the foregoing, the number of Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Directors will be held.
- (2) A Director can be a natural person or a Juristic Person. Where a Director is a Juristic Person, it shall designate a natural person as its authorized representative to exercise, on its behalf, the duties of a director. Any natural person designated as an authorized representative by such Juristic Person may be replaced by another natural person to be authorized by the Juristic Person from time to time so as to fulfil the remaining term of the office of the predecessor.
- (3) Where a Juristic Person is a Member but not a Director or Supervisor, its authorized representative(s) may be elected as Director(s) or Supervisor(s) (if any) in accordance with these Articles but may not concurrently be elected as the Director(s) and Supervisor(s).
- (4) Directors shall be elected by Members at general meetings. Notwithstanding any other provision of these Articles, the principle of cumulative voting shall apply in any election of Directors pursuant to this Article. Each Member entitled to vote in such election shall



have a number of votes equal to the product of (i) the number of votes conferred by such Member's shares and (ii) the number of Directors to be elected at the general meeting. Each Member may divide and distribute such Member's votes, as so calculated, among any one or more candidates for the directorships to be filled, or such Member may cast such Member's votes for a single candidate. At such election, the candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected.

- (5) The proceedings and the voting regarding the election of Directors not covered by these Articles shall be governed by the Methods of Election of Directors and Supervisors of the Company and the internal rules of the Company, as adopted and amended by an Ordinary Resolution of the Members from time to time, which shall be in compliance with the Law and the Applicable Listing Rules.
60. The Company may, whenever it thinks fit, adopt and apply a candidate nomination mechanism for election of all the Directors. Notwithstanding the foregoing, during the Relevant Period, a candidate nomination mechanism shall be adopted for election of all Directors. Upon adoption of candidate nomination mechanism, the Directors and Independent Directors shall be elected by the Members at a general meeting from among the nominees listed in the respective rosters of director candidates and independent director candidates. Subject to the Applicable Listing Rules, the Board may establish detailed rules and procedures for such candidate nomination.
61. The term for which a Director will hold office shall be three (3) years; thereafter he may be eligible for re-election. In case no election of new Directors is effected after expiration of the term of office of the existing Directors, the term of office of such Directors shall be extended until the time new Directors are elected and assume their office.
62. (1) Notwithstanding the preceding Article, a Director may be discharged at any time by a Special Resolution adopted at a general meeting.
- (2) Without prejudice to other provisions of these Articles, the Directors may be put up for re-election at any time before the expiration of the term of office of such Directors. In the event where all Directors are subject for re-election at a general meeting before the expiration of the term of office of such Directors, subject to the successful election of the new Directors at the same meeting, the term of office of all current Directors is deemed to have expired on the date of the re-election if the Members do not resolve that all current Directors will only retire at the expiration of their present term of office or any other date as otherwise resolved by the Members at the general meeting.
63. The Board shall have a chairman (the "Chairman") elected and appointed in term by a majority of the Directors present at a meeting of the Board attended by at least two-thirds of

all of the Directors then in office. The Chairman shall externally represent the Company and internally preside as the chairman at every meeting of the Board and at every general meeting convened by the Board. In the event the Chairman is not present at a meeting or cannot or will not exercise his power and authority for any cause, he shall designate one of the Directors to act on his behalf. In the absence of such designation, the Directors present at the meeting shall elect from among themselves an acting chairman.

64. A Director shall not be required to hold any Shares in the Company.
  65. The remuneration of a Director may differ from other Directors, and shall be determined, regardless of the Company profits or losses of respective years, based on (i) the extent of a Director's involvement with the business operations of the Company, (ii) the contribution of a Director to the Company, (iii) the prevailing industry standard and (iv) such other relevant factors.
  66. When the number of Directors falls below five (5) due to a Director vacating his office for any reason, the Company shall hold an election for Directors at the next general meeting to fill the vacancy for the remainder of the term of such outgoing Director(s). When the number of Directors then in office falls short by one-third of the total number of Directors initially constituting the existing Board, the Company shall convene an extraordinary general meeting within sixty (60) days of the occurrence of that fact for the purposes of electing such number of Directors to fill the vacancy.
- 66-1.(1) Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Law, the Directors shall assume fiduciary duties to the Company and without limitation duty of care, exercise due care and skill and act in the best interest of the Company in conducting the business operation of the Company, including matters in connection with Spin-off, Consolidation, Merger, or acquisition of the Company. A Director may be liable to the Company if he acts contrary to his duties. In circumstances where a Director breaches any of such duties and acts for his/her or other Person's interest, the Company may, with the sanction of an Ordinary Resolution, require the disgorgement of any and all earnings derived from such act.
- (2) If a Director violates any law in the course of conducting the business of the Company, he shall be jointly and severally liable with the Company for the damages resulting from such violation.
  - (3) The preceding two Paragraph of this Article shall apply, mutatis mutandis, to the officers of the Company and the Supervisors (if any) who are authorised to act on its behalf in a senior management capacity.

66-2. During the Relevant Period, the qualifications, election, removal, power, authority and other requirements for Directors (including Independent Directors), which are not covered by these Articles, shall be in compliance with the Applicable Listing Rules.

### **INDEPENDENT DIRECTORS**

67. During the Relevant Period, the number of Independent Directors of the Company shall not be less than two (2) or one-fifth of the total number of Directors at any time, whichever is greater. Upon establishment of an audit committee, the number of Independent Directors shall not be less than three (3) or one-fifth of the total number of Directors at any time, whichever is greater. One (1) of the Independent Directors shall be domiciled in the R.O.C. (such domicile being registered with local government authorities). Subject to the foregoing, the number of Independent Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Independent Directors will be held. When an Independent Director ceases to act, resulting in a number of Independent Directors then in office lower than the prescribed minimum number, an election for an Independent Director shall be held at the next general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election of Independent Directors within sixty (60) days from the date on which the situation arose.

68. Independent Directors shall possess professional knowledge and shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions held by the Independent Directors shall be as prescribed by the Applicable Listing Rules, and the assessment of independence of such Independent Directors shall be in compliance with the Applicable Listing Rules. The Board or other Persons calling a general meeting at which an election for Independent Directors is proposed shall ensure that the requirements of this Article have been satisfied and complied with in relation to any candidate for Independent Director.

### **POWERS AND DUTIES OF THE BOARD**

69. (1) Subject to the Law, these Articles, the Applicable Listing Rules and any resolutions passed in a general meeting, the business of the Company shall be managed by the Board in such manner as it shall think fit, which may pay all reasonable expenses in connection with business management, including but not limited to expenses incurred in forming and registering the Company and may exercise all powers of the Company.

- (2) If the Board fails to comply with the Applicable Listing Rules, these Articles and any resolutions passed in a general meeting in dealing with matters in connection with Spin-off, Consolidation, Merger, or acquisition of the Company, as a result of which the Company suffers damages, any Director involved in decision-making related thereto shall be liable to the Company in respect of the damages suffered by the Company. However, a Director may be exempted from the liability if the minutes of the Board meeting or written statement demonstrates such Director's dissent.
70. The Board may from time to time appoint any Person to hold such office in the Company as the Board may think necessary for the management of the Company, including but not limited to officers and managers, and for such term and at such remuneration as the Board may think fit. Any Person so appointed by the Board may be removed by the Board.
71. The Board may appoint a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as the Board thinks fit. Any Secretary or assistant Secretary so appointed by the Board may be removed by the Board. The Secretary shall attend all general meetings and shall keep correct minutes of such meetings. Subject to the Applicable Listing Rules, the Secretary shall also perform such other duties as are prescribed by the Law or as may be prescribed by the Board.

## **DISQUALIFICATION AND DISCHARGE OF DIRECTORS**

72. (1) The office of Director shall be vacated, if such Director:
- (a) commits a felony (including but not limiting to an offence under Statute for Prevention of Organizational Crimes of the R.O.C.) and has been convicted thereof, and either (i) he has not started serving the sentence, (ii) he has not completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than five (5) years;
  - (b) has been imposed a final sentence involving imprisonment for a term of more than one (1) year for commitment of fraud, breach of trust or misappropriation, and either (i) he has not started serving the sentence, (ii) he has not completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two (2) years;
  - (c) has been imposed a final sentence due to violation of the Anti-corruption Act, and either (i) he has not started serving the sentence, (ii) he has not completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two (2) years;

- (d) becomes bankrupt or is adjudicated of commencement of liquidation proceeding by a court under the laws of any jurisdiction and has not been reinstated to his rights and privileges;
  - (e) has allowed cheques and other negotiable instruments to be dishonoured and the records thereof have not been cancelled or expunged by the relevant regulatory authorities;
  - (f) dies or an order has been made by any competent court or authority on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and such order has not been revoked, or his legal capacity is restricted according to the applicable laws;
  - (g) ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under any provisions of the Law or Applicable Listing Rules;
  - (h) ceases to be a Director by virtue of Article 73;
  - (i) resigns his office by notice in writing to the Company;
  - (j) is removed from office pursuant to these Articles; or
  - (k) has been ordered to be discharged by the R.O.C. Courts on the grounds that such Director, in the course of performing his duties, committed serious violations of the Law, Applicable Listing Rules or these Articles, or acts resulting in material damage to the Company, upon a petition by the Company or Member(s) to the R.O.C. Courts.
- (2) During the Relevant Period, in case a Director (other than Independent Director) has transferred some or all his Shares during the term of his office as a Director, such that the remaining Shares held by him are less than one half of the Shares being held by him at the time he was elected, he shall, ipso facto, cease to act as a Director and be removed from the position of Director automatically.
- (3) If a Director (other than Independent Director), after having been elected and before his inauguration of the office of a Director, has transferred some or all his Shares such that the remaining Shares are less than one half of the Shares be held by such Director at the time of his election or, within the Book Closure Period fixed prior to the general meeting for the election of such Director, has transferred some or all his Shares such that the remaining Shares are less than one half of the Shares be held at the commencement of the Book Closure Period, his election as a Director shall be deemed invalid and void.

73. Except as approved by the Commission, the TPEX or the TWSE (where applicable), the following relationships shall not exist among more than half of the Directors: (a) a spousal relationship; or (b) a familial relationship within the second degree of kinship as defined

under the Civil Code of the R.O.C. If any one of the foregoing relationships exists among more than half of the elected Directors, the election with respect to the one who received the lowest number of votes among those related Directors shall be deemed invalid and void; and if he has held office of Director, he shall cease to act as a Director upon such determination. For the remaining Directors, if the foregoing requirements are still not satisfied, the same procedure set out above shall be applied again to the remaining related Directors, until such time as the foregoing requirements can be complied with.

74. In case a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or in serious violation of the Law or these Articles, but has not been discharged by a resolution in a general meeting, one or more Members holding three percent (3%) or more of the total number of issued Shares of the Company may, within thirty (30) days after that general meeting, submit a petition to a court having proper jurisdiction, including the Taipei District Court of the R.O.C., if and to the extent permitted under the Law, for removing the Director.
75. One or more Members holding one percent (1%) or more of the total number of the total issued Shares continuously for a period of six (6) months or a longer time may request in writing any Supervisor or any Independent Director of the audit committee of the Company to file, on behalf of the Company, an action against a Director with a court having proper jurisdiction, including the ROC Taipei District Court. In case such Supervisor or Independent Director fails to file such action within thirty (30) days after receipt of the request aforesaid, the Members making such request may file the action for the Company.

### **PROCEEDINGS OF THE BOARD**

76. During the Relevant Period, for the despatch of business, the Directors shall convene and hold a meeting of the Board (either within or outside the Cayman Islands) at least once each quarter.
77. At least seven (7) days notice in writing shall be given to every Director and Supervisor (if any) which notice shall set forth the general nature of the business to be considered at a meeting of Board, provided however in the case of emergency, as determined by a majority of the Directors, a meeting of the Board may be convened at any time. Such notice may be given to any Director or Supervisor (if any) either personally, or by facsimile or electronic communication, or by post.
78. A Director may participate in a meeting of Board, or of any committee established in accordance with Article 86 of which such Director is a member, by means of visual

communication facilities which permit all Persons participating in the meeting to see and communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute presence in person at the meeting.

79. A Director may appoint another Director as his proxy to attend a meeting of the Board in writing with regard to a particular meeting, and state therein the scope of authority with reference to the subjects to be discussed at such meeting, in which event the presence and vote of the proxy shall be deemed to be that of the Director appointer. However, no Director may act as proxy for two (2) or more other Directors.
80. Unless otherwise provided by the Law, the Applicable Listing Rules and in these Articles, any matter proposed for consideration and approval at a meeting of Board shall be decided by a resolution passed by a majority of votes cast by the Directors, being entitled so to do, voting in person or, where proxies are allowed, by proxy at such meeting attended by more than one-half of all the Directors. Subject to these Articles, if a Director attends a Board meeting on his behalf and as the proxy of another Director, he is entitled to vote both as a proxy and for his own.
81. A Director who is in any way, whether directly or indirectly, interested in a matter discussed, considered or proposed in a meeting of the Board shall declare the nature of his interest and its essential contents at the relevant meeting. When the Company conducts any Spin-Off, Consolidation, Merger, or acquisition, a Director who bears any interest in the transaction shall explain the essential contents of such personal interest and the reason of approval or disapproval of the resolution in connection with the transaction in a meeting of the Board and the general meeting of the Company. Where the spouse, a blood relative within the second degree of kinship of a Director as defined under the Civil Code of Taiwan, or any company which has a controlling or subordinate relation with a Director bear any interest in the matter under discussion at a Board meeting, such Director shall be deemed to bear a personal interest in the matter. Any Director who bears a personal interest that may conflict with and impair the interest of the Company in respect of any matter proposed for consideration and approval at a meeting of Board shall abstain from voting, on his own behalf or as a proxy or corporate representative, with respect to the said matter. Any and all votes cast by such Director(s) shall not be counted in determining the number of votes for or against such matter.
82. Subject to these Articles, a Director other than an Independent Director may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine, and no Director or intending Director shall be disqualified by his office from

contracting with the Company either with regard to his tenure of any such other office or place of profit nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

83. Subject to these Articles, a Director other than an Independent Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
84. Subject to these Articles, the continuing Directors may act notwithstanding any vacancy in their body.
85. The proceedings regarding meetings of the Board not covered by these Articles shall be governed by the internal rules of the Company, as adopted and amended by the Board and reported to a general meeting from time to time, which shall be in compliance with the Law and the Applicable Listing Rules, particularly the Regulations Governing Procedure for Board of Directors Meetings of R.O.C. Public Companies.
86. Subject to the Law and the Applicable Listing Rules, the Board may establish any committee(s) (including but not limited to a compensation committee) consisting of one or more Directors and the membership, powers, duties and proceedings regarding such committee(s) shall be governed by the internal rules of the Company, as adopted and amended by the Board.

## **COMMITTEES**

- 86A. Subject to the Law and the Applicable Listing Rules, the Board may, or the Company may by an Ordinary Resolution, establish any committee(s) and delegate any of their powers, authorities and discretions to such committee(s) (including but not limited to an audit committee and a remuneration committee) consisting of such member or members of their body or any other Persons as the Board thinks fit. Any committee(s) so formed shall, in the exercise of the powers, authorities and discretions so delegated, and in conducting its proceedings, conform to any regulations that may be imposed on it by the Board pursuant to the Applicable Listing Rules. If no regulations are imposed by the Board, the proceedings of a committee with two (2) or more members shall be, as far as is practicable, governed by these Articles regulating the proceedings of the Board.
- 86B. (1) During the Relevant Period, prior to any resolution of the Merger and Acquisition by the Board, the audit committee of the Company shall review the fairness and reasonableness of the plan and transaction of the Merger and Acquisition, and then submit review results to the Board and the general meeting of the Company. However, the audit committee of the Company may elect not to submit the aforesaid review results to the Members at a general meeting if the Law provides that the Merger and Acquisition to be resolved requires no approval by the Members.



- (2) When reviewing the abovementioned matters, the audit committee of the Company shall seek opinions from an independent expert on the reasonableness of the share exchange ratio or the distribution of cash or other assets.
- (3) The Company shall send the review results of the audit committee of the Company and opinions of independent experts to all Members together with the notice of general meeting in which the Merger and Acquisition is to be resolved. However, the Company shall report the Merger and Acquisition to the Members at the most recent general meeting if the Law provides that the Merger and Acquisition to be resolved requires no approval by the Members.
- (4) If the Company posted the aforesaid review results and opinions of independent experts on a website designated by the R.O.C. competent authorities and arranged for the same documents to be made available at the venue of the general meeting of the Company for inspection by Members, those documents shall be deemed as having been sent to all Members.

## **SUPERVISORS**

87. (1) For the avoidance of doubt, Articles 87 to 100 in relation to the Supervisors shall apply to the extent that they comply with the Law, and in the event there is any inconsistency between such Articles and the Law, the Law shall prevail. Where the powers or obligations of a Supervisor are not expressly provided under such Articles, to the extent that they are permissible by the Law, the Applicable Listing Rules shall apply.
  - (2) During the Relevant Period, the Company shall have Supervisors who are elected by the Members in a general meeting. A Supervisor may be a natural person or a Juristic Person. When a Member is a Juristic Person, the authorised representative(s) of such Member shall not be nominated as candidate(s) of, and/or serve as, both Director(s) and Supervisor(s) concurrently.
  - (3) During the Relevant Period, the number of Supervisors shall be no less than three (3) Supervisors, one (1) of whom shall have a domicile in the R.O.C.
88. When the number of Supervisors falls below three (3) due to a Supervisor ceasing to act for any reason, the Company shall hold an election for Supervisors at the next general meeting. In case all Supervisors are discharged, the Board shall, within sixty (60) days, convene an extraordinary general meeting to elect new Supervisors.
89. (1) Supervisors shall supervise the management, operation and conduct of business of the Company, and may from time to time inspect the business and financial conditions of

the Company, examine the accounting books and documents, and request the Board or officers to make reports thereon.

- (2) In performing their duties under the preceding Paragraph of this Article, the Supervisors may appoint, on behalf of the Company, a lawyer and/or a certified public accountant to conduct the examination.
90. When a Director discovers that the Company may suffer substantial damage, he/she shall report to the Supervisor(s) immediately.
  91. (1) A Supervisor may attend a meeting of the Board and express his opinions therein; provided however, a Supervisor is not entitled to vote at a meeting of the Board.  
(2) In case the Board or any Director commits any act, in carrying out the business of the Company, in a manner in violation of the Law, the Applicable Listing Rules, these Articles and/or the resolutions of a general meeting, the Supervisors shall forthwith advise, by a notice, to the Board or the Director, as the case may be, to cease such act.
  92. (1) Supervisors shall review the various statements and records prepared for submission to a general meeting by the Board, and shall make a report of their findings and opinions at the relevant general meeting.  
(2) In performing their duties under the preceding Paragraph of this Article, the Supervisor may appoint a certified public accountant to conduct the review on their behalf.
  93. Supervisors may convene a general meeting of the Company either when the Board fails or is unable to convene a general meeting or when it is deemed necessary for the benefit of the Company.
  94. Each Supervisor may exercise its power conferred by these Articles individually.
  95. A Supervisor shall not hold office of a Director, an officer, a manager or other employee of the Company.
  96. In case a Director transacts a sale with, borrows money from or conducts any other transaction with the Company on his/her own account or for any other person, the Supervisor, instead of the Board or Directors, shall act for the Company in negotiation and execution of such transaction.
  97. When a general meeting resolves to file an action against a Supervisor, the Company shall file such action within thirty (30) days from the date of adoption of such resolution. The Members may appoint any Person other than the Directors to represent the Company in the action aforesaid.
  98. One or more Members holding one percent (1%) or more of the total number of the total issued Shares continuously for a period of six (6) months or a longer time may request in

writing the Board to file, for the Company, an action against a Supervisor with a court having proper jurisdiction, including the Taiwan Taipei District Court. In case the Board fails to file an action within thirty (30) days after receipt of the request aforesaid, then the Member(s) making such request may file the action for the Company.

99. (1) Except as approved by the Commission, the TPEX or the TWSE (where applicable), at least one of the Supervisors shall not be a spousal relationship or related within the second degree of kinship as defined under the Civil Code of the R.O.C. to other Supervisors or Directors.
- (2) If there are some among the Supervisors who do not meet the requirements set forth in the preceding Paragraph of this Article, the election with respect to the one who received the lowest number of votes among those Supervisors shall be deemed invalid and void, and if he has held the office of a Supervisor, he shall cease to act as a Supervisor.
- (3) If there are some among the Directors and Supervisors who do not meet the requirements set forth in Paragraph (1) of this Article, the election with respect to the Supervisor who received the lowest number of votes among those not meeting the requirements shall be deemed invalid and void; if he has held the office of a Supervisor, he shall cease to act as a Supervisor.

100. The provisions set out in Paragraphs (2), (3) and (4) of Article 59 and Articles 61, 62, 64, 65, 66-2, 72 and 74 shall apply *mutatis mutandis* to the Supervisors.

100A. Notwithstanding anything to the contrary in these Articles, the Company may adopt a method of audit committee instead of a method of Supervisors subject to the Law and the Applicable Listing Rules. Where the Company has established an audit committee, this Section from Article 87 to Article 100 shall not apply. Without prejudice to other provisions of these Articles, upon establishment of an audit committee of the Company, all Supervisors shall be deemed to have retired on the date of such establishment.

## **RESERVE**

101. During the Relevant Period, the Company, when allocating its surplus profits after paying all taxes and duties, shall first set aside ten percent (10%) of said profits as statutory reserve (the "**Statutory Reserve**"). Where the Statutory Reserve amounts to the total paid-in capital, this Article shall not apply.

102. Subject to the Law and the Applicable Listing Rules, during the Relevant Period, aside from the Statutory Reserve, the Company may, by an Ordinary Resolution, set aside an additional amount of its surplus profits as special reserve (the "**Special Reserve**") for such purposes as

may be approved by the shareholders by way of an Ordinary Resolution.

103. Unless otherwise provided in the Law, the Applicable Listing Rules and these Articles, the Statutory Reserve and the Capital Reserve shall not be used except for offsetting the losses of the Company. The Company shall not use the Capital Reserve to offset its capital losses unless the Statutory Reserve and the Special Reserve set aside for purposes of loss offset are insufficient to offset such losses.

### **COMPENSATION, DIVIDENDS AND BONUSES**

104. Subject to the Law, the Applicable Listing Rules and these Articles, the Company may, by an Ordinary Resolution, declare dividends or bonuses in any currency to be paid to the Members when there is any surplus profit at the end of the financial year; PROVIDED THAT where the aggregate amount of its Statutory Reserve exceeds by fifty percent (50%) of the total issued share capital of the Company, the Company may, by an Ordinary Resolution, distribute any or all of the excess amount from the Statutory Reserve as dividends or bonuses even if there is no surplus profit at the end of the financial year. During the Relevant Period, dividends or bonuses payable to the Members shall only be paid in NTD.

105.(1) During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors then in office, the Company may distribute not less than **two percent (2%) of the profits** for such year to employees of the Company and/or its Subordinate Companies (unless otherwise provided by the Law and the Applicable Listing Rules, the qualifications of such employees shall be determined by the Board) as the employees' compensation in the form of shares or in cash and may distribute not more than **one percent (1%)** hereof to the Directors as the Directors' compensation, provided, however, that the total amount of accumulated losses of the Company shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to employees of the Company and/or its Subordinate Companies and Directors in the proportion set out above. A report of such distribution of employee and Directors' compensation shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensation shall not be paid in the form of shares.

(2) Subject to the Law, the Applicable Listing Rules and these Articles, where the Company still has earnings, the Company, after paying all relevant taxes, offsetting losses

(including losses of previous years) and setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total paid-in capital) and the Special Reserve (if any), may, by an Ordinary Resolution of the annual general meeting, declare and distribute no less than ten percent (10%) of the remaining amount of the annual profits for each financial year to the Members as dividends or bonuses in proportion to the number of Shares held by them respectively, provided that, no less than ten percent (10%) of such amount of dividends and bonuses allocated to Members shall be paid in cash.

(3) The Company may also allocate and distribute any undistributed profits of previous years as dividends and bonuses by an Ordinary Resolution at an annual general meeting of the Company.

(4) The Board may deduct from the dividends, bonuses or any other amount payable to the Member in respect of the Share any amount (if any) due by such Member to the Company on account of calls or otherwise in relation to the Share.

(5) Subject to the Law and the Applicable Listing Rules, any Special Reserve may be reversed to unappropriated profit of the Company.

106. (1) Where dividends or bonuses are declared in accordance with the preceding Article, the Company, subject to the Law and Applicable Listing Rules, may by a Special Resolution have the whole or a part of the surplus profit distributable as dividends or bonuses paid in the form of new shares for such purpose; provided however any fraction of such newly issued shares shall be paid in cash.

(2) No dividend or other distribution or other monies payable by the Company on or in respect of any Share shall bear interest against the Company. All unclaimed dividends or distributions may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Any dividend or distribution unclaimed by a Member six years after the dividend or distribution payment date shall be forfeited and revert to the Company.

## **ACCOUNTS, AUDIT, AND ANNUAL RETURN AND DECLARATION**

107. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Board.

108. (1) The books of account shall be kept at the Registered Office or at such other place or

places as the Board thinks fit, and shall always be open to the inspection of each Director and Supervisor (if any).

- (2) If the Company keeps its accounting records and books of account at any place outside the Cayman Islands in accordance with the preceding paragraph, it shall, upon service of an order or notice pursuant to the Tax Information Authority Law and any amendment or other statutory modification thereof, make available, in electronic form or any other medium at its Registered Office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.
109. At the end of each financial year, the Board shall prepare: (a) the business report; (b) the financial statements which include all the documents and information as required by the Law and the Applicable Listing Rules (the "**Financial Statements**"); and (c) any proposal relating to the distribution of net profit and/or loss offsetting in accordance with these Articles, for adoption by the annual general meeting, and shall forward the same to Supervisors or Independent Directors of the audit committee for their review not later than the thirty (30) days prior to the annual general meeting, and upon adoption at the annual general meeting, the Board shall distribute to each Member copies of the Financial Statements and the resolutions relating to profit distribution and/or loss offsetting or notify all Members by way of a public announcement of the same.
110. The documents prepared by the Board and the review report issued by the Supervisors or the audit committee in accordance with the preceding Article shall be made available at the Shareholders Service Agent's office in the R.O.C. for inspection during normal business hours by the Members, ten (10) days prior to the annual general meeting.
111. During the Relevant Period, the Board shall keep copies of the Memorandum of Association, these Articles, the minutes of every general meeting, the Financial Statements, the Register and the counterfoil of corporate bonds issued by the Company at its Shareholders Service Agent's office in the R.O.C. Any Member may request at any time, by submitting evidentiary document(s) to show his interests involved and indicating the scope of requested matters, access to inspecting, transcribing and making copies of the above documents; the Company shall make Shareholder' Service Agent provide the above documents.
112. The Board in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

## **CAPITALISATION OF RESERVE**

113. Subject to the Law, where the Company incurs no loss, it may, by a Special Resolution, distribute its Statutory Reserve, Share Premium Account and the income from endowments received by the Company, in whole or in part, by issuing new fully paid shares and/or by cash to the Members in proportion to the number of shares held by each of them; provided that, with respect to the Statutory Reserve, only the portion of the Statutory Reserve exceeding twenty-five percent (25%) of the issued share capital of the Company may be so distributed.
114. Subject to the requirements of the Law, the Board may make any arrangements it thinks fit to resolve a difficulty arising in the capitalisation under the preceding Article, including without limitation, Shares distributable in fractions.

## **TENDER OFFER**

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

## **WINDING UP**

116. Subject to the Law, the Company may be wound up by a Special Resolution passed by the Members. If the assets available for distribution amongst the Members shall be insufficient

to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

117. Subject to the Law, if the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Law, divide and distribute amongst the Members the whole or any part of the property of the Company (whether they shall consist of property of the same kind or not) in cash or asset and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different Classes. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any asset whereon there is any liability.
118. The Company shall keep all statements, records of account and documents for a period of ten (10) years from the date of the completion of liquidation, and the custodian thereof shall be appointed by the liquidator or the Company by an Ordinary Resolution.

## NOTICES

119. Subject to the Law and except as otherwise provided in these Articles, any notice or document may be served by the Company to any Member either personally, or by facsimile, or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to such Member at his address as appearing in the Register, or, to the extent permitted by the Law and the Applicable Listing Rules, by posting it on a website designated by the Commission, the TPEX or the TWSE (where applicable) or the Company's website, or by electronic means by transmitting it to any electronic mail number or address such Member may have positively confirmed in writing for the purpose of such service of notices. In the case of joint Members, all notices shall be given to that one of the Members whose name stands as their representative in the Register in respect of the joint holding.



120. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting including the purpose for which such meeting was convened.
121. Any notice or other document, if served by:
- (a) post, shall be deemed to have been served one (1) day after the time when the letter containing the same is posted or delivered to the courier;
  - (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
  - (c) courier service, shall be deemed to have been served forty-eight (48) hours after the time when the letter containing the same is delivered to the courier service; or
  - (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail, subject to the Law.
122. Any notice or document served to the registered address of any Member in accordance with these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Member as sole or joint Member.

### **REGISTERED OFFICE OF THE COMPANY**

123. The Registered Office of the Company shall be at such address in the Cayman Islands as the Board shall from time to time determine.

### **CORPORATE GOVERNANCE**

124. (1) During the Relevant Period, the proceedings regarding acquisition and disposal of assets of the Company (including financial derivatives trading), loan of funds and making of endorsement/guarantees shall be governed by the Procedures for Acquisition and Disposal of Assets, the Procedures for Loaning of Funds and for Offering of Endorsements/Guarantees, the internal rules of the Company, as adopted and amended by an Ordinary Resolution, which shall be in compliance with the Law and the Applicable Listing Rules.
- (2) During the Relevant Period, the proceedings regarding related party transactions shall be governed by the Regulations Governing Related-Party Transactions, the internal rules of the Company, as adopted and amended by the Board from time to time, which shall be

in compliance with the Law and the Applicable Listing Rules.

125. During the Relevant Period, the internal control system will be established by the Board which shall be in compliance with the Law and the relevant Applicable Listing Rules.

### **FINANCIAL YEAR**

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

### **SEAL**

127. The Company shall have one or more Seals, as the Board may determine. No Seal shall be used without the authority of the Board. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed by one Director or the Secretary or by such other person or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature.

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

128. (1)The Company shall appoint its litigation or non-litigation agent under the Securities and Exchange Act of the R.O.C. and such agent will be deemed as its responsible person in the R.O.C. under the Securities and Exchange Act of the R.O.C.  
(2)The preceding agent shall have residence or domicile in the R.O.C.
129. (3)The Company shall report the name, residence/domicile of the preceding agent and power of attorney to the competent authority in the R.O.C. This reporting requirement shall also apply if there is any change.

## Rules of Procedure of Shareholders' Meeting (Before Amendment)

### Article 1

These Rules have been established in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies of Taiwan in order to build a strong board governance system for shareholders' meetings and robust supervisory capabilities and reinforce management capabilities for the Company.

### Article 2

Unless otherwise specified by law or the Articles of Incorporation, shareholders' meetings of the Company shall proceed according to the terms of these Rules.

### Article 3

Unless otherwise specified by law, shareholders' meetings are to be convened by the board of directors.

To convene a regular shareholders' meeting, the agenda handbook shall be prepared, and shareholders shall be notified 30 days prior to the meeting. The notice of the shareholders' meeting to be given by an issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement uploaded to Market Observation Post System (MOPS). For special shareholders' meeting, the notice shall be given 15 days prior to the meeting, and to the shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement uploaded to MOPS 15 days prior to the meeting. The Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. The Company shall specify in the notice of meeting the time and place for acceptance of shareholders' registration and other matters to be noted. Admission of meeting participants shall begin at least 30 minutes before the meeting commences. The reception area must be clearly labeled and stationed with competent personnel.

Election or dismissal of directors or supervisors, changes to the articles of association, capital reduction, application for suspension of public offerings, directors' competition approval, capital increase from earnings, capital increase from legal reserve, public company dissolution, merger, division, or any circumstance in paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed and explained in the reason for the convening, and shall not be proposed via an extraordinary motion.

The notification for the convening of shareholder meeting has announced the re-election of directors and supervisors and inauguration date. After the re-election at the shareholder meeting, the inauguration date shall not be changed by extraordinary motion or other means in the same meeting.

Shareholders who hold over 1% of the total issued shares may propose issues in the Company's shareholders' general meeting. Each shareholder is limited to one issue, and additional issues will not be included in the proposal discussion. Furthermore, if the issue raised by shareholders involves items in Paragraph 4, Article 172-1 of the Company Act of Taiwan, the board of directors can omit the proposal. A shareholder may make a proposal to promote the public interest or social responsibility of the Company. Still, the proposal shall be limited to one proposal only in accordance with Article 172-1 of the Company Act, and any proposal exceeding one shall not be included in the motion.

Before the book closure date for the annual general meeting, the Company shall announce the acceptance of shareholders' proposals, the procedures in accepting proposals either in writing or electronic version and the place and time of acceptance. The period of acceptance shall not be less than 10 days.

Shareholders shall limit their proposed motions to 300 words only; proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy attendance and participate in the discussion.

Prior to the date for issuance of notice of a shareholders' meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. During the shareholders' meeting, the board of directors shall explain the reasons why certain proposed motions are excluded from the discussion.

#### Article 4

Shareholders attending the meeting should show the power of attorney issued by the company that specifies the scope of authorization and the commissioned representative.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must be received by the Company at least 5 days before the shareholders' meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw from the previous proxy arrangement.

Should the shareholder decide to attend a shareholders' meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by the Company, a written notice must be sent to the Company by no later than 2 days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, the vote of the proxy attendant shall prevail.

#### Article 5 (Principles determining the place and time of a shareholders' meeting)

Shareholders' meeting should be held at the location of the Company or the place convenient for the shareholders and suitable for the meeting occasion. The meeting should not be earlier than 9am or later than 3pm. Independent directors' opinions on the meeting place and time shall also be fully considered.

#### Article 6 (Preparation of documents such as the attendance book)

The Company shall provide an attendance ledger for the attending shareholders and their proxies ("shareholders" hereafter) to sign in, or have the attending shareholders turn in their attendance cards to sign in.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance pass, opinion slip, motion ballots and any information relevant to the meeting. Prepare additional ballots if director and supervisor elections are also being held during the meeting.

Shareholders shall attend shareholders' meetings by presenting valid conference pass, attendance card or other document of similar nature. The Company may not request shareholders to present additional documentary proof unless specified in advance. Proxy form acquirers are required to bring identity proof for verification.

Where the shareholder is a government agency or corporate entity, more than one proxy may attend the shareholders' meeting. Corporate entities that have been designated as proxy attendants can only appoint one representative to attend a shareholders' meeting.

#### Article 7 (The chair and non-voting participants of a shareholders' meeting)

The chairman should chair the meeting convened by the board of directors. One director shall be appointed acting on the chairman's behalf if the chairman takes the day off or for any reason cannot exercise the power; In the event that the chairman does not appoint anyone, elect one director to act on the chairman's behalf.

The shareholders' meeting convened by the board of directors shall be personally hosted by the chairman of the board. More than half of the directors, at least one supervisor (if any), and at least one representing member of various functional committees are advised to attend the meeting in person, and the attendance shall be recorded in the meeting minutes.

For the meeting that is convened by the ones with the convening authority outside of the board, the meeting should be chaired by convening authority. One person should be selected to chair the meeting if there are more than two presents.

The Company may summon its lawyers, certified public accountants or any relevant personnel to be present at shareholder meetings.

#### Article 8 (Documentation of a shareholders' meeting by audio or video)

The Company shall audio or video record the process of shareholders' meeting and retain the recordings for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

#### Article 9

Attendance at a shareholders' meeting shall be calculated based on shares. The number of shares in attendance is counted based on the attendance book or the submitted attendance card, together with the shares with the written or electronic voting rights.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and the number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending

shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.

#### Article 10 (Discussion of proposals)

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. For the meeting that is convened by the ones with the convening authority outside of the board, the aforementioned rule still applies.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders and then continue the meeting.

The chairman shall give proposals and shareholder proposed revisions or extraordinary motions sufficient time for clarification and discussion. Once the chairman perceives that voting can proceed, the chairman shall stop the discussion and initiate the voting.

#### Article 11 (Shareholder speech)

Before speaking, the attending shareholders should first fill out speech notes clearly stating the purpose, account number (or the attendance pass number) or account name and allow the chair to determine the order to give the speech.

The attending shareholders are considered to offer no statement if they only provide speech notes without giving statements. In the event where the content of the statement is inconsistent with the speech note, the content of the statement should prevail.

Each shareholder shall not make more than two statements for the same proposals without the chairman's agreement, and each statement shall not exceed five minutes. If the shareholder's statement violates the rules or exceeds the scope of the issue, the chairman shall halt the statement. When an attending shareholder is making a statement, other shareholders shall not speak unless given permission by the chairman and the speaking shareholder. Violators shall be halted by the chairman.

The corporate shareholders who assign more than two legal representatives to attend the meeting can only have one person giving speech for a motion.

After an attending shareholder speaks, the chairman shall personally answer or designate a person to answer.

#### Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders' meeting shall be calculated based the number of shares.

The shares of the shareholders without voting rights are not counted in the total issued shares for the resolution of the meeting. A shareholder who has a personal interest with the agenda of the meeting which may result in a conflict of interest with the Company shall not participate in the voting, nor shall he/she act on behalf of other shareholders to exercise the voting rights of other shareholders.

The number of shares held by shareholders who are not permitted to vote shall be excluded from total voting rights represented in the meeting. Other than the trusts or securities agencies approved by the authorities, a person representing more than two shareholders as a proxy cannot have the shares exceeding three percent of the total voting shares. The exceeded voting rights will not be counted.

#### Article 13

Every share represents one vote unless it is restricted or deemed non-voting shares under Paragraph 2, Article 179, the Company Act of Taiwan.

Shareholders may exercise their voting power by electronic transmission or in correspondence in shareholder meetings, and the exercise method shall be specified in the notice of shareholders' meetings. Shareholders exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, this is also considered to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore recommended that the Company avoids the submission of extraordinary motions and amendments to original proposals.

Shareholders exercising voting rights by correspondence or electronic means shall deliver their declaration of intent to the Company at least two days before the shareholders' meeting. If there is a repetition of the declaration of intent, whichever delivered the first will be served, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised no later than 2 days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. If a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Unless otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During the voting process, the chair or the designated personnel announces the total number of the eligible voting rights of the attending shareholders case by case and then carries out the voting. On the same day of the meeting, the number of agree, disagree and abstain are entered into the Market Observation Post System.

Within the extent permitted by laws, for the motion that the chair consults every attending shareholder without any objection, it is considered passed with the same effectiveness as the voting. In case of any objection, voting should be taken in accordance with the paragraph above. Other than the proposals listed in the agenda, for other proposals, or the amendment or an alternative to a proposal proposed by a shareholder shall be seconded by other shareholders. The shares held by the proposer and shareholders second the proposal shall be at least 1 percent of the total voting rights of the issued shares.

For the amendment or substitute of the same motion, the chair is to combine it with the original motion to determine the vote order. If one of the proposals has been passed, the other proposals are viewed as denied and no more voting will be conducted.

The monitoring and counting personnel for the proposal voting should be assigned by the chair, and the monitoring personnel should have a shareholder status.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting and made into record.

#### Article 14 (Election of directors and supervisors)

Shareholders' meetings that involve election of directors and supervisors shall proceed according to the Company's election policy. Results of the elections, including the list of elected directors and supervisors and the final tally, must be announced on-site.

All ballots used in the above election shall be sealed and signed by the ballot examiner, and held in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

#### Article 15

The voted issues should be made into a resolution record signed or stamped by the chair and then distributed to each shareholder within twenty days after the meeting. The production and the distribution of the resolution record can be made electronically. The distribution of the meeting minute may be made by public announcement.

The resolution proceedings should correctly record the year, month, day, venue, name of the chair, voting method, the essentials of the proceedings and the voting results (including the statistical weights). If there is an election of directors and supervisors, the votes received by each nominee shall also be disclosed. These records are to be kept permanently during the Company's existence.

Within the extent permitted by laws, where the approach for resolution in the preceding paragraph, is for the motion that the chair consults every attending shareholder without any objection, such resolution shall be recorded as "all attending shareholders were consulted by the chair and passed without objection;" provided, shall there be any objection voiced by any shareholders, such shall be specified the approach of voting, and the number of voting rights in favor, and the percentage of the rights.

#### Article 16 (Public disclosure)

The number of shares owned by the solicitors and the entrusted proxies is compiled into a chart with a prescribed format on the meeting day and is disclosed clearly at the meeting venue.

The Company must disclose on MOPS in a timely manner any shareholder meeting resolutions that constitute material information as defined by law or the rules of Taiwan Stock Exchange Corporation (or Taipei Exchange in Taiwan (if applicable)).

#### Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.



The chair may direct proctors or security personnel to help maintain order at the meeting venue. The proctors or security personnel help maintaining order at the meeting place shall wear an identification card or armband bearing the word "Proctor."

For venues that are equipped with broadcasting equipment, the chairman shall halt any shareholder that make statements from equipment not allocated to the Company. Shareholders in violation of the rules and disobeying correction by the chair to disrupt the meeting are asked to leave the venue and will be escorted out by the proctors or the security personnel.

Article 18 (Recess and resumption of a shareholders' meeting)

The chair may announce a break time during the meeting at his/her discretion. The chair is to rule a meeting suspension due to force majeure and announce another time to resume the meeting as appropriate.

If the agenda scheduled for the meeting (including extraordinary motion) are not finished and the venue cannot be used, the shareholders are to find resolutions in finding a place to finish the meeting.

The shareholders may decide to postpone or continue the meeting within five days in accordance with Article 182 of the Company Act of Taiwan.

Article 19

These Rules are to be announced and implemented after being approved by the shareholders' meeting, and likewise for the revision.

**Asia Plastic Recycling Holding Limited**  
**Procedures for Acquisition or Disposal of Assets (Before Amendment)**

Article 1: Purpose: The Procedures are formulated to protect assets and implement information disclosure.

Article 2: Legal basis: The Procedures are formulated pursuant to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” of Taiwan.

Article 3: Scope of Assets

- I. Marketable securities: stocks, bonds, corporate bonds, financial bonds, domestic beneficiary certificates, offshore mutual funds, depository receipts, call (put) warrants, beneficiary securities and asset-based securities.
- II. Real estate (including land, housing and construction, investment real estate, and inventory of construction) and equipment.
- III. Membership cards.
- IV. Intangible assets: patents, copyrights, trademarks, franchises, national lands’ right-of-use and other intangible assets.
- V. Right-of-use assets.
- VI. Creditor’s rights of financial institutions (including receivables, foreign exchange discounts, loans and receivables on demand).
- VII. Derivatives.
- VIII. Assets acquired or disposed of by merger, division, acquisition or share transfer in accordance with the law.
- IX. Other important assets.

Article 4: For the appraisal report or opinion of accountants, lawyers or securities underwriters obtained by the Company, the professional appraiser and its appraising staff, accountants, lawyers or securities underwriters shall comply with the following requirements:

- I. Having not been sentenced to fixed-term imprisonment of more than one year for violating the Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, and the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery or business crimes. However, this restriction shall not apply if three years have passed after the completion of execution or expiration of probation or after a pardon.
- II. Not a related party of or having a substantial relationship with the transaction counterparty.

III. If the Company should obtain the appraisal reports of two or more professional appraisers, the different appraisers or appraising staff shall not be related to each other or have a substantial relationship with each other.

Article 5: Where the Company acquires or disposes of assets through court auction procedures, the supporting documents issued by the court may substitute the appraisal report or CPA's opinion.

Article 6: Operational Procedures for the Acquisition and Disposal of Properties or Equipment

I. Evaluation and Operation Procedures

In acquiring or disposing of real property and equipment, the Company shall comply with the property, plant and equipment cycle procedures in the internal control system.

II. Determination procedures for transaction conditions and authorized limits

(I) For the acquisition or disposal of real estate, the Company shall refer to the announced present value, the appraised value, the actual transaction price of the adjacent real estate, final transaction conditions and transaction price, and file an analysis report to the Chairman. If the amount is RMB 10 million or less, it shall be submitted to the Chairman for approval and reported afterwards to the next board meeting for recordation; if the amount exceeds RMB 10 million, it shall be submitted to the board meeting for approval before implementation.

(II) The Company shall select either price comparison, negotiation, or tender for acquiring or disposing of real properties. If the amount RMB 10 million or less, it shall be approved by each level pursuant to the authorization regulations; if the amount exceeds RMB 10 million, it shall be submitted to the President for approval, and then approved by the board of directors before implementation.

III. Execution units

When acquiring or disposing of real property or equipment the Company shall obtain the approval as the approval authorities in the preceding paragraph, and the unit using the asset and the management unit execute the transaction.

IV. Appraisal reports of real property or equipment

For the Company's acquiring or disposing of real estate, equipment or its right-of-use assets, other than the transactions with domestic government agencies, commissioned construction of self-own land, commissioned construction of leased land, or acquisition or disposal of equipment or its right-of-use assets for business purposes, if the transaction amount reaches 20% of the paid-in capital of the Company or exceeds NT\$300 million equivalent, the Company shall obtain the appraisal report issued by a professional appraiser before the date of occurrence (the parts with appraisal report issued by a professional appraiser obtain are excluded) and comply with the following:

- (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (III) In case of any of the following circumstances, except that the appraisal results of the assets obtained are higher than the transaction amount, or the appraisal results of the disposed assets are lower than the transaction amount, the accountant shall be requested to handle it in accordance with the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation of Taiwan, and express a concrete opinion about the reasons for the difference and the fairness of the transaction price:
  - 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date.

#### Article 7: Procedures for acquiring or disposing of securities investment

##### I. Evaluation and Operation Procedures

In purchasing or selling long- and short-term securities, the Company shall comply with the invest cycle procedures in the internal control system.

II. Determination procedures for transaction conditions and authorized limits

Once the investment is made, the Finance Department will review if the total amount of disbursement when applying for the payment for the investment stays within the limit approved by the board of directors, and check if the amount of the investment contract is consistent. Any inconsistency will be returned to the clerk in charge to revise. If correct, the voucher is printed to be approved by each level, and deliver to the cashier for remittance.

III. Execution units

When purchasing or selling long- and short-term securities, the Company shall obtain the approval as the approval authorities in the preceding paragraph, and the Finance Department executes the transactions

IV. Obtaining accountants' opinions

When acquiring or disposing of securities, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall consult an accountant for a fair opinion on the transaction price before the date of occurrence (except for the part to which the opinion of accountant is obtained). If the accountant needs to use an expert report, he should follow the provisions of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation.

(I) Acquiring or disposing of securities not trading on securities exchanges or OTC markets.

(II) Acquiring or disposing of securities privately placed.

Article 8: Operational Procedures for acquiring or disposing of real properties with a related party

- I. If the Company acquires or disposes of assets from a substantive related party, in addition to the handling procedures set forth in Articles 6, the operational procedures for acquiring properties, the Company shall handle the relevant resolution procedures and evaluate the rationality of the trading conditions in accordance with the following provisions. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report issued by a professional appraiser or an opinion of a CPA in accordance with the provisions of the preceding requirements.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 2 of Article 13. In addition, when judging whether a counterparty is a related party, attention shall be paid to not just its legal form, but also the substantive relationship.

## II. Evaluation and Operation Procedures

When the Company acquires or disposes of real estate or its right-of-use assets from related parties, or acquires or disposes of assets other than real estate or its right-of-use assets with related parties, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million, except the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted to the board meeting for approval and supervisors for ratification before the Company signs off the transaction contract and makes the payment.

- (I) The purpose, necessity and expected benefits of acquisition of the properties.
- (II) Reasons for selecting the related party as the trading counterparty.
- (III) For the acquisition of real estate or its right-of-use assets from a related party, evaluate the rationality of the predetermined trading conditions in accordance with the provisions of subparagraphs (I) and (IV) paragraph 3 of the article.
- (IV) The original acquisition date and price of the related party, and the trading counterparty and its relationship with the Company and the related party, etc.
- (V) A forecast statement of cash receipts and payments for each month of the next year from the beginning of the contract month, and an assessment of the necessity of the transaction and the rationality of the use of funds.
- (VI) The appraisal report issued by a professional appraiser or the opinion of an accountant is obtained in accordance with paragraph 1 of this article.
- (VII) Restrictions and other important agreements of this transaction.

The calculation of the transaction amounts referred to in the preceding paragraph and the preceding paragraph shall be made in accordance with Article 13, paragraph 2 herein, and "within the preceding year" as

used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders' meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.

If the Company engages in the following transactions with its parent, subsidiary or a company of which its subsidiary directly or indirectly holds 100% of the issued shares or total capital, the board meeting may authorize the Chairman of the board of directors to make a decision within RMB10 million, and then submit it to the latest board meeting for ratification:

1. Acquisition or disposal of equipment or its right-of-use assets for business use.
2. Acquisition or disposal of real estate or its right-of-use assets for business use.

### III. Assessment of the Fairness of Transaction Costs

(I) When acquiring real estate or its right-of-use assets from a related party, the company shall assess the fairness of transaction costs according to the following methods:

1. The transaction price of the related party plus the necessary capital interest and the cost that the buyer should bear according to law. The interest cost of necessary funds referred to shall be calculated on the basis of the weighted average interest rate of the loan in the year the company purchases the assets.
2. The total appraised value of the subject matter by the financial institution if the related party has set up a mortgage loan with the subject matter from a financial institution, provided that the financial institution's actual accumulated loan value for the subject matter shall be more than 70% of the total appraised value, and the loan period shall be more than one year. However, the above is not applicable if the financial institution and one of the parties to the transaction are related parties to each other.

(II) In the case of joint purchase or joint lease of the land and housing of the same subject matter, the transaction costs may be assessed by either of the methods listed in preceding paragraph.

- (III) When the Company acquires real estate or its right-of-use assets from a related party, it shall evaluate the cost of the real estate or its right-of-use assets in accordance with the provisions of subparagraphs (I) and (II), Paragraph 3 of the article, and shall consult an accountant for review and a specific opinion.
- (IV) When the Company acquires real estate or its right-of-use assets from a related party, if the appraisal result is lower than the transaction price in accordance with the provisions of subparagraphs (I) and (II), Paragraph 3 of the article, it shall be handled in accordance with subparagraphs (V), Paragraph 3 of the article. This restriction does not apply if objective evidence is provided and a specific fair opinion of a professional real estate appraiser or an accountant is obtained due to the following circumstances:
1. If the related party acquires plain land or leased land for redevelopment, relevant evidence may be provided to prove that it meets any of the following conditions:
    - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years
    - (2) The transaction cases of other floors of the same subject property or of other non-related parties in the adjacent area within one year have similar areas, and the transaction conditions after evaluation are equivalent according to the reasonable floor or area price difference based on real estate sales or leasing practices.
  2. The Company provides evidence that the transaction conditions of the real estate purchased from the related party or the real estate right-of-use assets acquired by leasing are similar to those of other non-related party transactions in the adjacent area within one year. The transaction cases in neighboring areas mentioned above shall be based on the principle that the transaction objects are on the same



street or adjacent streets less than 500 meters away from the subject matter of the transaction; the above-mentioned similar areas shall be based on the principle that the areas of other non-related parties' transaction cases are not less than 50% of the area of the subject matter of the transaction; the above-mentioned one-year period shall be based on the date of occurrence of the acquisition of the real estate or its right-of-use assets, and retrospectively calculated for one year in the past.

(V) When the Company acquires real estate or its right-of-use assets from a related party, if the appraisal result is lower than the transaction price in accordance with the provisions of subparagraphs (I) and (IV), Paragraph 3 of the article, then the following shall be handled:

1. The Company shall, in accordance with the provisions of paragraph 1, Article 41 of the Securities and Exchange Act of Taiwan, set aside a special reserve for the difference between the transaction price of the real estate or its right-of-use assets and the appraised cost. The special reserve shall not be distributed or converted into rights offering. If the investor who adopts the equity method to evaluate its investment in the Company is a public company, it shall also set aside a special reserve for the allocated amount based on the shareholding ratio in accordance with paragraph 1 of Article 41 of the Securities and Exchange Act of Taiwan.
2. The independent directors shall handle the case in accordance with Article 218 of the Company Act.
3. The handling situation in Point 1 and 2, subparagraphs (V), Paragraph 3 of the article shall be reported to the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus.
4. And the Company has set aside a special reserve in accordance with the aforementioned provisions for the public company in Taiwan using the equity method to account for its investment in which, the special reserve may be used with the consent of the FSC of Taiwan only after a falling price loss has been recognized for the assets purchased or leased at a high price, or such assets have been disposed of, or the

lease has been terminated, or appropriate compensation is made, or such assets have been restored to the original state, or there are other evidence confirming that the price is no unreasonable.

(VI) When the Company acquires real estate or its right-of-use assets from a related party, in any of the following circumstances, the provisions of paragraph 2 of this Article regarding evaluation and operational procedures shall be followed, and the provisions of subparagraphs (I), (II), and (III), Paragraph 3 of the article above shall not apply:

1. The related party acquired real estate or its right-of-use assets by inheritance or gift.
2. The time when the related party acquired the real estate or its right-of-use assets was more than five years ago.
3. The real estate is acquired by signing a joint construction contract with the related party, or inviting the related party to build the real estate with local or leased land.
4. The right-of-use assets for business purpose is acquired between the Company and its parent, subsidiary, or between its subsidiaries in which the Company directly or indirectly holds 100% of their issued shares or total capital.

(VII) If the Company acquires real estate or its right-of-use assets from a related party, and there is other evidence showing that the transaction is not in accordance with regular business practices, it shall also be handled in accordance with subparagraphs (V), Paragraph 3 of the article.

#### Article 9: Procedures for acquisition or disposing of membership cards or intangible assets

##### I. Evaluation and Operation Procedures

In acquiring or disposing of membership or intangible assets, the Company shall comply with the property, plant and equipment cycle procedures in the internal control system.

##### II. Determination procedures for transaction conditions and authorized limits

Where the Company's acquisition and disposal of assets that is required to be approved by the board of directors pursuant to the Procedure or other laws, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each

supervisor.

### III. Execution units

When acquiring or disposing of membership or intangible assets, the Company shall obtain the approval as the approval authorities in the preceding paragraph, and the unit using the asset and the management unit execute the transaction.

### IV. Expert's appraisal report on membership or intangible assets

Other than dealing with domestic government agencies, if the transaction amount of intangible assets or its right-of-use assets or membership cards acquired or disposed of by the company reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company shall, before the date of occurrence, consult the accountant to express an opinion on the fairness of the transaction price. the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

## Article 10: Operational procedures for acquiring and disposing of claims of financial institutions

The Company, as a principle, do not engage in transactions of acquiring and disposing of claims of financial institutions. If the Company intends to do so in the future, the approval of the board of directors will be obtained before establishing the evaluation and operational procedures.

## Article 11: Procedures for acquiring or disposing of derivatives

### I. Trading principles and guidelines

#### (I) Type of trading

1. The derivatives trading in which the Company may engage refer to the trading contracts derived from assets, interest rates, exchange rates, indexes, or other interest (forward contracts, options contracts, futures contracts, or interest or foreign exchange rate swap contracts, or hybrid contracts combining the above contracts).
2. The matters related to the bond margin trading shall comply with the Procedures. Bonds under repurchase agreements may be exempted from the requirements herein.

#### (II) Operation (hedging) strategy

For the Company's engagement in trading derivatives, shall aim to hedging. The selected derivatives for trading, shall be these hedging the Company's risks generated from operations. The currencies held must be consistent to the currency demands for the Company's import and export transactions. As the principle, the Company's total internal positions (only incomes and expense in foreign currencies) shall be squared internally, to reduce the overall foreign exchange risks, and save the operation costs. B. For trading with specific purpose, the prudential evaluation must be conducted, and prior approval of the board of directors is required for execution.

(III) Division of Powers and Responsibilities

1. Finance Department

(1) Trading personnel

A. In charge of formulating the strategy of derivative trading, and completing the "application to buy/sell derivative" (attached schedule 1). Upon the approval of supervisor with the power, the derivative trading may be engaged in. Upon the completion, the trading personnel completes the "derivative trading log book" (attached schedule 2), to grasp the details of the position currently held.

B. The trading personnel shall collect the market information bi-weekly, to judge the trends and evaluate risks, formulating strategies, and provide the "derivative trading log book" for approval of supervisor with the power, as the basis of trading.

C. Execute the tradings based on the authorization and existing strategies.

D. When there is material change in the market and invalidated the existing strategies, on the trading personnel's discretion, the evaluation reports may be provided any time to re-formulate the strategies as he basis of trading, wit the approval of the general manager.

E. Confirmation with the brokers via correspondence shall be conducted from time to time, and check against the entries in books. Any deviation shall be analyzed and investigated for

reasons.

(2) Accounting personnel

- A. Confirming trading.
- B. Review if the tradings are execute the tradings based on the authorization and existing strategies.
- C. Monthly evaluation is conducted and report the general manager.
- D. When the valuation model changes, the general manager shall be reported immediately for review.
- E. Accounting treatment
- F. Reporting and publicly announced as required by FSC of Taiwan

(3) Settlement personnel: executing settlement.

(4) Approval authority for derivative

A. Approval authority for hedging trading

Personnel with approval authority	Daily trading limit	Trading limit of the net aggregated position
Head of Finance and Accounting Department	RMB 300,000	RMB 3 million
General Manager	RMB 1.2 million	RMB 12 million
Chairman	RMB 5 million	RMB 20 million
Board of Directors	More than RMB 5 million	More than RMB 20 million

B. For trading with specific purpose, the prior approval of the board of directors is required for execution.

C. Where the Company's acquisition and disposal of assets that is required to be approved by the board of directors pursuant to the Procedure or other laws, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created, when the procedures for the acquisition or disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

2. Audit Department

In charge of understanding the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material deficiency is found, report to the board of directors.

3. Performance evaluation

(1) Hedging trading

A. The performance evaluation is based on the costs of foreign exchange rate on the books and the profit and loss generated from engaging in derivative trading.

B. To fully grasp and express the value risk of trading, the Company evaluates the profit and loss in the manner of monthly valuation.

C. Finance Department shall provide the foreign exchange position valuation, movements and market analysis to the General Manager as the management reference and instruction.

(2) Trading with specific purpose

The performance evaluation is based on the actual profit/loss generated, and the accounting personnel shall prepare the statement of positions regularly for the management's reference.

4. Determination of total contractual amount and maximum loss

(1) Total contractual amount

A. Hedging trading

Finance Department shall grasp the overall positions of

the Company to avoid trading risks. The amount of hedging trading must not exceed two-third of the total net position. Any excess shall be reported to the general manager for approval.

B. Trading with specific purpose

Based on the forecast of the market evolution, the Finance Department may formulate the strategies base on needs, to submit to the board of directors for approval before execution. For the trading with specific purpose, the total contractual amount for the net aggregated position is RMB5 million.

(2) Determination of maximum loss

A. The hedging trading aims to avoid risks, so there is no need to set the maximum loss.

B. For the trading with specific purpose, the stop-loss shall be set after establishing the positions to prevent excessive loss. The setting of the stop-loss, shall be no more than 5% of the contractual amount of the trading; when the loss exceeds 5% of the trading amount, the general manager shall be reported to immediately, as well as the board of directors, to negotiate the necessary countermeasures.

C. For the individual contract, the maximum loss is the lower one between under RMB 200,000, or 5% of the contractual amount.

D. The maximum annual loss for the trading with specific purpose is RMB 1 million.

II. Risk management measures

(I) Credit risk management:

As the market tends to be affected by various factors, and results in the operation risks of derivatives, the following principles must be complied with for the market risk management:

1. Counterparty: Mainly famous international or domestic financial institutions.
2. Traded derivatives: Limited to the products offered by the

famous international or domestic financial institutions.

3. Amount: The outstanding balance of trading with the same counterparty must not exceed 10% of the total authorized amount; but the requirement is not applicable to these approved by the general manager.

(II) Market risk management:

Limited to the public foreign exchange market offered by banks; the futures market is not considered for the time being.

(III) Liquidity risk management:

To ensure the market liquidity, the selected derivatives are mainly those with high liquidity (may be squared any time in the market). The commissioned financial institutions shall have sufficient information and ability to trade in any market.

(IV) Cash flow risk management

To ensure a stable operating fund turnover, the funds to engage in derivative trading are limited to the Company's own funds, and the operated amount shall take the forecast of the cash requirements for payables and receivables in the next three months.

(V) Operation risk management

- 1 The authorized limit, operational process, and inclusion to the internal audit shall be complied with, to avoid the operation risk.
- 2 Personnel engaged in derivative trading, confirmation and settlement shall not concurrently serve each other's function.
- 3 The risk measurement, supervision and control personnel shall belong to different departments from the personnel in the preceding paragraph, and shall report to the board meeting or senior executives who are not responsible for trading or position decision-making.

(VI) Derivative risk management

Internal trading personnel shall have complete and correct professional knowledge to the financial products, and the banks are required to fully disclose the risks, so the products may not be misused.

(VII) Legal risk management:

Documents to be entered with financial institutions must be review by the foreign exchange and legal personnel, or counselor's professional in



advance, to avoid the legal risks.

### III. Internal control procedure

- (I) Internal auditors shall regularly understand the appropriateness of the internal control of derivative trading, and monthly audit the compliance of the financial planning team with the procedures for dealing with derivative trading, analyze the trading cycle and prepare an audit report accordingly.
- (II) Confirm with the counterparty and brokers via correspondence, to confirm the accuracy of the trading; in case of inconsistency, the reason must be understood, and check if the records in the book and timing of account are correct, if the voucher is approved, and if the certificate is obtained.
- (III) Internal audit personnel shall file the auditing report of the preceding Paragraph and the implementing status of annual auditing plans of internal audits to the SFI of Taiwan before the end of February of next year and also shall report the improvement situation for any abnormal affairs to the SEC before the end of May of next year.

### IV. Approach of regular evaluation

- (I) The board of directors shall authorize senior management personnel to periodically evaluate and evaluate if the trading engaged comply with the procedures for engaging in derivatives trading formulated by the Company, and if the risk sustained in the tolerance; in case of irregularity in the market price evaluation report (the position held exceed the maximum loss), the board of directors shall be reported to, and countermeasures shall be taken.
- (II) The derivative position held shall be evaluated at least once a week, but if it is a hedging transaction for business needs, it shall be evaluated at least twice a month, and the evaluation report shall be submitted to the senior executive authorized by the board meeting.

### V. Principles of the board of directors' supervision and management when engaging in derivative trading

- (I) The board of directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
  - 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance

with these Regulations and the procedures for engaging in derivatives trading formulated by the company.

2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.
- (II) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
  - (III) The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.
  - (IV) When engaging in derivatives trading, the Company shall establish a reference book, which shall record in detail the type and amount of derivatives trading, the date of approval by the board meeting and the matters that should be carefully evaluated in accordance with the regulations.

## Article 12: Procedures for Merger, Division, Acquisition or Share Transfer

### I. Evaluation and Operation Procedures

- (I) The Company, when conducting merger, demerger, acquisition, or transfer of shares, it is advisable to engage a CPA, attorney, or securities underwriter to study the expected timeframe of the statutory procedures, and organize a project team to execute based on the statutory procedures. In addition, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the Company may be exempted from obtaining reasonableness opinions issued by the previous experts in the case of a merger of its subsidiary in which the Company directly or indirectly holds 100% of the issued

shares or total capital, or a merger between its subsidiaries in which the Company directly or indirectly holds 100% of their issued shares or total capital.

- (II) The Company shall prepare a public document to the shareholders prior to the shareholders' meeting on the important contents and relevant matters of the merger, division or acquisition, and deliver the expert opinion in subparagraph (I), paragraph 1 of this article together with the notice of the shareholders' meeting to the shareholders as a reference for whether to agree to the merger, division or acquisition. However, this restriction does not apply where the convening of a shareholders' meeting to resolve matters of a merger, division or acquisition may be waived in accordance with other laws and regulations. In addition, for the companies participating in the merger, division or acquisition, if the shareholders' meeting of either party cannot be held, a resolution cannot be made, or the proposal is rejected by the shareholders' meeting due to insufficient attendance, voting rights or other legal restrictions, the company participating in the merger, division or acquisition shall immediately publicly explain the reasons for the occurrence, subsequent handling procedures and the expected date of the shareholders' meeting.

## II. Other Matters to Be Noted

- (I) Date of board meeting: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition. Unless otherwise provided by laws or there are special factors which are reported to and approved by the FSC in advance, the other companies participating in the transfer of shares shall convene a board meeting on the same day.
- (II) Prior non-disclosure commitment: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

(III) Principle of determining and changing the share exchange ratio and acquisition price: companies that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the shareholders' meeting. The share exchange ratio and acquisition price may not be arbitrarily altered; provided, where the circumstances permitting alteration are stipulated in the contract and publicly disclosed, the requirement does not apply. The circumstances permitting alteration are as follows

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(IV) Contents required in contracts: The contract of a merger, demerger, acquisition, or of shares shall record the following, other than the requirements in Article 317-1 of the Company Act and Article 22 of the Business Mergers And Acquisitions Act.

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  4. The manner of handling changes in the number of participating entities or companies.
  5. Preliminary progress schedule for plan execution, and anticipated completion date.
  6. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (V) Where the number of participants in the merger, demerger, acquisition, or share transfer changes: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.
- (VI) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Subparagraph (I) Date of board meeting; (II) Prior non-disclosure commitment; and (V) the number of participants in the merger, demerger, acquisition, or share transfer changes, Paragraph 2 of the article.

#### Article 13: Information disclosure procedures

##### I. Items to be declared and declaration standards

- (I) Acquisition or disposal of real estate or its right-of-use assets from related parties, or acquisition or disposal of other assets other than real estate or its right-of-use assets with related parties, and the transaction

amount reaches 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million or more. However, this restriction does not apply to the trading of domestic government bonds, bonds with repurchase or resale conditions, and the subscription to or redemption of money market funds issued by domestic securities investment trust enterprises.

- (II) Merger, division, acquisition or share transfer.
- (III) Derivative trading, which reaches the loss limit of all or individual contracts specified in the prescribed handling procedures.
- (IV) Acquisition or disposal of equipment or its right-of-use assets for business use, where the transaction counterparty is not a related party, and the transaction amount reaches any of the following criteria.
  - 1. For paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  - 2. For paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (V) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
- (VI) The company obtains real estate by means of entrusted construction of its own land, entrusted construction of leased land, joint construction and sharing, and joint construction and sub-sale, where the trading counterparty is not a related party, and the company expects to invest more than NT\$500 million in the transaction.
- (VII) Asset transactions other than the preceding six subparagraphs, or the claims of financial institutions, and the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more. However, the following cases shall not apply:

1. Trading of domestic government bonds.
2. Those who specialize in investment trading securities on the Taiwan Stock Exchange or at the business premises of securities firms, or subscribing to common corporate bonds or general financial bonds (excluding subordinated bonds) not involving equity issued in the primary market, or subscribing to or repurchasing securities investment trust funds or futures trust funds, or subscribing to or resell index investment securities; securities firms subscribing to securities in accordance with the regulations of the Taipei Exchange due to the needs of underwriting business or acting as recommending securities firms for emerging stock companies.
3. Trading of bonds with repurchase or resale conditions, and subscription to or redemption of money market funds of domestic securities investment trust enterprises.

II. The calculation method of the transaction amount in the preceding paragraph is as follows, and the said one-year period is based on the date of the occurrence of the transaction, which is calculated retroactively one year backward, and the part that has been announced in accordance with the provisions of these procedures is exempt from inclusion.

- (I) The amount of each transaction.
- (II) The cumulative amount of transactions of acquisition or disposal of subjects of the same nature by the same counterparty within one year.
- (III) The cumulative amount of acquisition or disposal (amount accumulated separately) of real estate of the same development plan or its right-of-use assets within one year.
- (IV) The cumulative amount of the same securities acquired or disposed of (amount accumulated separately) within one year.

### III. Time Limit for Announcement and Declaration

If the Company acquires or disposes of assets that contain items to be announced as in the previous paragraph of this article, and the transaction amount reaches any of the announcement and declaration standards in this article, it shall file an announcement and declaration by nature and in the appropriate format within two days from the day of the occurrence.

### IV. Announcement and Declaration Procedure

- (I) The Company shall submit relevant information to the website designated by the SFI for announcement and declaration.
- (II) The Company shall enter the derivative transactions as of the end of the previous month of its own and its subsidiaries which are not domestic public companies, into the information reporting website designated by the securities competent authority before the 10th day of each month in accordance with the prescribed format.
- (III) If there are errors or omissions in the Company's declared items that should be amended in accordance with the regulations, all items should be declared again within two days from the date of awareness.
- (IV) When the Company acquires or disposes of assets, unless otherwise provided by law, it shall keep relevant contracts, minutes, reference books, appraisal reports, and opinions of accountants, lawyers or securities underwriters in the Company for at least five years.
- (V) After the Company announces and declares its transactions in accordance with the regulations in this article, it shall file an announcement and declaration of the relevant information of any of the following circumstances on the FSC's designated website within two days from the date of occurrence:
  - 1. The relevant contract originally signed for the transaction is changed, terminated or rescinded.
  - 2. The merger, division, acquisition or share transfer is not completed according to the schedule of the contract.
  - 3. The contents of the original declaration have been changed.

Article 14: Subsidiaries of the Company shall comply with the following provisions:

- I. The Procedures are formulated pursuant to the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" of Taiwan.
- II. Where a subsidiary is not a public company and the acquisition or disposal of assets meets the public announcement and declaration standards set out in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the parent company shall handle the public announcement and declaration on its behalf.
- III. In the announcement and declaration standards for subsidiaries, the paid-in capital or total assets of the parent company shall prevail.

Article 15: Any employee of the Company who undertakes to acquire or dispose of assets in violation of the Procedures shall be subject to the appraisal pursuant to the



Working Rules and related regulations, for the penalty depending on the materiality.

Article 16: The Company has established the Audit Committee to replace the power of supervisors. When the “Operational Procedures for the Acquisition or Disposal of Assets” are adopted or amended, they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.

If the matter in the preceding paragraph is not approved by more than half of the members of the Audit Committee, it may be approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.

All the members of the Audit Committee referred to in paragraph 1 and all the directors referred to in the preceding paragraph shall be the actual number of incumbents.

The transaction involving major assets or derivatives shall be approved by one-half or more of all Audit Committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of the preceding two paragraphs.

The provisions regarding supervisors in the Procedures apply mutatis mutandis to the Audit Committee.

Item 2, Subparagraph 5, Paragraph 3 Article 8 applies mutatis mutandis to the independent directors in the Audit Committee.

Article 17: The Procedures are implemented after being approved by the board of directors, and the approval of shareholders’ meeting; the same applies when the procedures are amended.

## **Asia Plastic Recycling Holding Limited Procedures for Election of Directors**

Article 1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” of Taiwan.

Article 2 Except as otherwise provided by law and regulation or by this Corporation’s articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 3 The overall composition of the Board of Directors should be taken into consideration in the selection of the Company’s directors.

The overall composition of the board of directors shall be taken into consideration in the selection of the Company’s directors. The composition of the

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

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

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

- I. The ability to make judgments about operations.
- II. Accounting and financial analysis ability.
- III. Business management ability.
- IV. Crisis management ability.
- V. Industry Knowledge
- VI. An international market perspective.
- VII. Leadership ability.
- VIII. Decision-making ability.

More than half of the directors should have neither a spouse nor relatives within the second degree of kinship in any other director.

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

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

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" of Taiwan, and shall be conducted in accordance with Article 24 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" of Taiwan.

Article 5           The board of directors or any shareholder may provide the recommendation list of directors for the next term, as the reference when electing directors.

Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act of Taiwan

If any director is dismissed for any reason so that the number of directors is less than five, the Company shall hold a by-election at the most recent shareholders' meeting. However, if the vacancies of directors reach one-third of the number of seats set forth in the Articles of Incorporation, the Company shall convene an extraordinary shareholders' meeting to hold a by-election within 60 days from the date of occurrence of the fact.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act of

Taiwan, a by-election shall be held at the next shareholders' meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders' meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

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

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

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

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

Article 10 A ballot is invalid if anything at the left is true:  
I. The ballot was not prepared by the board of directors.  
II. A blank ballot is placed in the ballot box.  
III. The writing is unclear and indecipherable or has been altered.  
IV. The candidate whose name is entered in the ballot does not conform to the director candidate list.  
V. Other words or marks are entered in addition to the number of voting rights allotted.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

All ballots used in the above election shall be sealed and signed by the ballot examiner, and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 41 of the Articles of Incorporation, the abovementioned documents must be retained until the end of the litigation.

Article 12 The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 13 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders' meeting.

Article 14 The Procedures were initially applied on April 1, 2010; the first amendment

was made on June 15, 2020; the second amendment was made on August 18, 2021.

## Table of Detailed Directors' Shareholding

As of the book closure date for the regular shareholders' meeting: April 17, 2022

Note 1: Total issued shares as of April 17, 2022: 268,954,729 shares.

Note 2: Article 26 of the Securities and Exchange Act is not applicable to the Company.

Title	Name	Shareholding now	
		Shares	Ownership
Chairman	Ding, Jin-chao	15,993,089	5.95%
Director	Ding Holding Limited	38,888,293	14.46%
Director	Chang, Hui-Chun	—	—
Director	Chang, Yi-Zhong	—	—
Independent Director	Li, Chun-De	—	—
Independent Director	Li, Fan	—	—
Independent Director	Liao, Zheng-Ping	—	—
Overall Directors' Shareholding (shares)		54,881,382	