

Asia Pacific Telecom Co., Ltd.
2019 Annual General Shareholders' Meeting

Meeting Handbook

Date: June 19, 2019

Venue: 8F., No. 99, Sec. 6, Minguan E. Rd., Neihu Dist.,
Taipei City
(Grand Hall, Neihu District Office, Taipei City)

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Asia Pacific Telecom Co., Ltd.
Meeting Procedure for the 2019 Annual General
Shareholders' Meeting

- I. Calling the Meeting to Order
- II. Chairperson's Remarks
- III. Management Presentations
- IV. Proposals
- V. Discussions
- VI. Questions and Motions
- VII. Adjournment

Asia Pacific Telecom Co., Ltd.

Agenda of 2019 Annual General Shareholders' Meeting

Meeting Time: 9:00 a.m., Wednesday, June 19, 2019

Venue: 8F., No. 99, Sec. 6, Minguan E. Rd., Neihu Dist., Taipei City (Grand Hall, Neihu District Office, Taipei City)

- I. Calling the Meeting to Order
- II. Chairperson's Remarks
- III. Management Presentations:
 - (I) The Company's 2018 Business Report.
 - (II) 2018 Audit Committee's Review Report.
- IV. Proposals:
 - (I) The Company's 2018 Business Report and Financial Statements.
 - (II) The Company's 2018 Deficit Compensation Statement.
- V. Discussions:
 - (I) The proposal to amend the Company's "Articles of Association."
 - (II) The proposal to amend the Company's "Regulations Governing the Acquisition and Disposal of Assets."
 - (III) The proposal to amend the Company's "Guidelines for Derivatives Trading."
 - (IV) To release the Company Directors from non-compete clause.
- VI. Questions and Motions
- VII. Adjournment

Management Presentations

- I. Please examine the Company's 2018 Business Report.
(Please see Pages 9-14 in this Handbook)

- II. Please examine the 2018 Audit Committee's Review Report.
(Please see Page 15 in this Handbook)

Proposals

Proposal 1

Proposed by the Board of Directors

Proposal: Please approve the Company's 2018 Business Report and Financial Statements.

Explanation: 1. The Company has prepared the 2018 Financial Statements (including Consolidated and Parent Company Only Financial Statements), which have been audited by Certified Public Accountants (CPA) Chun-Yao (Kevin) Lin and Ryan Huang from PwC Taiwan, and an Audit Report with unqualified opinion has been issued, which has been submitted to the Company's Audit Committee for review along with the Business Report. A Review Report has also been issued.

2. For the Business Report, CPA Audit Report and various financial statements, please see Pages 9-14 and Pages 16-39 in this Handbook.

Resolution:

Proposal 2

Proposed by the Board of Directors

Proposal: Please approve the Company's 2018 Deficit Compensation Statement.

Explanation: The Company has proposed the following 2018 Deficit Compensation Statement for your approval.

Asia Pacific Telecom Co., Ltd.
2018 Deficit Compensation Statement

Item	Unit: NT\$ Sum
Beginning deficit yet to be compensated	\$ (19,286,099,993)
Add: Retrospective effect from first time adoption of IFRS 9	(22,022,100)
Retrospective effect from first time adoption of IFRS 15	3,037,015,029
Beginning deficit yet to be compensated (after retrospective effect)	\$ (16,271,107,064)
Add: Net loss for the period	(3,293,989,158)
Other comprehensive income (loss)	9,391,510
Ending deficit yet to be compensated	\$ (19,555,704,712)

Chairman: Fang-Ming Lu

Manager: Nan-Ren Huang

Accounting Manager: Annie Hung

Resolution:

Discussions

Proposal 1

Proposed by the Board of Directors

Proposal: Please vote on the Company's proposal to amend its "Articles of Association."

Explanation: 1. The Company has proposed to amend the Articles of Association in order to add the types of business registration for business expansion needs.

2. Please see Pages 40-42 in this Handbook for Table of Comparisons Before and After Amendments of Articles of Association. Please see Pages 71-77 for the current Articles of Association.

3. Please vote for the proposal.

Resolution:

Proposal 2

Proposed by the Board of Directors

Proposal: Please vote on the Company's proposal to amend its "Regulations Governing the Acquisition and Disposal of Assets."

Explanation: 1. The Company proposes to amend the "Regulations Governing the Acquisition and Disposal of Assets" in line with the Directive No. 1070341072 Amendments to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" from the Financial Supervisory Commission (FSC) on November 26, 2018.

2. Please see Pages 43-62 in this Handbook for Table of Comparisons Before and After Amendments of "Regulations Governing the Acquisition and Disposal of Assets." Please see Pages 83-94 for the current Regulations.

3. Please vote for the proposal.

Resolution:

Proposal 3

Proposed by the Board of Directors

Proposal: Please vote on the Company's proposal to amend its "Guidelines for Derivatives Trading."

Explanation: 1. The Company proposes to amend the "Regulations Governing the

Acquisition and Disposal of Assets" in line with the Directive No. 1070341072 Amendments to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" from the Financial Supervisory Commission (FSC) on November 26, 2018.

2. Please see Pages 63-69 in this Handbook for Table of Comparisons Before and After Amendments of "Guidelines for Derivatives Trading." Please see Pages 95-99 for the current Regulations.
3. Please vote for the proposal.

Resolution:

Proposal 4

Proposed by the Board of Directors

Proposal: Please vote on the proposal to release the Company's Directors from non-compete clause for additional duties.

- Explanation:
1. Pursuant to Article 209 in the Company Act, "A Director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
 2. The Company proposes to release the Directors' additional duties from non-compete clause pursuant to the preceding regulations.
 3. Director who requires to be released of additional duties from non-compete clause is:

Director	Name of concurrently served company	Name of concurrently served position
Baixin International Investment Co., Ltd. Representative: Jui-Ying Fan	Growww Media Co., Ltd.	Director
	Hong-Shun Investment Co., Ltd.	Director

4. Please vote for the proposal.

Resolution:

Questions and Motions

Adjournment

Attachments

- I. 2018 Business Report / 9-14
- II. 2018 Audit Committee's Review Report / 15
- III. CPA Audit Report and 2018 Financial Statements / 16-39
- IV. Table of Comparisons Before and After Amendments of "Articles of Association" / 40-42
- V. Table of Comparisons Before and After Amendments of "Regulations Governing the Acquisition and Disposal of Assets" / 43-62
- VI. Table of Comparisons Before and After Amendments of "Guidelines for Derivatives Trading" / 63-69

Asia Pacific Telecom Co., Ltd. 2018 Business Report

According to statistics from the National Communications Commission (NCC) and Market Observation Post System (MOPS), the total revenue growth rate of the Taiwan mobile network telecom market was -6% in 2018. In terms of the numbers of 4G users, by the end of November, 2018, penetration rate had exceeded 93%, while the 3G system had ceased services by the end of December, 2018. This indicates that the Taiwanese mobile telecom market had been actively transferring users from 3G to 4G in 2018. On the other hand, price wars in the 4G unlimited phone data plans, in particularly the “499 Unlimited Data Plans” launched by the three major telecom providers in May 2018, had reduced the average revenue per user (ARPU) of 4G users. Overall revenue from traditional mobile phones had shown a downward trend. The competition of the fixed network telecom market in Taiwan is very intense as there are numerous Type 1 and Type 2 telecom service providers in the market. In addition, due to the popularity of mobile and OTT social network communication software, consumers’ communications behaviors have also been changed and the traditional landlines have largely been replaced. Impacts from these changes are even greater for international calls, leading revenue from fixed network service to also decline.

December 2018 marked our fourth-year anniversary for the “Gt Intelligent Life” brand. The Company has pioneered the industry in striving for digital transformation and actively developed non-traditional telecom innovative application services, including ICT and IoT. Concurrently, the Company has also led the industry in getting the first permit for 5G experimental network in Taiwan. Through integrations and testing at the experimental network, we create new milestones for APTG in the efforts to launch 5G applications and innovative services!

Looking at the overall development in 2018, APTG continues to transform into an innovative technological service company dedicated to providing “smart life” services. Under the three major directions of “providing quality and innovative self-build 4G mobile network,” “actively planning virtual-oriented B2B and B2C channels,” and “leaning towards promotions of ICT/IoT application services,” we have reached a 10% growth rate in the number of 4G users over the years and 5.4% in annual revenue growth rate. In the future, APTG will uphold our brand mission of “being innovative and taking a different path” and continue to be the pioneer of technology. We will launch diversified “smart life” application services and fulfill our commitment to users step by step!

IoT development is a global industrial developmental trend. APTG also made significant progress in terms of IoT business in 2018, including obtaining the GSMA Open Lab certification, obtaining the authorization from the NCC for 2.5 million IoT phone numbers, completing NB-IoT Taiwan-wide coverage in June, and successfully bidding more than half of the entire country’s “Smart City Air Quality Detection Network” projects from the Environmental Protection Administration (EPA) in June. Furthermore, we have also partnered with Hsinchu County Government to build possible applications in the fields of “smart agriculture” since last September, and got the contract of the “Taipower Smart Grid Project Term 1” in November. These results proves that APTG is continuously implementing IoT multi-network and multi-platform architecture, and that we are capable of providing customers with a variety of choices and comprehensive integrated IoT services!

5G service is a new telecom field that attracts global attention. To lead industry competitors in planning newer, faster, and more convenient 5G application services to seize market

opportunities, APTG has launched various innovative Pre-5G applications in the 4G environment. An example of such application is the “face recognition service”, which has effectively enhanced attendance management and security efficiency in smart retail, smart banking, and smart factories. Moreover, the Company has also successfully formed an interdisciplinary alliance with Taipei Fubon Bank in December 2018 and launched integrated digital banking service to encourage practical application adoption in order to accelerate the digitization of industries. By incorporating the Pepper robot, application services include identification of guests, smart queuing and health checkup at various areas. In addition, we continue to utilize and promote various cloud-based application technologies and services developed in partnership with companies including Foxconn Technology Group, such as High Performance Computing (HPC), Multi-access Edge Computing (MEC), and cloud-based video conferencing BOSS++ services. APTG aspires to provide various application services with enhanced effectiveness to our customer in the future 5G transmissions environment with low latency and high speed.

The following are 2018 operating performance and 2019 operating outlook.

I. 2018 Operating Performance
NT\$1,000

Unit:

	2018	2017	Differences
Net Operating Revenue	14,565,959	13,707,498	858,461
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	-631,842	-526,379	-105,463
After Tax Profit	-3,267,732	-4,034,617	766,885
After Tax Earnings Per Share (EPS)	-0.77	-0.93	0.16

*The aforementioned After Tax Profit refers to Profit before comprehensive gains and loss.

II. 2019 Operating Outlook

Looking ahead to 2019, all the staff of the Company will continually commit to developing “new technological of “smart life” services by adhering to our brand philosophies of “creating more value, less cost, and embracing happiness.” Below are our major operating strategies for 2019:

(I) Internet strategy: enhance coverage, continuous optimization, and planning strategic layout for 5G.

APTG continues to actively improve the quality of our self-built networks, optimizing 4G network coverage and total networking quality. We will also effectively reduce weak spots with low signal and the number of customer complaints through diversified network optimization solutions. Besides continuing to build large-scale base stations to achieve intense coverage throughout Taiwan, we will also increase the deployment of high-speed micro base stations or Magic Box in hotspot with intense usage and specific areas, to effectively enhance network speed, coverage, and solve indoor reception problems. The overall strategy for 2019 is to enhance internet efficiency with the most appropriate and effective methods, as well as to integrate the overall planning with the incoming age of 5G.

As for the Internet of Things (IoT), after receiving the GSMA Open Lab certification in the previous year, more than 100 applications or terminals have been verified in our company. In the future, we will also provide optimized wireless transmission solutions by evaluating service types and the actual environment. At the same time, we will also undertake various types of application integrations, develop end-to-end applications and hardware solutions, as well as actively cooperate with related companies Foxconn Technology and Foxconn Global Network in tripartite cooperation to develop innovative blue ocean businesses with our competitive advantages and continue to lead the industry.

In addition, the Company will evolve the network towards 5G architecture, including Massive MIMO, mobile IoT, and Cloud RAN, which have all been gradually introduced into our existing 4G system. By the end of 2018, APTG became the first telecom service operator to get 5G experimental network permit and have undertaken relevant efficiency tests. The second phase of verification will be carried out this year by first partnering with National Chiao Tung University (NCTU) to establish network coverage at NCTU campus for application development including medical and various 5G applications. Subsequently, we will also partner with Qualcomm, Nokia, and Ericsson to build standardized 5G network. Through the optimization of the existing networks and early adoption of application service verification, our dual-mode efforts will lay a better foundation for subsequent 5G applications.

(II) Fixed line services: continue to strengthen the competitiveness of telecommunications services for fixed line corporate clients and achieve stable growth in fixed line data revenue.

Although the overall market for fixed line voice calls showed a downward trend, APTG's fixed line data and broadband Internet services is still growing. Major growth drivers came from transmission needs from cloud-based and high performance computing, IoT, big data, and artificial intelligence (AI) smart applications, driving enterprises and government agencies to digitize themselves. In 2019, we will focus on fixed line data and broadband Internet business operations.

The Company's primary target markets in promoting fixed line data business are clients from information and telecommunications industries including local telecom, cable TV providers, domestic and overseas Internet companies, as well as top 2000 Taiwanese enterprises from finance, retail, logistics, technology, manufacturing, and central government agencies, education, and academic research institutes. The Company is the only telecom service provider that owns both Taiwan Railways island-wide and THSR fiber optic backbone network. This advantage allows the Company to provide highly reliable and highly usable backbone-grade netcom solutions to customers, including software-defined networking in a wide area network (SD-WAN) to enhance connectivity efficiency for enterprise IT systems,

netcom and information security, and optimized application bandwidth plans, helping APTG to seize market opportunities in the large bandwidth data telecommunications market.

(III) Innovative application services: implementing IoT, smart life, ICT, and cloud-based application services to help accelerate APTG's transformation.

1. IoT applications and solutions

APTG provides multiple access technologies for IoT devices, including LTE/NB-IoT/eMTC(LTE-M) and LoRa. The Company has built a comprehensive IoT application platform through our competencies in integrating software and hardware, establishing a complete IoT ecosystem. 2018 has seen many sound progress in terms of APTG's advancements toward IoT applications. Besides actively strategizing in applied fields including smart city and private and public utilities, the Company has also extended our reach toward other non-public business application markets such as applications in smart family, smart factory, and Industrial IoT.

2. Smart life application service

APTG strives to promote innovative application services founded on the core value of "smart life." In terms of smart enterprise applications, we have launched face recognition system, an artificial intelligence (AI) application product, its applications include corporate attendance, access control, membership identification, and security protection. The product has been adopted by multiple clients in various industries, including finance, manufacturing, retail, and academic and research institutions. We plan to strengthen this product line in 2019 to encompass face recognition solutions in high, medium and low price plans to satisfy the needs of different customers and expand market touch points, in order to accelerate new customer acquisition and increase market share. In terms of applications in smart banking, we provide VIP identification and reception, and enhance human and machine interaction, so that bank customers can feel the warmth and human touch of our services. We also plan to increase product applications in smart retail, smart logistics, smart factory, and smart manufacturing. As for smart family, we have launched home security and caring, Chatbot, smart audio services in 2018, and plan to continue to introduce various software and hardware solutions in 2019.

3. ICT and cloud-based services

APTG is the only telecommunications service provider that owns Taiwan Railway island-wide and THSR fiber optic backbone networks, allowing us to provide customer with highly reliable and highly usable backbone-grade netcom solutions. In 2019, our fixed line service revenue will continue to grow, and we will connect the network points in our service areas throughout Taiwan to provide high-quality

fixed line data telecom services to our users. By utilizing Foxconn Technology Group's design and manufacturing strengths, the High Performance Computing (HPC) designed and developed in collaboration with our partners can transmit eight major intelligent living applications including precise medical reading, sports data analysis and arts and animation computing throughout Taiwan, and APTG can provide relevant application services for our customers. In the future, in an ecosystem of 8K and 5G, HPC will provide more innovative products and more exceptional solutions in the eight "intelligent living" sectors through cloud-based high performance computation, satisfying the diversified needs of the public.

In addition, the Company has jointly released the 5G network technology and Multi-access Edge Computing (MEC) solution with Foxconn Technology Group and Intel at the end of 2017. By the end of 2018, the three parties have formally demonstrated 5G experimental network and 5G-related applications. Through APTG mobile network's built-in MEC competency, the face recognition system can be deployed in multiple business locations to improve the speed of face recognition, providing mid to large enterprises with solutions including access control and security, face recognition payment for members of smart retail, and store traffic analysis, making corporate operations smarter and enhancing efficiency and productivity.

(IV) Strengthen strategic channel planning and enhancing overall sales performance

1. Corporate clients: in 2019, the revenue growth of corporate clients is fixed line data and corporate broadband Internet, IoT applications and solutions, and ICT and smart life applications.

To accelerate the revenue growth from innovative application services, we will collaborate with value-added resellers (VAR) and system integrators (SI) to expand our sales competency.

2. Individual and family users:

In order to make marketing services more comprehensive, and to maintain the strategy of continuously opening new stores, APTG storefronts are expected to increase from the existing 350 stores to 400 stores in 2019. Based on the sales attributes of each store, we will train more sales and service professionals through improved and comprehensive educational training and management mechanism. We will strengthen both volume and quality through weeding out weak links, fostering strengths, and developing new models of franchise to expand our business blueprints. Besides selling phone numbers, we will also sell smart life products and innovative application services in APTG stores by incorporating demonstrations and our professionalism to achieve multi-angle and diversified management to increase storefront revenue and value.

In addition to continuing to invest in R&D to enhance 4G service quality, APTG is also preparing for 5G. We have actively strengthened the construction of large base stations and planning small base stations to be closer to the users' lives. By combining the advantage of the Group, we will jointly develop 8K & 5G ecosystem applications. In the future, we will continue to create more personal and smarter life for consumers in the application fields of 5G, IoT, AI, and robotics. Finally, we would like to thank all our shareholders again for all the support. All the staff at APTG will work even harder and continue to improve our services to meet the expectations of all our shareholders.

President : Fang-Ming Lu

Manager : Nan-Ren Huang

Accounting Manager : Annie Hung

**Asia Pacific Telecom Co., Ltd.
Audit Committee's Review Report**

The 2018 Business Report, Financial Statements, and Proposal of Deficit Compensation have been prepared by the Board of Directors of the Company. The CPAs of PricewaterhouseCoopers Taiwan, Mr. Lin, Chun-Yao and Mr. Huang, Shih-Chun, have jointly audited the above-mentioned Financial Statements, including Consolidated and Stand-alone Financial Statements, and issued Auditors' Reports. We, as the Audit Committee of the Company, have reviewed the above-mentioned Business Report, Financial Statements, and Proposal of Deficit Compensation, and found no discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this Report to the 2019 Annual General Meeting of the Company for ratifications.

Asia Pacific Telecom Co., Ltd.

Ting-Wong, Cheng
Convener of the Audit Committee
March 14, 2019

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2018 AND 2017**

Notice to Readers

For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Shareholders of Asia Pacific Telecom Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Asia Pacific Telecom Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s consolidated financial statements of the year ended December 31, 2018 are stated as follows:

Key audit matter – Accuracy of revenue calculation on telecommunication service

Description

For accounting policies applied to revenue recognition, please refer to Note 4(27). For details of revenue, please refer to Note 6(20).

The Group's revenue are mainly generated from providing telecommunication services and selling mobile phones, etc. Telecommunication services revenue consist of voice/text and mobile data service. Revenue recognition on telecommunication service is calculated by contractual rate and actual usage. Due to high transaction volume and the diversification of the telecommunication contracts, the Group's revenue recognition highly relies on the system calculation. Thus, the accuracy of telecommunication service revenue calculation was identified as a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding and tested the control activities which management has put in place in regard to the calculation accuracy of telecommunication services.
2. Obtained an understanding of the reasonableness of revenue calculation logic on telecommunication services and tested the key control activities in relating to traffic volume and contractual rate.
3. Sampled system generated calculation reports of telecommunication services revenue and agreed to customers' bills.
4. Agreed system generated calculation reports of telecommunication services revenue to journal entry vouchers.
5. Agreed the information in customers' contracts to the information in the system.

Key audit matter – Impairment assessment of operating assets

Description

For accounting policies applied to property, plant and equipment and intangible assets, please refer to Notes 4(14) and (16). For accounting policies applied to impairment assessment of non-financial assets, please refer to Note 4(17). For critical accounting estimates and key sources of assumption uncertainty applied to property, plant and equipment, intangible assets and other operating assets, please refer to Note 5(2). For details of account items, please refer to Notes 6(6), (7) and (8).

The Group's operating assets represents a significant percentage of total assets, and the valuation of these assets is affected by the overall industry developments and the Group's operation. The

Group used the value in use to estimate the recoverable amount which involves management's judgements, such as the estimation of future cash flows and the determination of discount rate, etc. Management's judgements mentioned above involve future years' forecast which are highly uncertain and have a material impact to the estimation of value in use. Therefore, the impairment assessment of operating assets was identified as a key audit matter.

How our audit addressed the matter

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

1. We assessed the expected future cash flows prepared by management and its decision process, compared and assessed the consistency of the expected future cash flows with operation plans.
2. We also obtained and assessed the information provided by the Group and the valuation report prepared by external professional valuers engaged by the Group.
 - (1) Compared the parameters used in predicting future cash flows with historical experience, economic and industrial forecasts.
 - (2) Compared the parameters used in determining discount rate with the assumptions on capital cost of cash generating units, and with returns rate on similar assets.
 - (3) Verified the valuation model calculation.
 - (4) Assessed the future cash flow sensitivity analysis prepared by management based on the alternative hypothesis using different discount rates, and confirmed management has appropriately considered the possible impact on the estimation uncertainty of impairment assessment.

Other matter – Parent company only financial statements

We have audited and issued an unqualified opinion on the parent company only financial statements of Asia Pacific Telecom Co., Ltd. as at and for the years ended December 31, 2018 and 2017.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Chun-Yao Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		Notes	December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,002,049	3	\$ 2,750,949	8
1110	Financial assets at fair value through profit or loss-current	6(2)	-	-	410,683	1
1140	Contract assets-current	6(20) and 7(2)	261,427	1	-	-
1150	Notes receivable, net	6(3)	11,886	-	263,880	1
1170	Accounts receivable, net	6(3)	1,416,905	4	1,420,226	4
1180	Accounts receivable, net-related parties	6(2) and 7(2)	144,561	-	75,453	-
1200	Other receivables		126,884	-	124,734	-
1220	Current income tax assets	6(26)	18,353	-	20,130	-
130X	Inventories	6(4)	653,329	2	265,177	1
1410	Prepayments	7(2)	350,471	1	315,640	1
1470	Other current assets	6(5) and 8	<u>132,780</u>	-	<u>131,513</u>	-
11XX	Total current assets		<u>4,118,645</u>	<u>11</u>	<u>5,778,385</u>	<u>16</u>
Non-current assets						
1560	Contract assets-non-current	6(20) and 7(2)	166,239	-	-	-
1543	Financial assets measured at cost-non-current		-	-	4,008	-
1600	Property, plant and equipment	6(6) and 7(2)	12,104,127	32	12,538,880	34
1780	Intangible assets	6(7) and 7(2)	12,128,141	32	12,630,881	35
1840	Deferred income tax assets	6(26)	4,418,515	12	3,358,558	9
1900	Other non-current assets	6(8)(9), 7(2) and 8	<u>4,788,091</u>	<u>13</u>	<u>2,013,488</u>	<u>6</u>
15XX	Total non-current assets		<u>33,605,113</u>	<u>89</u>	<u>30,545,815</u>	<u>84</u>
1XXX	Total Assets		<u>\$ 37,723,758</u>	<u>100</u>	<u>\$ 36,324,200</u>	<u>100</u>

(Continued)

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY		Notes	December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 1,130,000	3	\$ -	-
2110	Contract liabilities-current	6(20) and 7(2)	268,668	1	-	-
2150	Notes payable		20,651	-	14,110	-
2170	Accounts payable		1,315,207	4	1,056,526	3
2180	Accounts payable – related parties	7(2)	55,195	-	31,539	-
2200	Other payables	6(11) and 7(2)	3,173,395	8	3,178,725	9
2130	Current tax liabilities	6(26)	1,739	-	-	-
2250	Provisions for liabilities - current	6(13) and 9(1)	37,620	-	210,538	-
2300	Other current liabilities	6(12)	51,993	-	217,633	1
21XX	Total current liabilities		<u>6,054,468</u>	<u>16</u>	<u>4,709,071</u>	<u>13</u>
Non-current liabilities						
2550	Provisions for liabilities - non-current	6(13)	322,100	1	254,016	-
2570	Deferred tax liabilities	6(26)	195,498	-	-	-
2600	Other non-current liabilities	6(14)(16)	288,241	1	287,091	1
25XX	Total non-current liabilities		<u>805,839</u>	<u>2</u>	<u>541,107</u>	<u>1</u>
2XXX	Total Liabilities		<u>6,860,307</u>	<u>18</u>	<u>5,250,178</u>	<u>14</u>
Equity attributable to owners of parent						
Share capital						
3110	Common shares	6(17)	42,982,322	114	42,982,322	118
Capital surplus						
3200	Capital surplus	6(18)	6,786,827	18	6,754,926	19
Retained earnings						
3310	Legal reserve	6(19)	535,041	2	535,041	2
3350	Accumulated deficit	6(19)	(19,555,705)	(52)	(19,286,100)	(53)
3400	Other equity					
	Other equity		21	-	-	-
31XX	Equity attributable to owners of the parent		<u>30,748,506</u>	<u>82</u>	<u>30,986,189</u>	<u>86</u>
36XX	Non-controlling interests		<u>114,945</u>	<u>-</u>	<u>87,833</u>	<u>-</u>
3XXX	Total Equity		<u>30,863,451</u>	<u>82</u>	<u>31,074,022</u>	<u>86</u>
Significant contingent liabilities and unrecognised contract 9 commitments						
Significant events after the balance sheet date 11						
3X2X	Total Liabilities and Equity		<u>\$ 37,723,758</u>	<u>100</u>	<u>\$ 36,324,200</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSSES PER SHARE AMOUNT)

		<u>For the years ended December 31,</u>				
		<u>2018</u>		<u>2017</u>		
	<u>Notes</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
4000	Operating revenue	6(20) and 7(2)	\$ 14,565,959	100	\$ 13,707,498	100
5000	Operating costs	6(4)(24)(25) and 7(2)	(13,200,355)	(91)	(12,119,928)	(89)
5900	Gross profit		<u>1,365,604</u>	<u>9</u>	<u>1,587,570</u>	<u>11</u>
	Operating expenses	6(24)(25), 7(2)(3)				
6100	Selling expenses		(4,650,048)	(32)	(4,267,754)	(31)
6200	General and administrative expenses		(1,484,204)	(10)	(1,510,703)	(11)
6450	Expected credit impairment loss	12(2)	(158,516)	(1)	-	-
6000	Total operating expenses		(6,292,768)	(43)	(5,778,457)	(42)
6900	Operating loss		(4,927,164)	(34)	(4,190,887)	(31)
	Non-operating income and expenses					
7010	Other income	6(21) and 7(2)	228,278	2	116,538	1
7020	Other gains and losses	6(22)	(53,357)	-	(178,880)	(1)
7050	Finance costs	6(23)	(2,103)	-	(65)	-
7000	Total non-operating income and expenses		<u>172,818</u>	<u>2</u>	<u>(62,407)</u>	<u>-</u>
7900	Loss before income tax		(4,754,346)	(32)	(4,253,294)	(31)
7950	Income tax benefit	6(26)	1,486,614	10	218,677	1
8200	Loss for the year		<u>(\$ 3,267,732)</u>	<u>(22)</u>	<u>(\$ 4,034,617)</u>	<u>(30)</u>
	Other comprehensive income (loss), net					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gains (loss) on remeasurements of defined benefit plans		\$ 8,710	-	(\$ 69,452)	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(26)	<u>682</u>	<u>-</u>	<u>11,807</u>	<u>-</u>
8310	Components of other comprehensive income that will be reclassified to profit or loss		<u>9,392</u>	<u>-</u>	<u>(57,645)</u>	<u>-</u>
	Exchange difference on translation					
8361	Exchange differences on translation of foreign financial statements		<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	Total components of other comprehensive income that will be reclassified to profit or loss		<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>
8500	Total comprehensive loss for the year		<u>(\$ 3,258,302)</u>	<u>(22)</u>	<u>(\$ 4,092,262)</u>	<u>(30)</u>
	Profit (loss), attributable to:					
8610	Owners of parent		<u>(\$ 3,293,990)</u>	<u>(22)</u>	<u>(\$ 4,011,504)</u>	<u>(30)</u>
8620	Non-controlling interests		<u>\$ 26,258</u>	<u>-</u>	<u>(\$ 23,113)</u>	<u>-</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of parent		<u>(\$ 3,284,577)</u>	<u>(22)</u>	<u>(\$ 4,069,149)</u>	<u>(30)</u>
8720	Non-controlling interests		<u>\$ 26,275</u>	<u>-</u>	<u>(\$ 23,113)</u>	<u>-</u>
9750	Basic losses per share	6(27)	<u>(\$ 0.77)</u>		<u>(\$ 0.93)</u>	
9850	Diluted losses per share	6(27)	<u>(\$ 0.77)</u>		<u>(\$ 0.93)</u>	

The accompanying notes are an integral part of these consolidated financial statements.

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of the parent												
	Notes	Capital surplus			Retained earnings			Other equity		Total	Non-controlling interests	Total equity
		Common shares	Share premium	Employee stock options	Others	Legal reserve	Accumulated deficit	Exchange difference on translation of foreign financial statements	Treasury stock			
Year 2017												
Balance at January 1, 2017		\$ 43,006,270	\$ 6,626,648	\$ 61,406	\$ 1,747	\$ 535,041	(\$ 15,198,367)	\$ -	(\$ 46,220)	\$ 34,986,525	\$ 110,946	\$ 35,097,471
Net loss for 2017		-	-	-	-	-	(4,011,504)	-	-	(4,011,504)	(23,113)	(4,034,617)
Other comprehensive loss for 2017		-	-	-	-	-	(57,645)	-	-	(57,645)	-	(57,645)
Total comprehensive loss for 2017		-	-	-	-	-	(4,069,149)	-	-	(4,069,149)	(23,113)	(4,092,262)
Compensation cost of employee stock options	6(15)	-	-	68,813	-	-	-	-	-	68,813	-	68,813
Retirement of treasury stock		(23,948)	(3,688)	-	-	-	(18,584)	-	46,220	-	-	-
Balance at December 31, 2017		<u>\$ 42,982,322</u>	<u>\$ 6,622,960</u>	<u>\$ 130,219</u>	<u>\$ 1,747</u>	<u>\$ 535,041</u>	<u>(\$ 19,286,100)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,986,189</u>	<u>\$ 87,833</u>	<u>\$ 31,074,022</u>
Year 2018												
Balance at January 1, 2018		\$ 42,982,322	\$ 6,622,960	\$ 130,219	\$ 1,747	\$ 535,041	(\$ 19,286,100)	\$ -	\$ -	\$ 30,986,189	\$ 87,833	\$ 31,074,022
Effect of retrospective application and retrospective restatement	3(1)	-	-	-	-	-	3,014,993	-	-	3,014,993	-	3,014,993
Balance at January 1, 2018 after adjustments		<u>42,982,322</u>	<u>6,622,960</u>	<u>130,219</u>	<u>1,747</u>	<u>535,041</u>	<u>(16,271,107)</u>	<u>-</u>	<u>-</u>	<u>34,001,182</u>	<u>87,833</u>	<u>34,089,015</u>
Net loss for 2018		-	-	-	-	-	(3,293,990)	-	-	(3,293,990)	26,258	(3,267,732)
Other comprehensive income for 2018		-	-	-	-	-	9,392	21	-	9,413	17	9,430
Total comprehensive (loss) income for 2018		-	-	-	-	-	(3,284,598)	21	-	(3,284,577)	26,275	(3,258,302)
Compensation cost of employee stock options	6(15)	-	-	30,880	1,021	-	-	-	-	31,901	837	32,738
Options for employee stock options forfeired		-	-	(6,048)	6,048	-	-	-	-	-	-	-
Balance at December 31, 2018		<u>\$ 42,982,322</u>	<u>\$ 6,622,960</u>	<u>\$ 155,051</u>	<u>\$ 8,816</u>	<u>\$ 535,041</u>	<u>-\$ 19,555,705</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 30,748,506</u>	<u>\$ 114,945</u>	<u>\$ 30,863,451</u>

The accompanying notes are an integral part of these consolidated financial statements.

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 4,754,346)	(\$ 4,253,294)
Adjustment to reconcile loss before tax to net cash (used in) provided by operating activities:			
Depreciation	6(24)	2,768,096	2,400,123
Amortisation	6(24)	1,527,226	1,264,385
with			
customers	6(8)	2,858,657	-
Bad debt expense	12(4)	-	202,247
Expected credit impairment losses	12(2)	158,516	-
Net loss (gain) on financial assets at fair value through profit or loss	6(22)	3,005	(1,782)
Interest expense	6(23)	2,103	65
Interest income	6(21)	(11,396)	(32,310)
Compensation cost of employee stock option	6(15)	32,738	68,813
Loss on disposal of property, plant and equipment	6(22)	42,255	168,506
Property, plant, equipment transferred to costs and expenses		9,456	2,943
Loss on disposal of intangible assets	6(22)	(559)	3,851
Provision for litigation loss	6(22)	7,528	5,184
Reversal of provision	6(13)	(144,446)	(3,054)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets held for trading		411,686	653,874
Contract assets		41,929	-
Notes receivable, net		251,994	265,223
Accounts receivable		(168,688)	(246,791)
Accounts receivable-related parties, net		(69,108)	7,911
Other receivables		(2,770)	(15,413)
Inventories		(386,081)	(60,763)
Prepayments		(34,831)	554
Assets recognised as incremental costs to obtain contract with customers		(2,446,062)	-
Net changes in liabilities relating to operating activities			
Contract liabilities		73,379	-
Notes payable		6,541	(1,484)
Accounts payable		258,681	(167,831)
Accounts payable-related parties		23,656	12,218
Other payables		(125,574)	51,846
Other current liabilities		29,649	-
Provisions		(36,000)	(7,215)
Receipts in advance		-	(69,389)
Net defined benefit liabilities		(25,441)	(21,898)
Other non-current liabilities		13,593	(611)
Cash provided by operations		315,386	225,908
Income tax paid		(987)	(2,382)
Income tax received		5,301	3,208
Net cash provided by operating activities		319,700	226,734

(Continued)

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(29)	(\$ 2,441,421)	(\$ 3,461,103)
Proceeds from disposal of property, plant and equipment		1,630	489
Acquisition of intangible assets	6(7)	(411,847)	(218,428)
Proceeds from disposal of intangible assets		1,118	-
Increase in refundable deposits		(140,425)	(1,082,768)
Decrease in refundable deposits		91,932	1,109,485
Increase in other current assets		(1,267)	(1,253)
Increase in other non - current assets		(330,190)	(135,703)
Interest received		12,016	45,391
Net cash used in investing activities		(3,218,454)	(3,743,890)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short - term borrowings	6(30)	1,130,000	-
Increase in guarantee deposits received		95,783	66,180
Decrease in guarantee deposits received		(74,705)	(79,634)
Interest paid		(1,892)	(65)
Net cash flows from (used in) financing activities		1,149,186	(13,519)
Effect of exchange rate		38	-
Decrease in cash and cash equivalents		(1,748,900)	(3,530,675)
Cash and cash equivalents at beginning of the year		2,750,949	6,281,624
Cash and cash equivalents at end of the year		\$ 1,002,049	\$ 2,750,949

The accompanying notes are an integral part of these consolidated financial statements.

ASIA PACIFIC TELECOM CO., LTD.

**PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND REPORT OF
INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2018 AND 2017**

Notice to Readers

For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Shareholders of Asia Pacific Telecom Co., Ltd.

Opinion

We have audited the accompanying balance sheets of Asia Pacific Telecom Co., Ltd. (the "Company") as at December 31, 2018 and 2017, and the related statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements of the year ended December 31, 2018 are stated as follows:

Key audit matter – Accuracy of revenue calculation on telecommunication service

Description

For accounting policies applied to revenue recognition, please refer to Note 4(27). For details of revenue, please refer to Note 6(21).

The Company's revenue are mainly generated from providing telecommunication services

and selling mobile phones, etc. Telecommunication services revenue consist of voice/text and mobile data service. Revenue recognition on telecommunication service is calculated by contractual rate and actual usage. Due to high transaction volume and the diversification of the telecommunication contracts, the Company's revenue recognition highly relies on the system calculation. Thus, the accuracy of telecommunication service revenue calculation was identified as a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding and tested the control activities which management has put in place in regard to the calculation accuracy of telecommunication services.
2. Obtained an understanding of the reasonableness of revenue calculation logic on telecommunication services and tested the key control activities in relating to traffic volume and contractual rate.
3. Sampled system generated calculation reports of telecommunication services revenue and agreed to customers' bills.
4. Agreed system generated calculation reports of telecommunication services revenue to journal entry vouchers.
5. Agreed the information in customers' contracts to the information in the system.

Key audit matter – Impairment assessment of operating assets

Description

For accounting policies applied to property, plant and equipment and intangible assets, please refer to Notes 4(14) and (16). For accounting policies applied to impairment assessment of non-financial assets, please refer to Note 4(17). For critical accounting estimates and key sources of assumption uncertainty applied to property, plant and equipment, intangible assets and other operating assets, please refer to Note 5(2). For details of account items, please refer to Notes 6(7), (8) and (9).

The Company's operating assets represents a significant percentage of total assets, and the valuation of these assets is affected by the overall industry developments and the Company's operation. The Company used the value in use to estimate the recoverable amount which involves management's judgements, such as the estimation of future cash flows and the determination of discount rate, etc. Management's judgements mentioned above involve future years' forecast which are highly uncertain and have a material impact to the estimation of value in use. Therefore, the impairment assessment of operating assets was identified as a key audit matter.

How our audit addressed the matter

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

1. We assessed the expected future cash flows prepared by management and its decision

process, compared and assessed the consistency of the expected future cash flows with operation plans.

2. We also obtained and assessed the information provided by the Company and the valuation report prepared by external professional valuers engaged by the Company.

(1) Compared the parameters used in predicting future cash flows with historical experience, economic and industrial forecasts.

(2) Compared the parameters used in determining discount rate with the assumptions on capital cost of cash generating units, and with returns rate on similar assets.

(3) Verified the valuation model calculation.

(4) Assessed the future cash flow sensitivity analysis prepared by management based on the alternative hypothesis using different discount rates, and confirmed management has appropriately considered the possible impact on the estimation uncertainty of impairment assessment.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement

and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the

matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Chun-Yao Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2019

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ASIA PACIFIC TELECOM CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	ASSETS	Notes	December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 774,223	2	\$ 2,558,943	7
1110	Financial assets at fair value through profit or loss-current	6(2)	-	-	410,683	1
1140	Contract assets- current	6(21) and 7(2)	261,427	1	-	-
1150	Notes receivable, net	6(3)	8,987	-	263,880	1
1170	Accounts receivable, net	6(3)	1,372,632	4	1,400,544	4
1180	Accounts receivable, net-related parties	6(3) and 7(2)	120,938	-	62,790	-
1200	Other receivables		126,085	-	124,246	-
1220	Current income tax assets	6(27)	18,350	-	20,110	-
130X	Inventories	6(4)	293,838	1	225,084	1
1410	Prepayments	7(2)	335,906	1	311,323	1
1470	Other current assets	6(5) and 8	132,780	-	131,513	-
11XX	Total current assets		<u>3,445,166</u>	<u>9</u>	<u>5,509,116</u>	<u>15</u>
Non-current assets						
1560	Contract assets-non-current	6(21) and 7(2)	166,239	-	-	-
1543	Financial assets measured at cost - non-current		-	-	4,008	-
1550	Investments accounted for under equity method	6(6)	150,929	-	116,174	-
1600	Property, plant and equipment	6(7) and 7(2)	12,100,437	33	12,530,179	35
1780	Intangible assets	6(8) and 7(2)	12,124,636	33	12,626,042	35
1840	Deferred income tax assets	6(27)	4,418,515	12	3,358,558	9
1900	Other non-current assets	6(9)(10), 7(2) and 8	4,775,143	13	2,010,694	6
15XX	Total non-current assets		<u>33,735,899</u>	<u>91</u>	<u>30,645,655</u>	<u>85</u>
1XXX	Total Assets		<u>\$ 37,181,065</u>	<u>100</u>	<u>\$ 36,154,771</u>	<u>100</u>

(Continued)

ASIA PACIFIC TELECOM CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY		Notes	December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 1,100,000	3	\$ -	-
2130	Contract liabilities-current	6(21) and 7(2)	192,176	1	-	-
2150	Notes payable		20,651	-	14,110	-
2170	Accounts payable		801,428	2	839,596	2
2180	Accounts payable – related parties	7(2)	51,843	-	27,731	-
2200	Other payables	6(12) and 7(2)	3,382,354	9	3,323,893	9
2250	Provisions for liabilities - current	6(14) and 9(1)	37,620	-	210,538	1
2300	Other current liabilities	6(13)	51,993	-	213,571	1
21XX	Total current liabilities		<u>5,638,065</u>	<u>15</u>	<u>4,629,439</u>	<u>13</u>
Non-current liabilities						
2550	Provisions for liabilities - non-current	6(14)	322,100	1	254,016	-
2570	Deferred tax liabilities	6(27)	195,498	-	-	-
2600	Other non-current liabilities	6(15)(17)	276,896	1	285,127	1
25XX	Total non-current liabilities		<u>794,494</u>	<u>2</u>	<u>539,143</u>	<u>1</u>
2XXX	Total Liabilities		<u>6,432,559</u>	<u>17</u>	<u>5,168,582</u>	<u>14</u>
Equity attributable to owners of parent						
Share capital						
3110	Common shares	6(18)	42,982,322	116	42,982,322	119
Capital surplus						
3200	Capital surplus	6(19)	6,786,827	18	6,754,926	18
Retained earnings						
3310	Legal reserve	6(20)	535,041	2	535,041	2
3350	Accumulated deficit	6(20)	(19,555,705)	(53)	(19,286,100)	(53)
Other equity interest						
3400	Other equity interest		21	-	-	-
3XXX	Total Equity		<u>30,748,506</u>	<u>83</u>	<u>30,986,189</u>	<u>86</u>
Significant contingent liabilities and unreconciled contract commitments						
Significant events after the balance sheet date		11				
3X2X	Total Liabilities and Equity		<u>\$ 37,181,065</u>	<u>100</u>	<u>\$ 36,154,771</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

ASIA PACIFIC TELECOM CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSSES PER SHARE AMOUNT)

		For the years ended December 31,			
		2018		2017	
	Notes	Amount	%	Amount	%
4000	Operating revenue	\$ 14,291,467	100	\$ 13,591,959	100
5000	Operating costs	(13,021,381)	(91)	(12,015,105)	(88)
5900	Gross profit	<u>1,270,086</u>	<u>9</u>	<u>1,576,854</u>	<u>12</u>
	Operating expenses	6(25)(26), 7(2)(3)			
6100	Selling expenses	(4,639,271)	(33)	(4,241,629)	(31)
6200	General and administrative expenses	(1,462,089)	(10)	(1,467,944)	(11)
6450	Expected credit impairment loss	(158,530)	(1)	-	-
6000	Total operating expenses	<u>(6,259,890)</u>	<u>(44)</u>	<u>(5,709,573)</u>	<u>(42)</u>
6900	Operating loss	<u>(4,989,804)</u>	<u>(35)</u>	<u>(4,132,719)</u>	<u>(30)</u>
	Non-operating income and expenses				
7010	Other income	228,905	2	112,629	1
7020	Other gains and losses	(53,193)	-	(178,318)	(2)
7050	Finance costs	(1,998)	-	(19)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	33,142	-	(31,754)	-
7000	Total non-operating income and expenses	<u>206,856</u>	<u>2</u>	<u>(97,462)</u>	<u>(1)</u>
7900	Loss before income tax	<u>(4,782,948)</u>	<u>(33)</u>	<u>(4,230,181)</u>	<u>(31)</u>
7950	Income tax benefit	1,488,958	10	218,677	1
8200	Loss for the year	<u>(\$ 3,293,990)</u>	<u>(23)</u>	<u>(\$ 4,011,504)</u>	<u>(30)</u>
	Other comprehensive income (loss), net				
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains (loss) on remeasurements of defined benefit plans	\$ 8,710	-	(\$ 69,452)	-
8349	(loss) income that will not be reclassified to profit or loss	682	-	11,807	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss	<u>9,392</u>	<u>-</u>	<u>(57,645)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	21	-	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive income (loss), net	<u>\$ 9,413</u>	<u>-</u>	<u>(\$ 57,645)</u>	<u>-</u>
8500	Total comprehensive loss for the year	<u>(\$ 3,284,577)</u>	<u>(23)</u>	<u>(\$ 4,069,149)</u>	<u>(30)</u>
9750	Basic losses per share	<u>(\$ 0.77)</u>		<u>(\$ 0.93)</u>	
9850	Diluted losses per share	<u>(\$ 0.77)</u>		<u>(\$ 0.93)</u>	

The accompanying notes are an integral part of these consolidated financial statements.

ASIA PACIFIC TELECOM CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Capital surplus			Retained earnings		Other equity			Total equity
		Common shares	Share premium	Employee stock options	Others	Legal reserve	Accumulated deficit	Exchange difference on translation of foreign financial statements	Treasury stock	
Year 2017										
Balance at January 1, 2017		\$ 43,006,270	\$ 6,626,648	\$ 61,406	\$ 1,747	\$ 535,041	(\$ 15,198,367)	\$ -	(\$ 46,220)	\$ 34,986,525
Net loss for 2017		-	-	-	-	-	(4,011,504)	-	-	(4,011,504)
Other comprehensive loss for 2017		-	-	-	-	-	(57,645)	-	-	(57,645)
Total comprehensive loss for 2017		-	-	-	-	-	(4,069,149)	-	-	(4,069,149)
Compensation cost of employee stock options	6(16)	-	-	68,813	-	-	-	-	-	68,813
Retirement of treasury stock		(23,948)	(3,688)	-	-	-	(18,584)	-	46,220	-
Balance at December 31, 2017		\$ 42,982,322	\$ 6,622,960	\$ 130,219	\$ 1,747	\$ 535,041	(\$ 19,286,100)	\$ -	\$ -	\$ 30,986,189
Year 2018										
Balance at January 1, 2018		\$ 42,982,322	\$ 6,622,960	\$ 130,219	\$ 1,747	\$ 535,041	(\$ 19,286,100)	\$ -	\$ -	\$ 30,986,189
Effects of retrospective application and retrospective restatement	3(1)	-	-	-	-	-	3,014,993	-	-	3,014,993
Balance at January 1, 2018 after adjustments		42,982,322	6,622,960	130,219	1,747	535,041	(16,271,107)	-	-	34,001,182
Net loss for 2018		-	-	-	-	-	(3,293,990)	-	-	(3,293,990)
Other comprehensive income loss for 2018	6(27)	-	-	-	-	-	9,392	21	-	9,413
Total comprehensive income (loss) for 2018		-	-	-	-	-	(3,284,598)	21	-	(3,284,577)
Compensation cost of employee stock options	6(16)	-	-	31,880	1,021	-	-	-	-	32,901
Options forfeited		-	-	(6,048)	6,048	-	-	-	-	-
Balance at December 31, 2018		\$ 42,982,322	\$ 6,622,960	\$ 156,051	\$ 8,816	\$ 535,041	(\$ 19,555,705)	\$ 21	\$ -	\$ 30,749,506

The accompanying notes are an integral part of these consolidated financial statements.

Asia Pacific Telecom Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 4,782,948)	(\$ 4,230,181)
Adjustments			
Adjustment to reconcile loss before tax to net cash (used in) provided by operating activities:			
Depreciation	6(25)	2,763,775	2,396,147
Amortisation	6(25)	1,525,893	1,263,607
Amortisation on assets recognised from cost to fulfil contracts with customers	6(9)	2,858,657	-
Bad debt expense	12(4)	-	202,234
Expected credit impairment losses	12(2)	158,530	-
Net loss (gain) on financial assets at fair value through profit or loss	6(23)	3,005 (	1,782)
Interest expense	6(24)	1,998	19
Interest income	6(22)	(11,231) (	32,213)
Share-based payments	6(16)	30,217	65,969
Subsidiaries issuing employee stock options to the parent Company's employees		92	-
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(33,142)	31,754
Loss on disposal of property, plant and equipment	6(23)	42,255	168,331
Property, plant, equipment transferred to costs and expenses		8,495	2,715
(Gain) loss on disposal of intangible assets	6(23)	(559)	3,851
Provision for litigation loss	6(23)	7,528	5,184
Reversal of provision	6(14)	(144,446) (	3,054)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets held for trading		411,686	653,874
Contract assets		41,929	-
Notes receivable, net		254,893	265,223
Accounts receivable, net		(144,111) (	284,411)
Accounts receivable-related parties, net		(58,148) (	19,398)
Other receivables		(2,459) (	10,725)
Inventories		(66,985) (	26,788)
Prepayments		(24,583)	3,621
Assets recognised from cost to fulfil contracts with customers		(2,446,062)	-
Net changes in liabilities relating to operating activities			
Contract liabilities		(2,804)	-
Notes payable		6,541 (	1,484)
Accounts payable, net		(38,168) (	188,965)
Accounts payable-related parties		24,112	16,232
Other payables		(128,778)	104,281
Provisions		(36,000) (	7,215)
Receipts in advance		- (	71,926)
Other current liabilities		33,402	-
Net defined benefit liabilities		(25,441) (	21,898)
Other non-current liabilities		13,593 (	610)
Cash provided by operations		240,736	282,392
Income tax paid		(383) (	2,379)
Income tax received		5,285	3,187
Net cash provided by operating activities		245,638	283,200

Asia Pacific Telecom Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(30)	(\$ 2,373,852)	(\$ 3,481,851)
Proceeds from disposal of property, plant and equipment		1,630	489
Acquisition of intangible assets	6(8)	(411,847)	(214,428)
Proceeds from disposal of intangible assets		1,118	-
Increase in refundable deposits		(105,979)	(1,064,265)
Decrease in refundable deposits		67,641	1,092,996
Increase in other current assets		(1,267)	(1,253)
Increase in other non-current assets		(311,338)	(135,703)
Increase in other financial assets - non - current		(18,855)	-
Interest received		11,851	45,293
Net cash used in investing activities		(3,140,898)	(3,758,722)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	1,100,000	-
Increase in guarantee deposits received		85,538	64,234
Decrease in guarantee deposits received		(73,211)	(79,436)
Interest paid		(1,787)	(19)
Net cash provided by (used in) financing activities		1,110,540	(15,221)
Decrease in cash and cash equivalents		(1,784,720)	(3,490,743)
Cash and cash equivalents at beginning of the year		2,558,943	6,049,686
Cash and cash equivalents at end of the year		\$ 774,223	\$ 2,558,943

The accompanying notes are an integral part of these consolidated financial statements.

Attachment 4

Asia Pacific Telecom Co., Ltd.

Table of Comparisons Before and After Amendments of "Articles of Association"

Articles after amendments	Original Articles	Reason for amendments
<p>Article 2: The scope of the Company's business activities includes: 1.G901011 Type I Telecommunications Enterprise. 2.G902011 Type II Telecommunications Enterprise. 3.CC01060 Wired Communication Equipment and Apparatus Manufacturing. 4.CC01070 Telecommunication Equipment and Apparatus Manufacturing. 5.CC01080 Electronic Parts and Components Manufacturing. 6.CC01110 Computers and Computing Peripheral Equipments Manufacturing. 7.CC01120 Data Storage Media Manufacturing and Duplicating. 8.E601010 Electric Appliance Construction. 9.E603090 Illumination Equipments Construction. 10.E701010 Telecommunications Construction. 11.E701020 Channel KU and C of Satellite TV Equipments and Materials Construction. 12.E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction. <u>13.F108031 Wholesale of Drugs, Medical Goods.</u> <u>14.F113010 Wholesale of Machinery.</u> <u>15.F113020 Wholesale of Household Appliance.</u></p>	<p>Article 2: The scope of the Company's business activities includes: 1.G901011 Type I Telecommunications Enterprise. 2.G902011 Type II Telecommunications Enterprise. 3.CC01060 Wired Communication Equipment and Apparatus Manufacturing. 4.CC01070 Telecommunication Equipment and Apparatus Manufacturing. 5.CC01080 Electronic Parts and Components Manufacturing. 6.CC01110 Computers and Computing Peripheral Equipments Manufacturing. 7.CC01120 Data Storage Media Manufacturing and Duplicating. 8.E601010 Electric Appliance Construction. 9.E603090 Illumination Equipments Construction. 10.E701010 Telecommunications Construction. 11.E701020 Channel KU and C of Satellite TV Equipments and Materials Construction. 12.E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction.</p>	<p>※ (1) The following business registration is added to meet business expansion needs: i. "F118010 Wholesale of Drugs, Medical Goods." ii. "F113010 Wholesale of Machinery." iii. "F113020 Wholesale of Household Appliance." iv. "F208031 Retail sale of Medical Equipments." v. "F213040 Retail Sale of Precision Instruments." vi. "I301040 The third party payment." (2) Serial number of business registration adjustments.</p>

Articles after amendments	Original Articles	Reason for amendments
16.F113030 Wholesale of Precision Instruments.	13.F113030 Wholesale of Precision Instruments.	
17.F113070 Wholesale of Telecom Instruments.	14.F113070 Wholesale of Telecom Instruments.	
18.F113110 Wholesale of Batteries.	15.F113110 Wholesale of Batteries.	
19.F118010 Wholesale of Computer Software.	16.F118010 Wholesale of Computer Software.	
20.F119010 Wholesale of Electronic Materials.	17.F119010 Wholesale of Electronic Materials.	
<u>21.F208031 Retail sale of Medical Equipments.</u>		
22.F213010 Retail Sale of Household Appliance.	18.F213010 Retail Sale of Household Appliance.	
<u>23.F213040 Retail Sale of Precision Instruments.</u>		
24.F213060 Retail Sale of Telecom Instruments.	19.F213060 Retail Sale of Telecom Instruments.	
25.F218010 Retail Sale of Computer Software.	20.F218010 Retail Sale of Computer Software.	
26.F219010 Retail Sale of Electronic Materials.	21.F219010 Retail Sale of Electronic Materials.	
27.F401010 International Trade.	22.F401010 International Trade.	
28.F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.	23.F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.	
29.I103060 Management Consulting Services.	24.I103060 Management Consulting Services.	
<u>30.I301040 The third party payment.</u>		
31.IG03010 Energy Technical Services.	25.IG03010 Energy Technical Services.	
32.I301010 Software Design Services.	26.I301010 Software Design Services.	
33.I301020 Data Processing Services.	27.I301020 Data Processing Services.	
34.I301030 Digital Information Supply Services.	28.I301030 Digital Information Supply Services.	
35.IE01010 Telecommunications Number Agencies.	29.IE01010 Telecommunications Number Agencies.	
36.IZ99990 Other Industry and Commerce Services Not Elsewhere Classified.	30.IZ99990 Other Industry and Commerce Services Not Elsewhere Classified.	
37.JE01010 Rental and Leasing Business.	31.JE01010 Rental and Leasing Business.	
38.ZZ99999 All business items that are not prohibited or restricted by law,except those that are subject to special approval.	32.ZZ99999 All business items that are not prohibited or restricted by law,except those that are subject to special approval.	

Articles after amendments	Original Articles	Reason for amendments
<p>Article 31: The Articles of Association was established on May 3, 2000. First amendment of the Articles was on May 14, 2001; second amendment was on June 24, 2002; third amendment was on June 25, 2004; fourth amendment was on October 26, 2007; fifth amendment was on June 23, 2010; sixth amendment was on June 24, 2011; seventh amendment was on June 20, 2012; eighth amendment was on June 20, 2014; ninth amendment was on June 25, 2015; tenth amendment was on June 22, 2016; eleventh amendment was on June 20, 2018; <u>twelfth amendment was on June 19, 2019</u>; the amendments will be enforced upon approval from the Shareholders' Meeting.</p>	<p>Article 31: The Articles of Association was established on May 3, 2000. First amendment of the Articles was on May 14, 2001; second amendment was on June 24, 2002; third amendment was on June 25, 2004; fourth amendment was on October 26, 2007; fifth amendment was on June 23, 2010; sixth amendment was on June 24, 2011; seventh amendment was on June 20, 2012; eighth amendment was on June 20, 2014; ninth amendment was on June 25, 2015; tenth amendment was on June 22, 2016; eleventh amendment was on June 20, 2018; and the Articles will be enforced upon approval from the Shareholders' Meeting.</p>	<p>※ Added the date and number of the current amendment.</p>

Asia Pacific Telecom Co., Ltd.

Table of Comparisons Before and After Amendments of "Regulations Governing the Acquisition and Disposal of Assets"

Articles after amendments	Original Articles	Reason for amendments
<p>Article 2: Scope of asset and definition</p> <p>I. The term "assets" as used in these Regulations includes the following:</p> <p>(I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>(II) Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>(III) Memberships.</p> <p>(IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(V) <u>Right-of-use assets.</u></p> <p>(VI) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>(VII) Derivatives.</p> <p>(VIII) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>(IX) Other major assets.</p> <p>II. Terms used in these Regulations are defined as follows:</p> <p>(I) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>(II) Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law:</p>	<p>Article 2: Scope of asset and definition</p> <p>I. The term "assets" as used in these Regulations includes the following:</p> <p>(I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>(II) Real property (including land, houses and buildings, investment property, <u>land use</u>, and construction enterprise inventory) and equipment.</p> <p>(III) Memberships.</p> <p>(IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(V) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>(VI) Derivatives.</p> <p>(VII) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>(VIII) Other major assets.</p> <p>II. Terms used in these Regulations are defined as follows:</p> <p>(I) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from <u>assets, interest rates, foreign exchange rate, index of prices or rates, or other interests; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>(II) Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law:</p>	<p>※</p> <p>The Article is amended pursuant to Directive No. 1070341072 to amend Article 3 and Article 4 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on November 27, 2018.</p>

Articles after amendments	Original Articles	Reason for amendments
<p>Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-<u>3</u> of the Company Act.</p> <p>(III) Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>(IV) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>(V) Certified public accountant (CPA), attorneys, and securities underwriters: Professional personnel or institutions holding relevant licenses.</p> <p>(VI) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. Provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>(VII) Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>(VIII) <u>Securities exchange</u>: "Domestic securities exchange" refers to the <u>location where securities establish trading counters and engage in transaction pursuant to the definition stated in Regulations Governing Securities Trading on the Taipei Exchange</u>; "foreign securities</p>	<p>Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-<u>8</u> of the Company Act.</p> <p>(III) Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>(IV) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment and is <u>not a related party of the Company</u>.</p> <p>(V) Certified public accountant (CPA), attorneys, and securities underwriters: Professional personnel or institutions holding relevant permit. The aforementioned personnel may <u>not be a related party of the Company</u>.</p> <p>(VI) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. Provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>(VII) Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	

Articles after amendments	Original Articles	Reason for amendments
<p><u>exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p>		
<p>(Newly added) <u>Article 3: Qualification of external expert Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</u> (I) <u>May not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u> (II) <u>May not be a related party or de facto related party of any party to the transaction.</u> (III) <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of one another.</u></p>		<p>※ The Article is added pursuant to Directive No. 1070341072 to amend Article 5 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on November 27, 2018.</p>
<p>Article 4: Appraisal procedure I. In acquiring or disposing of real property, equipment, <u>or right-of-use assets</u> thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets</u> thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (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</p>	<p>Article 3: Appraisal procedure I. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (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</p>	<p>※ 1. Changes in number of Articles and adjustments in citations in Article 7. 2. The Article is amended pursuant to Directive No. 1070341072 to amend Article 9 and Article 11 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on November 27, 2018.</p>

Articles after amendments	Original Articles	Reason for amendments
<p>price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also <u>be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u></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) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1.The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>2.The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) No more than three months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>II. The Company, when acquiring or disposing of securities, prior to the date of occurrence of the event, shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to</p>	<p>price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also <u>be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u></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) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1.The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>2.The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) No more than three months may elapse between the date of <u>the appraisal report issued</u> by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>II. The Company, when acquiring or disposing of securities, shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to</p>	

Articles after amendments	Original Articles	Reason for amendments
<p>provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>III. Where the Company acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>IV. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>V. When the procedures for the acquisition and 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.</p> <p>VI. Any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.</p> <p>VII. The calculation of the transaction amounts referred to in Paragraphs 1 to 3</p>	<p>provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>III. Where the Company acquires or disposes of <u>memberships</u> or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>IV. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>V. When the procedures for the acquisition and 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.</p> <p>VI. Any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.</p> <p>VII. The calculation of the transaction amounts referred to in Paragraphs 1 to 3</p>	

Articles after amendments	Original Articles	Reason for amendments
<p>of this Article shall be made in accordance with Article 8, Paragraph 1, Subparagraph 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 obtained professional appraisal report or opinion from certified public accountant need not be counted toward the transaction amount.</p>	<p>of this Article shall be made in accordance with Article 7, Paragraph 1, Subparagraph 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 obtained professional appraisal report or opinion from certified public accountant need not be counted toward the transaction amount.</p>	
<p>Article 5: Handling procedures for related party transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 4. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 7 of Article 4.</p> <p><u>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</u></p> <p>II. When the Company intends to acquire or dispose of real property <u>or right-of-use assets</u> thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets</u> thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the majority of the Audit Committee and submitted for resolution at the Board of Directors. If approval of more than half of all Audit Committee <u>members</u> as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all</p>	<p>Article 4: Handling procedures for related party transactions</p> <p>I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 3. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 7 of Article 3.</p> <p>II. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the majority of the Audit Committee and submitted for resolution at the Board of Directors. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all</p>	<p>※</p> <p>1. Changes in number of Articles and adjustments in citations in Paragraphs 1, 2, and 3.</p> <p>2. The Article is amended pursuant to Directive No. 1070341072 to amend Articles 15 to 18 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on November 27, 2018.</p> <p>3. Minor wording adjustments.</p>

Articles after amendments	Original Articles	Reason for amendments
<p>Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting:</p> <p>(I) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property <u>or right-of-use assets</u> thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraphs 6 and 7 of this Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 4.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>III. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8, Paragraph 1, Subparagraph 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 Board of Directors need not be counted toward the transaction amount.</p> <p>IV. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, <u>or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the Company's Board of Directors may pursuant to Paragraphs 1 and 2 of the preceding Article delegate the Chairman of the Board to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>(I) <u>Acquisition or disposal of equipment or</u></p>	<p>Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting:</p> <p>(I) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.</p> <p>(II) The reason for choosing the related party as a transaction counterparty.</p> <p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraphs 6 and 7 of the Article.</p> <p>(IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>(V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 3.</p> <p>(VII) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>III. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 7, Paragraph 1, Subparagraph 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 Board of Directors need not be counted toward the transaction amount.</p> <p>IV. <u>In acquisition or disposal of equipment</u> between the Company and its parent or subsidiaries, or between its subsidiaries, the Company's Board of Directors may pursuant to Paragraphs 1 and 2, delegate the Chairman of the Board to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.</p>	

Articles after amendments	Original Articles	Reason for amendments
<p><u>right-of-use assets thereof held for business use.</u></p> <p>(II) <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>V. When a matter is submitted for discussion by the Board of Directors pursuant to Paragraph 2 of this Article, 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.</p> <p>VI. When acquiring real property <u>or right-of-use assets thereof</u> from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(II) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>When acquiring real property <u>or right-of-use assets</u> thereof from a related party, the Company shall appraise the cost of the real property <u>or right-of-use assets</u> thereof in accordance with Subparagraphs 1 and 2, and shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>When acquiring real property <u>or right-of-use assets</u> thereof from a related party</p>	<p>V. When a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, 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.</p> <p>VI. When acquiring real property from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(II) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>When acquiring real property from a related party, the Company shall appraise the cost of the real property in accordance with Subparagraphs 1 and 2, and shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>When acquiring real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs 2 to 5 of this Article, and the</p>	

Articles after amendments	Original Articles	Reason for amendments
<p>and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs 2 to 5 of this Article, and the preceding three subparagraphs do not apply:</p> <p>(I)The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>(II)More than five years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>(III)The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>(IV)<u>The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> <p>VII.When the results of the Company's appraisal conducted in accordance with Subparagraphs 1 and 2 of Paragraph 6 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 8 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>(I) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1.Where undeveloped land is appraised in accordance with the means in the preceding paragraph, 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 three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is</p>	<p>preceding three subparagraphs do not apply:</p> <p>(I) The related party acquired the real property through inheritance or as a gift.</p> <p>(II)More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(III)The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>VII.When the results of the Company's appraisal conducted in accordance with Subparagraphs 1 and 2 of Paragraph 6 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 8 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>(I) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1.Where undeveloped land is appraised in accordance with the means in the preceding paragraph, 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 three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is</p>	

Articles after amendments	Original Articles	Reason for amendments
<p>lower.</p> <p>2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(II) Where the Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the <u>right-of-use assets</u> thereof.</p> <p>VIII. Where the Company acquires real property <u>or right-of-use assets</u> thereof from a related party and the results of appraisals conducted in accordance with Paragraphs 6 <u>and</u> 7 of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(I) A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property <u>or right-of-use assets</u></p>	<p>lower.</p> <p>2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.</p> <p>3. <u>Completed lease by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market rental practices.</u></p> <p>(II) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p>VIII. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Paragraphs 6 <u>、</u> 7 of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(I) A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the</p>	

Articles after amendments	Original Articles	Reason for amendments
<p>transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>(II) The Audit Committee shall comply with Article 218 of the Company Act mutatis mutandis pursuant to Article 14-4 of the Securities and Exchange Act.</p> <p>(III) Actions taken pursuant to the Subparagraphs 1 and 2 shall be reported to the Shareholders' Meeting, and the details of the transaction shall be disclosed in the Annual Report and any investment prospectus.</p> <p>Where the Company has set aside a special reserve under the preceding subparagraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or <u>leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p>	<p>appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>(II) The Audit Committee shall comply with Article 218 of the Company Act mutatis mutandis pursuant to Article 14-4 of the Securities and Exchange Act.</p> <p>(III) Actions taken pursuant to the Subparagraphs 1 and 2 shall be reported to the Shareholders' Meeting, and the details of the transaction shall be disclosed in the Annual Report and any investment prospectus.</p> <p>Where the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p>	
<p>Article 6: Handling procedures for mergers, demergers, acquisitions, or transfers of shares</p> <p>I. When conducting mergers, demergers, acquisitions, or transfers of shares, prior to convening the Board of Directors to resolve on the matter, the Company 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 resolution. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized</p>	<p>Article 5: Handling procedures for mergers, demergers, acquisitions, or transfer of shares</p> <p>I. When conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, the Company 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 resolution. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized</p>	<p>※ Changes in number of Articles and minor wording adjustments.</p>

Articles after amendments	Original Articles	Reason for amendments
<p>capital. When submitting for discussion by the Board of Directors, the Board of Directors shall take into full consideration of 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.</p> <p>II. When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the Shareholders' Meeting and include it along with the expert opinion referred to in the preceding paragraph when sending the meeting notice of the Shareholders' Meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a Shareholders' Meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the Shareholders' Meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the Shareholders' Meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next Shareholders' Meeting.</p> <p>III. When participating in a merger, demerger, or acquisition, the Company shall convene a Board of Directors meeting and Shareholders' Meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. When participating in a transfer of shares, the Company shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>IV. Every person participating in or privy to the plan for merger, demerger,</p>	<p>capital. When submitting for discussion by the Board of Directors, the Board of Directors shall take into full consideration of 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.</p> <p>II. When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the Shareholders' Meeting and include it along with the expert opinion referred to in the preceding paragraph when sending the meeting notice of the Shareholders' Meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a Shareholders' Meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the Shareholders' Meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the Shareholders' Meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next Shareholders' Meeting.</p> <p>III. When participating in a merger, demerger, or acquisition, the Company shall convene a Board of Directors meeting and Shareholders' Meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. When participating in a transfer of shares, the Company shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>IV. Every person participating in or privy to the plan for merger, demerger,</p>	

Articles after amendments	Original Articles	Reason for amendments
<p>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.</p> <p>V. When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the circumstances listed below, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p>(I) Cash capital increase, issuance of convertible corporate bonds, issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>(II) An action, such as a disposal of major assets, which affects the Company's financial operations.</p> <p>(III) An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.</p> <p>(IV) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>(V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p> <p>(VI) Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.</p> <p>VI. The contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</p> <p>(I) Handling of breach of contract.</p> <p>(II) 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.</p> <p>(III) The amount of treasury stock participating companies are permitted</p>	<p>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.</p> <p>V. When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the circumstances listed below, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p>(I) Cash capital increase, issuance of convertible corporate bonds, issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>(II) An action, such as a disposal of major assets, which affects the Company's financial operations.</p> <p>(III) An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.</p> <p>(IV) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>(V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p> <p>(VI) Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.</p> <p>VI. The contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</p> <p>(I) Handling of breach of contract.</p> <p>(II) 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.</p> <p>(III) The amount of treasury stock participating companies are permitted</p>	

Articles after amendments	Original Articles	Reason for amendments
<p>under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</p> <p>(IV)The manner of handling changes in the number of participating entities or companies.</p> <p>(V)Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p>(VI)Scheduled date for convening the legally mandated Shareholders' Meeting if the plan exceeds the deadline without completion, and relevant procedures.</p> <p>VII.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.</p> <p>VIII.Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Paragraphs 3, 4, 7, and 9 of this Article.</p> <p>IX. The Company shall prepare a full written record of the following information and retain it for five years for reference:</p> <p>(I) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>(II) Dates of material events: Including the dates of signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors</p>	<p>under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</p> <p>(IV) The manner of handling changes in the number of participating entities or companies.</p> <p>(V) Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p>(VI) Scheduled date for convening the legally mandated Shareholders' Meeting if the plan exceeds the deadline without completion, and relevant procedures.</p> <p>VII.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.</p> <p>VIII.Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Paragraphs 3, 4, 7, and 9 of this Article.</p> <p>IX.The Company shall prepare a full written record of the following information and retain it for five years for reference:</p> <p>(I) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>(II)Dates of material events: Including the dates of signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors</p>	

Articles after amendments	Original Articles	Reason for amendments
<p>meeting.</p> <p>(III) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.</p> <p>The Company shall, within two days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Sub-subparagraphs 1 and 2 of the preceding subparagraph to the <u>FSC</u> for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such a company whereby the latter is required to abide by the provisions of Subparagraphs 1 and 2 of this Paragraph.</p>	<p>meeting.</p> <p>(III) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.</p> <p>The Company shall, within two days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Sub-subparagraphs 1 and 2 of the preceding subparagraph to the <u>Financial Supervisory Commission</u> for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such a company whereby the latter is required to abide by the provisions of Subparagraphs 1 and 2 of this Paragraph.</p>	
<p>Article <u>7</u>: Operating procedures</p> <p>I. Acquisition or disposal of fixed asset shall be conducted following the Company's Purchase, Procurement, and Contractual Work Procedures.</p> <p>II. Pursuant to the Regulations or relevant laws, the acquisition and disposal of assets shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee <u>members</u> as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.</p> <p>III. Where it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price due to special circumstances, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed <u>afterward</u> whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>IV. Conditions where Article 185 of the Company Act apply in the acquisition or disposal of asset, a prior resolution</p>	<p>Article <u>6</u>: Operating procedures</p> <p>I. Acquisition or disposal of fixed asset shall be conducted following the Company's Purchase, Procurement, and Contractual Work Procedures.</p> <p>II. Pursuant to the Regulations or relevant laws, the acquisition and disposal of assets shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.</p> <p>III. Where it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price due to special circumstances, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed in the <u>future</u> whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>IV. Conditions where Article 185 of the Company Act apply in the acquisition or disposal of asset, a prior resolution</p>	<p>※ Changes in number of Articles and minor wording adjustments.</p>

Articles after amendments	Original Articles	Reason for amendments
<p>from the Shareholders' Meeting shall be obtained.</p> <p>V. Transaction for short or long-term investments including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities and asset-backed securities in a domestic or foreign securities exchanges or the Taipei Exchange (TPEX) shall be approved by the Board of Directors or delegated to the Chairman or the General Manager.</p> <p>VI. Prior to acquiring or disposing of securities from a company which is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall submit to the Board of Directors and receive approval from the majority of the Directors in attendance.</p> <p>VII. Acquisition or disposal of short or long-term quoted securities investment shall be conducted by an execution unit designated by the Chairman or the General Manager and assisted by the finance department.</p> <p>VIII. Acquisition or disposal of real property shall be conducted by an execution unit designated by the Chairman or the General Manager and assisted by the finance department.</p> <p>IX. Acquisition or disposal of other fixed assets shall be conducted by a responsible unit and assisted by the finance department.</p>	<p>from the Shareholders' Meeting shall be obtained.</p> <p>V. Transaction for short or long-term investments including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities and asset-backed securities in a domestic or foreign securities exchanges or the Taipei Exchange (TPEX) shall be approved by the Board of Directors or delegated to the Chairman or the General Manager.</p> <p>VI. Prior to acquiring or disposing of securities from a company which is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall submit to the Board of Directors and receive approval from the majority of the Directors in attendance.</p> <p>VII. Acquisition or disposal of short or long-term quoted securities investment shall be conducted by an execution unit designated by the Chairman or the General Manager and assisted by the finance department.</p> <p>VIII. Acquisition or disposal of real property shall be conducted by an execution unit designated by the Chairman or the General Manager and assisted by the finance department.</p> <p>IX. Acquisition or disposal of other fixed assets shall be conducted by a responsible unit and assisted by the finance department.</p>	
<p>Article 8: Public disclosure of information</p> <p>I. Under any of the following circumstances, in acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days counting inclusively from the date of occurrence of the event:</p> <p>(I) Acquisition or disposal of real property <u>or right-of-use assets</u> thereof from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets</u> thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale</p>	<p>Article 7: Public Disclosure of Information</p> <p>I. Under any of the following circumstances, in acquiring or disposing of assets, the Company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(I) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or</p>	<p>※</p> <p>1. Changes in number of Articles and minor wording adjustments.</p> <p>2. The Article is amended pursuant to Directive No. 1070341072 to amend Article 31 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on November 27, 2018.</p>

Articles after amendments	Original Articles	Reason for amendments
<p>agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(IV) Where equipment <u>or right-of-use assets</u> thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more.</p> <p>(V) Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the <u>transaction counterparty is not a related party</u>, and the transaction amount is expected to reach NT\$500 million or more.</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five sub-subparagraphs or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million or more. Provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1.Trading of <u>domestic</u> government bonds. 2.Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows:</p> <p>(I) The amount of any individual transaction.</p> <p>(II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property <u>or right-of-use assets</u> thereof within the same development project within the preceding year.</p> <p>(IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security</p>	<p>redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) Merger, demerger, acquisition, or transfer of shares.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(IV) Where equipment for business use is acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more.</p> <p>(V) Acquisition or disposal by the Company in the construction business of real property for construction use, and the transaction amount is expected to reach NT\$500 million.</p> <p>(VI) Where an asset transaction other than any of those referred to in the preceding five sub-subparagraphs or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million or more. Provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1.Trading of government bonds. 2.Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows:</p> <p>(I) The amount of any individual transaction.</p> <p>(II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p> <p>(IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same</p>	

Articles after amendments	Original Articles	Reason for amendments
<p>within the preceding year. "Within the preceding year" as used in Subparagraph 2 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these <u>Regulations</u> need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. In acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions in the Company, where they shall be retained for five years except where another law provides otherwise.</p> <p>II. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days counting inclusively from the date of occurrence of the event:</p> <p>(I) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(III) Change to the originally publicly announced and reported information.</p>	<p>security within the preceding year. "Within the preceding year" as used in Subparagraph 2 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these <u>Guidelines</u> need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. In acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions in the Company, where they shall be retained for five years except where another law provides otherwise.</p> <p>II. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days counting inclusively from the date of occurrence of the event:</p> <p>(I) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(III) Change to the originally publicly announced and reported information.</p>	
<p>Article 2: Acquisition of total amounts of real property and <u>right-of-use assets</u> thereof or securities not for business use, and limits on individual securities</p>	<p>Article 8: Acquisition of total amounts of real property or securities not for business use, and limits on individual securities</p>	<p>※ 1. Changes in number of Articles. 2. The Article is</p>

Articles after amendments	Original Articles	Reason for amendments
<p>I. Total amounts of real property and <u>right-of-use assets</u> thereof acquired by the Company and each subsidiary not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholders' equity in the most recent financial statements. Acquisition of individual real property and <u>right-of-use assets</u> thereof not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholders' equity in the most recent financial statements.</p> <p>II. Total amounts of marketable securities acquired by the Company and each subsidiary not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholders' equity in the most recent financial statements. Acquisition of individual marketable securities not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholders' equity in the most recent financial statements.</p> <p>III. "Total stockholders' equity on the most recent financial statements" refers to data denoted on financial statements audited by CPA.</p>	<p>I. Total amounts of real property acquired by the Company and each subsidiary not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholders' equity in the most recent financial statements. Acquisition of individual real property not for business use may not exceed 20% of the Company and each subsidiary's total stockholders' equity in the most recent financial statements.</p> <p>II. Total amounts of marketable securities acquired by the Company and each subsidiary not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholders' equity in the most recent financial statements. Acquisition of individual marketable securities not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholders' equity in the most recent financial statements.</p> <p>III. "Total stockholders' equity on the most recent financial statements" refers to data denoted on financial statements audited by CPA.</p>	<p>amended pursuant to Directive No. 1070341072 to amend Article 7 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on November 27, 2018.</p>
<p>Article <u>10</u>: Control procedures</p> <p>I. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on the Regulations Governing the Acquisition and Disposal of Assets and conduct audit of relevant implementations, and prepare an audit report. If any material violation is discovered, all members of Audit Committee shall be notified in writing.</p> <p>II. Regulations Governing the Acquisition and Disposal of Assets from the Company's subsidiaries shall be in accordance with the Regulations. Information required to be publicly announced and reported in accordance with the provisions of the Article 8 on acquisitions and disposals of assets by a subsidiary that is not itself a public company in Taiwan shall be immediately reported to the Company for public disclosure.</p>	<p>Article <u>9</u>: Control procedures</p> <p>I. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on the Regulations Governing the Acquisition and Disposal of Assets and conduct audit of relevant implementations, and prepare an audit report. If any material violation is discovered, all members of Audit Committee shall be notified in writing.</p> <p>II. Regulations Governing the Acquisition and Disposal of Assets from the Company's subsidiaries shall be in accordance with the Regulations. Information required to be publicly announced and reported in accordance with the provisions of the Article 7 on acquisitions and disposals of assets by a subsidiary that is not itself a public company in Taiwan shall be immediately reported to the Company for public disclosure.</p>	<p>※ Changes in number of Articles and adjustments in citations in Paragraph 2.</p>
<p>Article <u>11</u>: Additional provisions</p> <p>I. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in Paragraph 1 of Article <u>8</u> in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and</p>	<p>Article <u>10</u>: Additional provisions</p> <p>I. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in Paragraph 1 of Article <u>7</u> in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public</p>	<p>※</p> <p>1. Changes in number of Articles and adjustments in citations in Paragraph 1.</p> <p>2. The Article is amended pursuant to Directive No.</p>

Articles after amendments	Original Articles	Reason for amendments
<p>regulatory filing.</p> <p>II. The Company's "Guidelines for Derivatives Trading" has been separately established and enforced.</p> <p>III. When the Regulations are breached by relevant personnel, the violation will be handled according to the incentive and disincentive measures in the Company's Employee Code of Conduct depending on the severity of the violation.</p> <p>IV. The Regulations Governing the Acquisition and Disposal of Assets will be implemented upon resolution from the Board of Directors and approval from the Shareholders' Meeting, and the same procedure shall also be followed whenever there is any amendment thereto. Since the 7th Board of Directors, amendments to the Regulations shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If dissent is expressed by any of the Directors and a minutes of meeting or written statement of the dissent is present, the Company shall submit the opinion of dissent to the Shareholders' Meeting for discussion. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.</p> <p>V. 5. When the Regulations on Procedures for the Acquisition and 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.</p>	<p>announcement and regulatory filing for either <u>20 percent</u> of paid-in capital or <u>10 percent</u> of total assets.</p> <p>II. The Company's "Guidelines for Derivatives Trading" has been separately established and enforced.</p> <p>III. When the Regulations are breached by relevant personnel, the violation will be handled according to the incentive and disincentive measures in the Company's Employee Code of Conduct depending on the severity of the violation.</p> <p>IV. The Regulations Governing the Acquisition and Disposal of Assets will be implemented upon resolution from the Board of Directors and approval from the Shareholders' Meeting, and the same procedure shall also be followed whenever there is any amendment thereto. Since the 7th Board of Directors, amendments to the Regulations shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If dissent is expressed by any of the Directors and a minutes of meeting or written statement of the dissent is present, the Company shall submit the opinion of dissent to the Shareholders' Meeting for discussion. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.</p> <p>V. When the Regulations on Procedures for the Acquisition and 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.</p>	<p>1070341072 to amend Article 34 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on November 27, 2018. 3. Minor wording adjustments.</p>

Asia Pacific Telecom Co., Ltd.

Table of Comparisons Before and After Amendments of "Guidelines for Derivatives Trading"

Articles after amendments	Articles before amendments	Reasons for amendments
<p>II. Scope of Asset and Definition</p> <p>I. The term "derivatives" is defined in the Guidelines as follows: forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the contracts above; or hybrid contracts or structured products containing embedded derivatives.</u></p> <p>II. The term "forward contracts" in these Guidelines does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>III. The derivatives defined in these Guidelines are limited to hedging operations based on business needs.</p>	<p>II. Scope of Asset and Definition</p> <p>I. The term "derivatives" is defined in these Guidelines as follows: forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from <u>an asset, interest rate, foreign exchange rate, index of prices or rates, or other interests</u> or hybrid contracts combining the contracts above; <u>or hybrid contracts or structured products containing embedded derivatives.</u></p> <p>II. The term "forward contracts" in these Guidelines does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>III. The derivatives defined in these Guidelines are limited to hedging operations based on business needs.</p>	<p>※</p> <p>The Article is amended pursuant to Directive No. 1070341072 to amend Article 4 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on November 27, 2018.</p>
<p>III. Handling Procedures in Derivatives Trading</p> <p>I. Operating procedures:</p> <p>(I) Delegation of contract dollar amount In conducting derivative trading, the Company's trading unit will submit the type and content of derivative transaction to the Board of Directors for approval before the transaction can be conducted, and shall report to the soonest meeting of the Board of Directors.</p> <p>(II) Implementation unit Company Chairman will be the highest level of authority over supervision and control of derivative transaction, and trading will be carried out by the trading unit.</p> <p>(III) Pursuant to these Guidelines or other applicable laws, where approval from the Board is required for derivative trading, they shall be approved by more than half of all Audit Committee members and submitted to the Board for a resolution. If approval of more than half of all Audit</p>	<p>III. Handling Procedures in Derivatives Trading</p> <p>I. Operating procedures:</p> <p>(I) Delegation of contract dollar amount In conducting derivative trading, the Company's trading unit will submit the type and content of derivative transaction to the Board of Directors for approval before the transaction can be conducted, and shall report to the soonest meeting of the Board of Directors.</p> <p>(II) Implementation unit Company Chairman will be the highest level of authority over supervision and control of derivative transaction, and trading will be carried out by the trading unit.</p> <p>(III) Pursuant to the Guidelines or other applicable laws, where approval from the Board is required for derivative trading, they shall be approved by more than half of all Audit Committee members and submitted to the Board for a resolution. If approval of more than half of all Audit Committee as required</p>	<p>※</p> <p>The Article is amended pursuant to Directive No. 1070341072 to amend Article 4 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on November 27, 2018.</p> <p>2. Minor wording adjustments.</p>

Articles after amendments	Articles before amendments	Reasons for amendments
<p>Committee <u>members</u> as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.</p> <p>II. Policy and direction of trading:</p> <p>(I) Types of derivative trading: Contents include:</p> <ol style="list-style-type: none"> 1. Forward Contract 2. Futures Contract 3. Options Contract 4. Swap Contract 5. Leverage Contract 6. <u>Hybrid contracts combining the contracts above</u> 7. <u>Hybrid contracts containing embedded derivatives</u> 8. <u>Structured products</u> <p>(II) Operating or hedging strategies The Company's derivative trading is aimed to assist the Company in risk management and increase revenue, as well as to assist the Company in managing asset and liability positions. Since these products are difficult to understand, pose elevated risks and are difficult to manage, and are prone to trading disputes, the current conditions and deficiencies in derivative trading shall be organized and disclosed in terms of the Board of Directors' obligations, the risk management system, internal control and accounting principles, or an adequate risk management system and comprehensive internal control and delegation of authority shall be established.</p> <p>(III) Delegation of authority To ensure the Company's sound and prudent management, the Board of Directors has authorized the Risk Management and Capital Operations Policy, where the Chairman and the General Manager are in charge of reviewing and approving the procedures and control methods of the Policy. Hence, the dealing and settlement and performance evaluation procedures shall be performed by different personnel to achieve internal control of checks and balances.</p> <p>(IV) Guidelines for performance evaluation Positions held for derivative trading shall be</p>	<p>in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.</p> <p>II. Policy and direction of trading:</p> <p>(I) Types of derivative trading: Contents include:</p> <ol style="list-style-type: none"> 1. Forward Contract 2. Futures Contract 3. Options Contract 4. Swap Contract 5. Leverage Contract 6. <u>Hybrid contracts containing a mix of derivative products</u> <p>(II) Operating or hedging strategies The Company's derivative trading is aimed to assist the Company in risk management and increase revenue, as well as to assist the Company in managing asset and liability positions. Since these products are difficult to understand, pose elevated risks and are difficult to manage and prone to trading disputes, the current conditions and deficiencies in derivative trading shall be organized and disclosed in terms of the Board of Directors' obligations, the risk management system, internal control and accounting principles, or an adequate risk management system and comprehensive internal control and delegation of authority shall be established.</p> <p>(III) Delegation of authority To ensure the Company's sound and prudent management, the Board of Directors has authorized the Risk Management and Capital Operations Policy, where the Chairman and the General Manager are in charge of reviewing and approving the procedures and control methods of the Policy. Hence, the dealing and settlement and performance evaluation procedures shall be performed by different personnel to achieve internal control of checks and balances.</p> <p>(IV) Guidelines for performance evaluation Positions held for derivative trading shall be</p>	

Articles after amendments	Articles before amendments	Reasons for amendments
<p>evaluated for rating based on market information provided by the Associated Press, Reuters or other domestic and international financial institutions.</p> <p>(V) Authorized contract dollar amount The contract dollar amount used toward derivative trading shall be no more than the Company's receivables over the next year or the net offset position of assets against liabilities.</p> <p>(VI) Limits on aggregate losses or losses on individual contracts</p> <ol style="list-style-type: none"> 1. The aggregate losses or losses on individual foreign exchange forward transactions (FX forward) are set at 50% of the transaction amounts. 2. The aggregate losses or losses on individual hedging transactions of interest rate swap (IRS) are set at 30% of the transaction amounts. 3. The aggregate losses or losses on other individual derivative trading are set at 50% of the transaction amounts. <p>III. Risk management measures: When engaging in the transaction of derivative products, the Company shall at a minimum adopt the following risk management measures:</p> <p>(I) Risk management shall include the risk management of credit, market, liquidity, operation and law.</p> <p>(II) The personnel that deal with the transaction of derivative products, make confirmation of these transactions and make settlements of these transactions shall not be the same group of people.</p> <p>(III) The evaluation, supervision and control of risk-related matters also shall be done by person who are from a different department of the personnel mentioned in the Subparagraph 2 of this Paragraph, and shall report to the Board of Directors or to the Head Auditor who are not responsible for setting policies for transactions or positions to be engaged.</p> <p>(IV) The position held in the trading of derivative products shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be given to Head Auditor authorized by the Board of Directors.</p> <p>IV. The Board of Directors shall observe</p>	<p>evaluated for rating based on market information provided by the Associated Press, Reuters or other domestic and international financial institutions.</p> <p>(V) Authorized contract dollar amount The contract dollar amount used toward derivative trading shall be no more than the Company's receivables over the next year or the net offset position of assets against liabilities.</p> <p>(VI)Limits on aggregate losses or losses on individual contracts</p> <ol style="list-style-type: none"> 1. The aggregate losses or losses on individual foreign exchange forward transactions (FX forward) are set at 50% of the transaction amounts. 2. The aggregate losses or losses on individual hedging transactions of interest rate swap (IRS) are set at 30% of the transaction amounts. 3. The aggregate losses or losses on other individual derivative trading are set at 50% of the transaction amounts. <p>III. Risk management measures: When engaging in the transaction of derivative products, the Company shall at a minimum adopt the following risk management measures:</p> <p>(I) Risk management shall include the risk management of credit, market, liquidity, operation and law.</p> <p>(II) The personnel that deal with the transaction of derivative products, make confirmation of these transactions and make settlements of these transactions shall not be the same group of people.</p> <p>(III) The evaluation, supervision and control of risk-related matters also shall be done by persons who are from a different department of the personnel mentioned in the Subparagraph 2 of this Paragraph, and shall report to the Board of Directors or to the Head Auditor who are not responsible for setting policies for transactions or positions to be engaged.</p> <p>(IV) The position held in the trading of derivative products shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall be given to Head Auditor authorized by the Board of Directors.</p> <p>IV. The Board of Directors shall observe</p>	

Articles after amendments	Articles before amendments	Reasons for amendments												
<p>following principles to supervise and manage matters:</p> <p>(I) Assign CFO to oversee the supervision and the control of the risk of derivative transactions at all times.</p> <p>(II) Periodically evaluate whether the results of the derivative transactions conform to the formulated operational policies and whether the attendant risk of these transactions is within the capability of the company.</p> <p>V. The Head Auditor authorized by Board of Directors shall observe the following principles to manage the transaction of derivative products:</p> <p>(I) Periodically evaluate whether the risk management procedures currently being used are suitable and whether it conforms to these Guidelines.</p> <p>(II) If there are any abnormal situations in the market price evaluation reports (such as the held position has exceeded the loss limit), the Head Auditor shall report to the Board of Directors immediately and take necessary measures to deal with the situation. The Board meeting shall be attended by Independent Directors who shall express their opinions on the matter.</p> <p>VI. Operations and key controls are as follows:</p>	<p>following principles to supervise and manage matters:</p> <p>(I) Assign CFO to oversee the supervision and the control of the risk of derivative transactions at all times.</p> <p>(II) Periodically evaluate whether the results of the derivative transactions conform to the formulated operational policies and whether the attendant risk of these transactions is within the capability of the company.</p> <p>V. The Head Auditor authorized by Board of Directors shall observe the following principles to manage the transaction of derivative products:</p> <p>(I) Periodically evaluate whether the risk management procedures currently being used are suitable and whether it conforms to these Guidelines.</p> <p>(II) If there are any abnormal situations in the market price evaluation reports (such as the held position has exceeded the loss limit), the Head Auditor shall report to the Board of Directors immediately and take necessary measures to deal with the situation. The Board meeting shall be attended by Independent Directors who shall express their opinions on the matter.</p> <p>VI. Operations and key controls are as follows:</p>													
<table border="1" data-bbox="124 1198 609 2067"> <thead> <tr> <th data-bbox="124 1198 258 1272">Tasks</th> <th data-bbox="258 1198 609 1272">Procedures and key controls</th> </tr> </thead> <tbody> <tr> <td data-bbox="124 1272 258 1444">Total contracts signed and amounts</td> <td data-bbox="258 1272 609 1444">All trading contracts signed with financial institutions, and any amendments thereto, should be approved by the legal department.</td> </tr> <tr> <td data-bbox="124 1444 258 2067">Trading and confirmation</td> <td data-bbox="258 1444 609 2067"> Operating procedures: <ol style="list-style-type: none"> 1. Gather market information. 2. Calculate cost and trading price. 3. Trade in accordance with authorized monetary amounts. 4. Prepare weekly and monthly trading reports and market price evaluation report for approval. Key controls: <ol style="list-style-type: none"> 1. Market information should be up-to-date. 2. Trading positions should be handled according to </td> </tr> </tbody> </table>	Tasks	Procedures and key controls	Total contracts signed and amounts	All trading contracts signed with financial institutions, and any amendments thereto, should be approved by the legal department.	Trading and confirmation	Operating procedures: <ol style="list-style-type: none"> 1. Gather market information. 2. Calculate cost and trading price. 3. Trade in accordance with authorized monetary amounts. 4. Prepare weekly and monthly trading reports and market price evaluation report for approval. Key controls: <ol style="list-style-type: none"> 1. Market information should be up-to-date. 2. Trading positions should be handled according to 	<table border="1" data-bbox="641 1198 1123 2067"> <thead> <tr> <th data-bbox="641 1198 775 1272">Tasks</th> <th data-bbox="775 1198 1123 1272">Procedures and key controls:</th> </tr> </thead> <tbody> <tr> <td data-bbox="641 1272 775 1444">Total contracts signed and amounts</td> <td data-bbox="775 1272 1123 1444">All trading contracts signed with financial institutions, and any amendments thereto, should be approved by the legal department.</td> </tr> <tr> <td data-bbox="641 1444 775 2067">Trading and confirmation</td> <td data-bbox="775 1444 1123 2067"> Operating procedures: <ol style="list-style-type: none"> 1. Gather market information. 2. Calculate cost and trading price. 3. Trade in accordance with authorized monetary amounts. 4. Prepare weekly and monthly trading reports and market price evaluation report for approval. Key controls: <ol style="list-style-type: none"> 1. Market information should be up-to-date. 2. Trading positions should be handled </td> </tr> </tbody> </table>	Tasks	Procedures and key controls:	Total contracts signed and amounts	All trading contracts signed with financial institutions, and any amendments thereto, should be approved by the legal department.	Trading and confirmation	Operating procedures: <ol style="list-style-type: none"> 1. Gather market information. 2. Calculate cost and trading price. 3. Trade in accordance with authorized monetary amounts. 4. Prepare weekly and monthly trading reports and market price evaluation report for approval. Key controls: <ol style="list-style-type: none"> 1. Market information should be up-to-date. 2. Trading positions should be handled 	
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Tasks	Procedures and key controls:													
Total contracts signed and amounts	All trading contracts signed with financial institutions, and any amendments thereto, should be approved by the legal department.													
Trading and confirmation	Operating procedures: <ol style="list-style-type: none"> 1. Gather market information. 2. Calculate cost and trading price. 3. Trade in accordance with authorized monetary amounts. 4. Prepare weekly and monthly trading reports and market price evaluation report for approval. Key controls: <ol style="list-style-type: none"> 1. Market information should be up-to-date. 2. Trading positions should be handled 													

Articles after amendments		Articles before amendments		Reasons for amendments
	these Guidelines.		according to these Guidelines.	
Settlement	<p>Key controls:</p> <ol style="list-style-type: none"> 1. Settlement personnel should verify and confirm the contents of trade in detail on the list of trade. 2. Trading amount shall not exceed the authorized amounts. 3. Settlement and trading shall be undertaken by different personnel. 	Settlement	<p>Key controls:</p> <ol style="list-style-type: none"> 1. Settlement personnel should verify and confirm the contents of trade in detail on the list of trade. 2. Trading amount shall not exceed the authorized amounts. 3. Settlement and trading shall be undertaken by different personnel. 	
Risk management	<p>Key controls:</p> <ol style="list-style-type: none"> 1. Credit risk management <ol style="list-style-type: none"> A. Credit limit shall be set by independent personnel. B. Offset and collateral endorsement. C. Evaluate credit risk before and after settlement. 2. Market risk management <ol style="list-style-type: none"> A. Align positions with market prices on a day-to-day basis. B. Calculate market risk and compare with risk tolerance on a day-to-day basis. C. Establish independent market risk management procedures. 3. Liquidity risk management <ol style="list-style-type: none"> A. Settle trade agreement early. B. Diversify risk and avoid risk concentration on any particular market and specific product. C. Traders shall report liquidity status to supervisors at all times. 4. Procedural risk management 	Risk management	<p>Key controls:</p> <ol style="list-style-type: none"> 1. Credit risk management <ol style="list-style-type: none"> A. Credit limit shall be set by independent personnel. B. Offset and collateral endorsement. C. Evaluate credit risk before and after settlement. 2. Market risk management <ol style="list-style-type: none"> A. Align positions with market prices on a day-to-day basis. B. Calculate market risk and compare with risk tolerance on a day-to-day basis. C. Establish independent market risk management procedures. 3. Liquidity risk management <ol style="list-style-type: none"> A. Settle trade agreement early. B. Diversify risk and avoid risk concentration on any particular market and specific product. C. Traders shall report liquidity status to supervisors at all times. 4. Procedural risk management 	

Articles after amendments		Articles before amendments		Reasons for amendments
	<ul style="list-style-type: none"> A. Recruit professional and experienced personnel. B. Division of job duties. C. File all contractual documents and information. D. Detailed procedures shall be established for all processing units. 5. Legal risk management <ul style="list-style-type: none"> A. Whether counterparty has received authorization for trading activities. B. Legality of trade contracts. 		<ul style="list-style-type: none"> A. Recruit professional and experienced personnel. B. Division of job duties. C. File all contractual documents and information. D. Detailed procedures shall be established for all processing units. 5. Legal risk management <ul style="list-style-type: none"> A. Whether counterparty has received authorization for trading activities. B. Legality of trade contracts. 	
<p>VII. Internal audit system: The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully the trading department complies with these Guidelines when engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.</p>		<p>VII. Internal audit system: The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully the trading department complies with these Guidelines when engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.</p>		
<p>IV. Public Disclosure of Information</p> <p>I. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and its subsidiaries and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>II. When losses from derivatives trading reach the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company, the Company shall report the relevant information within 2 days counting inclusively from the date of occurrence of the event.</p> <p>III. The Company shall report the information for any subsidiary that is not a domestic public company when conditions set forth in the two preceding paragraphs occur in a subsidiary.</p>		<p>IV. Public Disclosure of Information</p> <p>I. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and its subsidiaries and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>II. When losses from derivatives trading reach the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company, the Company shall report the relevant information within 2 days counting inclusively from the date of occurrence of the event.</p> <p>III. The Company shall report the information for any subsidiary that is not a domestic public company when conditions set forth in the two preceding paragraphs occur in a subsidiary.</p>		<p>※</p> <p>1. The Article is amended pursuant to Directive No. 1070341072 to amend Article 31 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on November 27, 2018.</p> <p>2. Minor wording adjustments.</p>
<p>V. Additional Provisions</p> <p>I. When engaging in derivatives trading, the Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, evaluation report of the positions held, and risk management evaluation report shall be recorded in detail in the log book.</p> <p>II. The handling procedures for derivative trading from subsidiaries shall be established in line with the Guidelines. Subsidiaries shall report their derivative</p>		<p>V. Additional Provisions</p> <p>I. When engaging in derivatives trading, the Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, evaluation report of the positions held, and risk management evaluation report shall be recorded in detail in the log book.</p> <p>II. The operating procedures for derivative trading from subsidiaries shall be established in line with the Guidelines. Subsidiaries shall report their derivative</p>		<p>※</p> <p>Minor wording adjustments.</p>

Articles after amendments	Articles before amendments	Reasons for amendments
<p>trading to the Company before the 5th day of each month. However, if the standard stated in Paragraph 2 of Article 4 has been reached, the subsidiaries shall be immediately reported to the Company for public disclosure.</p> <p>III. When the Guidelines are breached by relevant personnel, the violation will be handled according to the incentive and disincentive measures in the Company's Employee Code of Conduct depending on the severity of the violation.</p> <p>IV. These Guidelines will be implemented upon resolution from the Board of Directors and approval from the Shareholders' Meeting, and the same procedure shall also be followed whenever there is any amendment thereto. Since the 7th Board of Directors, amendments to the Guidelines shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.</p>	<p>trading to the Company before the 5th day of each month. However, if the standard stated in Paragraph 2 of Article 4 has been reached, the subsidiaries shall be immediately reported to the Company for public disclosure.</p> <p>III. When the Guidelines are breached by relevant personnel, the violation will be handled according to the incentive and disincentive measures in the Company's Employee Code of Conduct depending on the severity of the violation.</p> <p>IV. These Guidelines will be implemented upon resolution from the Board of Directors and approval from the Shareholders' Meeting, and the same procedure shall also be followed whenever there is any amendment thereto. Since the 7th Board of Directors, amendments to the Guidelines shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.</p>	

Appendices

- I. Articles of Association / 71-77
- II. Rules of Procedure for Shareholders' Meeting / 78-82
- III. Regulations Governing the Acquisition and Disposal of Assets / 83-94
- IV. Guidelines for Derivatives Trading / 95-99
- V. Shareholding Status from All Directors / 100

Appendix 1

Articles of Association of Asia Pacific Telecom Co., Ltd. (Before amendments)

Established at the Sponsor Meeting on May 3, 2000.
First amendment approved by the Shareholders' Meeting on May 14, 2001.
Second amendment approved by the Shareholders' Meeting on June 24, 2002.
Third amendment approved by the Shareholders' Meeting on June 25, 2004.
Fourth amendment approved by the Shareholders' Meeting on October 26, 2007.
Fifth amendment approved by the Shareholders' Meeting on June 23, 2010.
Sixth amendment approved by the Shareholders' Meeting on June 24, 2011.
Seventh amendment approved by the Shareholders' Meeting on June 20, 2012.
Eighth amendment approved by the Shareholders' Meeting on June 20, 2014.
Ninth amendment approved by the Shareholders' Meeting on June 25, 2015.
Tenth amendment approved by the Shareholders' Meeting on June 22, 2016.
Eleventh amendment approved by the Shareholders' Meeting on June 20, 2018.

Chapter I General Provisions

Article 1: The Company is organized in accordance with the Company Act, and the name of the Company is Asia Pacific Telecom Co., Ltd.

Article 2: The scope of the Company's business activities includes:

1. G901011 Type I Telecommunications Enterprise.
2. G902011 Type II Telecommunications Enterprise.
3. CC01060 Wired Communication Equipment and Apparatus Manufacturing.
4. CC01070 Telecommunication Equipment and Apparatus Manufacturing.
5. CC01080 Electronic Parts and Components Manufacturing.
6. CC01110 Computers and Computing Peripheral Equipments Manufacturing.
7. CC01120 Data Storage Media Manufacturing and Duplicating.
8. E601010 Electric Appliance Construction.
9. E603090 Illumination Equipments Construction.
10. E701010 Telecommunications Construction.
11. E701020 Channel KU and C of Satellite TV Equipments and Materials Construction.
12. E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction.
13. F113030 Wholesale of Precision Instruments.
14. F113070 Wholesale of Telecom Instruments.
15. F113110 Wholesale of Batteries.
16. F118010 Wholesale of Computer Software.
17. F119010 Wholesale of Electronic Materials.
18. F213010 Retail Sale of Household Appliance.
19. F213060 Retail Sale of Telecom Instruments.
20. F218010 Retail Sale of Computer Software.
21. F219010 Retail Sale of Electronic Materials.
22. F401010 International Trade.
23. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
24. I103060 Management Consulting Services.
25. IG03010 Energy Technical Services.
26. I301010 Software Design Services.
27. I301020 Data Processing Services.
28. I301030 Digital Information Supply Services.

29. IE01010 Telecommunications Number Agencies.
30. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified.
31. JE01010 Rental and Leasing Business.
32. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The total amount of the Company's reinvestment shall not be subject to the restriction of not exceeding 40% of its paid-in capital.

Article 4: The Company may act as a guarantor for external parties for business needs; provided endorsements and guarantees are handled in accordance with the Company's Regulations Governing Making of Endorsements/Guarantees.

Article 5: The Company shall have its head-office in Taipei City, Taiwan and, if necessary, may set up branches in and out of this country upon a resolution of its Board of Directors.

Chapter II Shareholding

Article 6: The total capital amount of the Company shall be sixty-five billion and six hundred and eighty million New Taiwan Dollars (NT\$65,680,000,000), which is divided into six billion and five hundred and sixty-eight million (6,568,000,000) shares, at a par value of ten New Taiwan Dollars (NT\$10) per share, and may be issued separately. An amount of 500 million shares with par value of NT\$10 out of the aforesaid capital is reserved to serve as subscription warrants for employees as equity security, stock option as preferred stock or corporate bond with warrant and may be issued separately according to the resolution of the Board of Directors.

The Company may, upon the approval at a shareholders' meeting which is attended by shareholders holding at least 50% of the issued capital stock, by more than two-thirds of the shareholders attending the meeting, transfer the treasury shares to its employees at a price lower than the average buyback price.

Article 7: The share certificate of the Company shall all be name-bearing share certificates and shall be affixed with the seals or by signature of at least three Directors of the Company, and issued after being duly authenticated pursuant to the law. The Company may issue shares without printing share certificate(s) in accordance with Article 162-2 of the Company Act, but shall have the shares registered with a centralized securities depository enterprise.

After public issuance of its shares, the Company may apply for an approval of ceasing its status as a public company by approval of the Board of Directors and resolution adopted at a Shareholders' Meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at a Shareholders' Meeting of a company whose shares have been issued in public is less than the percentage of the total shareholdings required in the preceding Paragraph, the resolution may be adopted by two-third of the voting rights exercised by the shareholders present at the Shareholders' Meeting who represent a majority of the outstanding shares of the Company.

Article 8: All transfer of Company stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar share transaction conducted by the shareholders of the Company shall follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" unless specified otherwise by law and securities regulations.

Article 9: The Company shall charge for administrative fees and stamp duties for the reissue of share certificates due to loss of the original share certificates or for other reasons.

Article 10: Registration of share transfers shall be suspended for a 60-day period immediately prior to a general meeting of the shareholders; for a 30-day period immediately prior

to an extraordinary meeting of the shareholders; and for a 5-day period immediately prior to the record date for distribution of dividend, bonuses or other benefits.

Chapter III Shareholders' Meeting

Article 11: Shareholders' Meeting shall be of two types, namely General and Extraordinary Shareholders' Meeting. The former shall be convened once a year within six months after the close of each fiscal year and the latter shall be convened whenever necessary.

Upon consent from the counterparty, the convening of a Shareholders' Meeting may be held in electronic means.

Article 12: A shareholder of the Company shall have one vote for each share held by him/her/it, unless under the following situations, where the shareholder has no voting rights:

- I. Shares held by the Company.
- II. Shares held by a Company subsidiary in which the Company either holds decision-making rights or owns more than 50% of its paid-in capital.
- III. Shares held by another company in which either the Company or its subsidiary either directly or indirectly holds decision-making rights or owns more than 50% of its paid-in capital.

Article 13: In a Shareholders' Meeting convened by the Board of Directors, the Chairman of the Board shall preside as the chairman of the Shareholders' Meeting. In his/her absence, the Chairman of the Board shall designate one of the Directors as the chairman. In case no such designation has been made, the Directors present at the meeting shall elect the chairman from amongst themselves.

Article 14: Unless otherwise provided by the Company Act and other applicable laws, all resolutions of a Shareholders' Meeting of the Company shall be passed, at a Shareholders' Meeting holding at least 50% of the issued capital stock, by more than 50% of the shareholders attending the meeting.

Chapter IV Board of Directors

Article 15: Beginning from the 8th Board of Director, the Company shall have eleven Directors, who shall be persons with legal capacity and shall be elected by the shareholders at the Shareholders' Meeting. The tenure of the offices of the Directors shall be three years and may be re-elected. The election of Directors is adopted by candidate nomination system per Article 192-1 of the Company Act.

The Company may purchase liability insurance for Directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

The Board of Directors may establish an Audit Committee, Remuneration Committee, and relevant functional committees as the basis of reference during the Board's decision-making.

Article 15-1: According to Article 14-2 of the Securities and Exchange Act, among the directors, there shall be no less than three Independent Directors, with no less than one-fifth of the seats of Directors.

Directors shall be elected by cumulative voting system by shareholders from a list of candidates for Independent Directors.

The election of Independent Directors and non-Independent Directors shall be held together; provided, however, the number of Independent Directors and non-Independent Directors elected shall be calculated separately.

Professional qualification, shareholding status, and limits on concurrent positions held at other companies, definition of independence, nomination and election methods, exercise of authority and other relevant matters from Independent Directors shall be subject to the applicable laws.

Independent Directors of the Company shall not hold more than three concurrent

positions as Independent Directors of other TWSE/TPEX listed companies, shall not hold concurrent position at the Company, and are prohibited from participation in business activities of the Company.

In case of termination or resignation of an Independent Director, leading the number of seats stipulated in Paragraph 1 or these Articles, a by-election shall be held at the most recent Shareholders' Meeting. When all seats of Independent Directors become vacant, the Board shall convene an extraordinary shareholders' meeting within 60 days to re-elect the Independent Directors to fill in the vacancies.

Article 16: If the Chairman of the Board is unable to perform his/her duties for any reasons, he/she shall designate one of the Directors to act on his/her behalf. In case no such designation has been made, the Directors present at the meeting shall elect the chairman from amongst themselves.

Board meetings shall be convened by the Chairman of the Board, who shall also be the chairman of the meetings. A notice indicated the purpose(s) for convening the meeting shall be given to each director no later than seven days prior to the scheduled meeting date. However, in the case of urgency, the meeting may be convened at any time. The notice may be given in writing, or via fax or e-mail.

Article 17: The Company may pay the Directors remunerations for their performance their duties. The Board of Directors is authorized to determine such remunerations based on the extent of involvements of the Company's operation and the value of the contribution of the Directors and the normal rate adopted by other companies in the same industry.

Independent Directors are paid with fixed monthly compensations and the Board of Directors has been delegated with the authority to propose compensations in accordance with industry standards. Independent Directors do not partake in the Company's surplus distribution.

Article 18: The following matters shall be submitted to the Board of Directors for discussion:

- I. The Company's Business Plan.
- II. Annual financial statements and six-month financial statements. However, the six-month financial statements may be exempted in case they are not required to be audited by a certified public accountant (CPA).
- III. Establishment or amendment of internal control system and evaluation of its effectiveness.
- IV. Establishment or amendment of "Regulations Governing the Acquisition and Disposal of Assets," "Guidelines for Derivatives Trading," and "Regulations Governing Material Financial Business Behaviors of Making of Endorsements/Guarantees."
- V. Fundraising, issuance or private offering of securities with equity rights.
- VI. Performance evaluation and compensation standards of managerial officers.
- VII. Compensation structure and system of directors.
- VIII. Appointment or dismissal of the General Manager, Deputy General Managers, Finance, Accounting, or Audit Managers.
- IX. Matters related to the directors' own interests.
- X. Loaning of capital or making of endorsements/guarantees.
- XI. Appointment, dismissal, and compensation of CPAs.
- XII. Set up, terminal, or alternations of branch organizations.

- XIII. Approval of budget and decisions.
- XIV. Proposal of surplus allocations.
- XV. Approval of reinvestments.
- XVI. Approval of acquisition or transfer of specialized technology and patents, and technical partnership contracts.
- XVII. Approval of amendment to the Company's Articles of Association and changes to paid-in capital.
- XVIII. Approval of the Company's dissolution or merger.
- XIX. Approval of external loans.
- XX. Approval of setting asset as pledge.
- XXI. Approval of the annual Audit Plan.
- XXII. Approval of various Company procedures and regulations.
- XXIII. Carry out resolutions from Shareholders' Meetings.
- XXIV. Proposals recommended by the Remuneration Committee.
- XXV. Major assets or derivative trading.
- XXVI. Donation to related parties or major donations to non-related parties. However, charity donations as relief for major natural disasters may be subsequently submitted to and ratified by the next Board meeting.
- XXVII. Other matters requiring resolution from the Shareholders' Meeting pursuant to Article 14-3 of the Securities and Exchange Act or other applicable laws and regulations, or other material matters that shall be submitted to the Board or required by competent authority.

Article 19: The Board of Directors shall convene at least once quarterly. However, in the case of urgency or as requested by more than 50% of the directors, the meeting may be convened at any time. All Board meetings shall be presided by the Chairman.

Article 20: Unless otherwise provided for by the Company Act, a resolution of the Board of Directors shall be adopted by the consent of a majority of the directors present in a meeting attended by the majority of the total directors.

Article 21: If a Director is unavailable to attend a meeting in person, the director may issue a proxy specifying the scope of the authorized powers to authorize another Director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting.

If an Independent Director is unable to attend a meeting in person for matters requiring a resolution from the Board meeting pursuant to Article 14-3 of the Securities and Exchange Act, the Independent Director may issue a proxy authorizing another Independent Director to attend to meeting on the Independent Director's behalf. However, non-Independent Directors may not represent Independent Directors at a Board meeting.

Chapter V Audit Committee

Article 22: The Company has established an Audit Committee pursuant to applicable laws, and the Independent Directors shall together constitute the Audit Committee.

The role of supervisors and their powers pursuant to the Company Act, Securities and Exchange Act and other applicable laws shall be exercised by the Audit Committee in their place.

The number, tenure of office, and rules of functional authority of the Audit

Committee and resources the Company shall provide in exercise of their powers shall be established in the Audit Committee Charter.

Chapter VI Managers

Article 23: There shall be one General Manager and several and Deputy General Managers of the Company. The General Manager shall be nominated by the Chairman; and his/her appointment or removal shall be approved by majority of vote in a Board meeting attended by more than 50% of the Directors.

Article 24: The General Manager shall comprehensively oversee the Company's day-to-day operations as delegated by the Chairman. In case the General Manager is unable to perform his/her duties, the Chairman shall designate a Deputy General Manager to act on his/her behalf.

Chapter VII Accounting

Article 25: The fiscal year of the Company shall begin on January 1 and end on December 31 of each year.

Article 26: The Board shall prepare the following reports after the end of each fiscal year, and present to the Audit Committee for review 30 days before the General Shareholders' Meeting for their ratifications in accordance with the legal procedure:

- I. Business Report.
- II. Financial Statements.
- III. Proposal for distribution of earnings to shareholders or recovery of prior year losses.

Article 27: If the Company has profits in a fiscal year, it shall set aside 1% to 3% of the profits as employee bonuses and not more than 1% of the profits as director compensation. However, if the Company has accumulated losses, it shall first reserve a certain amount for offsetting losses.

Employee's compensations in the previous item may be distributed in shares or cash, and the counterparty to whom shares or cash are distributed as employee's compensations may include the employees of its subordinate companies that meet certain criteria.

The term "profit for the current year" mentioned in Paragraph 1 refers to earnings of the pretax benefit of the current year deducts employees' compensations and Directors' remuneration.

Directors' remuneration shall be distributed in cash and employees' compensation may be distributed in stocks or cash. A resolution by a majority voting of the directors present at a meeting of the Board of Directors attended by two-thirds or more of the directors of the Company shall be obtained, and a report shall be submitted to the Shareholders' Meeting.

Article 28: In the event that the Company, according to the final settlement, earns profits in a fiscal year, such profits shall first be set aside to pay the applicable taxes, offset losses, and 10% will be set aside for legal reserve pursuant to laws and regulations. The remaining profits shall be set aside for special reserve in accordance with the laws, regulations, or the business requirements. Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board, for approval at a Shareholders' Meeting.

The Company adopts a dividend policy whereby cash dividend shall be no less than 50% of the total dividend distribution for the year. The ratio of dividend distribution and cash dividend will be approved by resolution at the Shareholders' Meeting based on the Company's working capital needs as well as capital expenditure plans.

Chapter VIII Supplementary Provisions

- Article 29: The internal organization of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.
- Article 30: In regard to all matters not provided for in these Articles of Incorporation, the Company Act or other laws and regulations shall govern.
- Article 31: The Articles of Association was established on May 3, 2000. The first amendment of the Articles was made on May 14, 2001; the second amendment was made on June 24, 2002; the third amendment was made on June 25, 2004; the fourth amendment was made on October 26, 2007; the fifth amendment was made on June 23, 2010; the sixth amendment was made on June 24, 2011; the seventh amendment was made on June 20, 2012; the eighth amendment was made on June 20, 2014; the ninth amendment was made on June 25, 2015; the tenth amendment was made on June 22, 2016; the eleventh amendment was made on June 20, 2018. The Articles will be enforced upon approval from the Shareholders' Meeting.

Asia Pacific Telecom Co., Ltd. Rules of Procedure for Shareholders' Meetings

Approved and enacted on May 3, 2000.

Amendment approved by the Shareholders' Meeting on June 24, 2011.

Amendment approved by the Shareholders' Meeting on June 20, 2012.

Amendment approved by the Shareholders' Meeting on June 20, 2014.

Amendment approved by the Shareholders' Meeting on June 25, 2015.

Article 1: The rules of procedures for the Company's Shareholders' Meetings, except as otherwise provided by law, regulation, or the Articles of Association, shall be as provided in these Rules.

Article 2: Unless otherwise provided by law or regulation, the Company's Shareholders' Meetings shall be convened by the Board of Directors.

The Company shall prepare electronic versions of the Shareholders' Meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a General Shareholders' Meeting or before 15 days before the date of an Extraordinary Shareholders' Meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplementary meeting materials and upload them to the MOPS before 21 days before the date of the annual shareholders' meeting or before 15 days before the date of the extraordinary shareholders meeting. In addition, the Company shall also have prepared the shareholders' meeting agenda and supplementary meeting materials and made them available for review by shareholders at any time. The aforementioned 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.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at an annual general shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before an annual general shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the

location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general shareholders' meeting and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 3: For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is delivered to revoke the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy revocation shall be submitted to the Company 2 business days before the meeting date. If the revocation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 4: The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9:00 a.m. and no later than 3:00 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 5: The Company shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders' Meeting. When a juristic person attends a shareholders' meeting as proxy, it may designate only one person to represent it in the meeting.

Article 6: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the chairperson, the Chairman shall appoint one of the Managing Directors to act as chair. Where the Chairman does not make such a designation, the Managing Directors shall select from among themselves one person to serve as chair.

If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 7: The Company 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 and retain the recorded materials 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 8: Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9: If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

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 chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 10: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject written on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 11: Voting at a shareholders' meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 12: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act. When a director owns 50% more of the number of shares in terms of pledge of stock rights than he/she did at the time of appointment, the number of excess shares shall not be used toward voting rights and will not be included in the voting rights of shares in attendance.

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. Except as 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. When shareholders exercise voting rights via written or electronic means and no votes against the passing of a proposal or abstention is found, and no attending shareholder has expressed a vote against the passing after the chair consults them, the proposal will be deemed as passed with the same effect and voting rights. When there is dissent, the proposal shall be put to a vote.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Scrutineers and vote counting personnel for the voting on a proposal shall be appointed by the chair, provided that all scrutineers shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has

been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 13: The election of directors or supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the scrutineer and kept 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 14: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

Article 15: On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under the regulations of Taiwan Stock Exchange Corporation, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 16: Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

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

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the microphones and loudspeakers set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 17: When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a Shareholders' Meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 18: These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix 3

Asia Pacific Telecom Co., Ltd. Regulations Governing the Acquisition and Disposal of Assets (Before amendments)

Approved by the Board of Directors on June 25, 2004.

First amendment approved by the Shareholders' Meeting on October 26, 2007.

Second amendment approved by the Shareholders' Meeting on June 25, 2009.

Third amendment approved by the Shareholders' Meeting on June 24, 2011.

Fourth amendment approved by the Shareholders' Meeting on June 20, 2012.

Fifth amendment approved by the Shareholders' Meeting on June 20, 2014.

Sixth amendment approved by the Shareholders' Meeting on June 25, 2015.

Seventh amendment approved by the Shareholders' Meeting on June 15, 2017.

Article 1: Purpose and compliance

These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and Regulations Governing the Acquisition and Disposal of Assets by Public Companies stipulated by Financial Supervisory Commission in order to strengthen asset management and implement information disclosure in practice.

Article 2: Scope and definition of asset

I. The term "assets" as used in these Regulations includes the following:

- (I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- (II) Real property (including land, houses and buildings, investment property, right-of-use, and construction enterprise inventory) and equipment.
- (III) Membership.
- (IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- (V) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- (VI) Derivatives.
- (VII) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- (VIII) Other major assets.

II. Terms used in these Regulations are defined as follows:

- (I) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from assets, interest rates, foreign exchange rates, index of prices or rates, or other interests; or hybrid contracts combining the above products. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- (II) Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, Paragraph 8 of the Company Act.
- (III) Related party or subsidiary: As defined in the Regulations Governing the

- Preparation of Financial Reports by Securities Issuers.
- (IV) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
 - (V) Certified public accountant (CPA), attorneys, and securities underwriters: Professional personnel or institutions holding relevant permits. The said personnel and institutions shall not be a related party of the Company.
 - (VI) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. Provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
 - (VII) Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 3: Appraisal procedure

- I. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - (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) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - 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 three months may elapse between the date of the appraisal

report issued by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.

- II. When acquiring or disposing of securities shall, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- III. Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
- IV. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
- V. When the procedures for the acquisition and 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.
- VI. Any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution.
If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.
- VII. The calculation of the transaction amounts referred to in the Paragraphs 1 to 3 of this Article shall be made in accordance with Subparagraph 2 of Paragraph 1 of Article 7 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 obtained professional appraisal report or opinion from certified public accountant need not be counted toward the transaction amount.

Article 4: Handling procedures for related party transactions

- I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised according to Article 3 and this Article, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a

professional appraiser or a CPA's opinion in compliance with the provisions of Article 3. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 7 of Article 3.

- II. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the majority of the Audit Committee and submitted for resolution at the Board of Directors. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting:
 - (I) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (II) The reason for choosing the related party as a transaction counterparty.
 - (III) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraphs 6 and 7 of this Article.
 - (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
 - (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
 - (VII) Restrictive covenants and other important stipulations associated with the transaction.
- III. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Subparagraph 2 of Paragraph 1 of Article 7 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 Board of Directors need not be counted toward the transaction amount.
- IV. In acquisition or disposal of equipment between the Company and its parent or subsidiaries, or between its subsidiaries, the Company's Board of Directors may, pursuant to Paragraphs 1 and 2, delegate the Board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.
- V. When a matter is submitted for discussion by the Board of Directors pursuant to Paragraph 2 of this Article, 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.
- VI. When acquiring real property from a related party, the Company shall evaluate

the reasonableness of the transaction costs by the following means:

- (I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- (II) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

When acquiring real property from a related party, the Company shall appraise the cost of the real property in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

When acquiring real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

- (I) The related party acquired the real property through inheritance or as a gift.
- (II) More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
- (III) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

VII. When the results of the Company's appraisal conducted in accordance with Subparagraphs 1 and paragraph 2 of Paragraph 6 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 8 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

- (I) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - 1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - 2. Completed transactions by unrelated parties within the preceding

year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.

3. Completed lease by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market rental practices.

(II) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; "within the preceding year" refers to the year preceding the date of occurrence of the acquisition of the real property.

VIII. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Paragraphs 6 and 7 of this Article are uniformly lower than the transaction price, the following steps shall be taken:

(I) A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another public company, then the special reserve called for under Article 41, Paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other listed company.

(II) The Audit Committee shall apply mutatis mutandis Article 218 of the Company Act pursuant to Article 14-4 of the Securities and Exchange Act.

(III) Actions taken pursuant to the Subparagraphs 1 and 2 shall be reported to a Shareholders Meeting, and the details of the transaction shall be disclosed in the Annual Report and any investment prospectus.

In case the Company has set aside a special reserve under the preceding subparagraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

Article 5: Handling procedures for mergers, demergers, acquisitions, and transfer of shares

I. When conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, the Company shall

engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

When submitting for discussion by the Board of Directors, 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.

- II. When participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the Shareholders' Meeting and include it along with the expert opinion referred to in the preceding paragraph when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

- III. When participating in a merger, demerger, or acquisition, the Company shall convene a Board of Directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a transfer of shares, the Company shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

- IV. 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.

- V. When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the listed circumstances below, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- (I) 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.

- (II) An action, such as a disposal of major assets, which affects the company's financial operations.
 - (III) An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.
 - (IV) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - (V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (VI) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- VI. The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- (I) Handling of breach of contract.
 - (II) 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.
 - (III) 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.
 - (IV) The manner of handling changes in the number of participating entities or companies.
 - (V) Preliminary progress schedule for plan execution, and anticipated completion date.
 - (VI) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- VII. 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.
- VIII. 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 Paragraphs 3, 4, 7, and 9 of this Article.
- IX. The Company shall prepare a full written record of the following information and retain it for five years for reference:
- (I) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - (II) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor,

the execution of a contract, and the convening of a Board of Directors meeting.

- (III) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

The Company shall, within two days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in sub-subparagraphs 1 and 2 of the preceding subparagraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of Subparagraphs 1 and 2 of this Paragraph.

Article 6: Operating procedures

- I. Acquisition or disposal of fixed asset shall be conducted following the Company's procurement, purchase, or contractual engineering procedures.
- II. Pursuant to the Regulations or relevant laws, the acquisition and disposal of assets shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.
- III. 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.
- IV. Conditions where Article 185 of the Company Act apply in the acquisition or disposal of asset, a prior resolution from the Shareholders' Meeting shall be obtained.
- V. Transaction for short or long-term investments including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities and asset-backed securities in a domestic or foreign securities exchanges or the Taipei Exchange (TPEX) shall be approved by the Board of Directors or delegated to the Chairman or the General Manager.
- VI. Prior to acquiring or disposing of securities from a company which is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall submit to the Board of Directors and receive approval from the majority of the Directors in attendance.
- VII. Acquisition or disposal of short or long-term quoted securities investment shall be conducted by a unit designated by the Chairman or the General Manager and assisted by the Finance Department.
- VIII. Acquisition or disposal of real property shall be conducted by a unit designated by the Chairman or the General Manager and assisted by the finance department.
- IX. Acquisition or disposal of other fixed assets shall be conducted by a responsible unit and assisted by the finance department.

Article 7: Public disclosure of information and reporting

- I. Under any of the following circumstances, in acquiring or disposing of assets, the Company shall publicly disclose and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days counting inclusively from the date of occurrence of the event:
- (I) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (II) Merger, demerger, acquisition, or transfer of shares.
 - (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
 - (IV) Where equipment for business use is acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets reaches NT\$1 billion or more.
 - (V) Acquisition or disposal by the Company in the construction business of real property for construction use, and the transaction amount reaches NT\$500 million.
 - (VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs or an investment in the mainland China area, reaches 20 percent or more of paid-in capital or NT\$300 million. Provided, this shall not apply to the following circumstances:
 - 1. Trading of government bonds.
 - 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

- (I) The amount of any individual transaction.
- (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- (III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.
- (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

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

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

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is

required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

In acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for five years except where another act provides otherwise.

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

Article 8: Acquisition of total amounts of real property or securities not for business use, and limits on individual securities

- I. Total amounts of real property acquired by the Company and each subsidiary not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholder's equity in the most recent financial statements. Acquisition of individual real property not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholder's equity in the most recent financial statements.
- II. Total amounts of marketable securities acquired by the Company and each subsidiary not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholder's equity in the most recent financial statements. Acquisition of individual marketable securities not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholder's equity in the most recent financial statements.
- III. "Total stockholder's equity" on the most recent financial statements" refers to data denoted on financial statements audited by CPA.

Article 9: Management procedures

- I. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on the Regulations Governing the Acquisition and Disposal of Assets and conduct audit of relevant implementations, and prepare an audit report. If any material violation is discovered, all the Audit Committee shall be notified in writing.
- II. Regulations Governing the Acquisition and Disposal of Assets from the Company's subsidiaries shall be in accordance with the Regulations. Information that must be publicly announced and reported in accordance with the provisions of the Article 7 on acquisitions and disposals of assets by a subsidiary that is not itself a domestic public company shall be immediately reported to the Company for public disclosure.

Article 10: Additional provisions

- I. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in Paragraph 1 of Article 7 in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing for either 20% of paid-in capital or 10% of total assets.
- II. The Company's "Guidelines for Derivatives Trading" has been separately

established and enforced.

III. When the Regulations are breached by relevant personnel, the violation will be handled according to the incentive and disincentive measures in the Company's Employee Code of Conduct depending on the severity of the violation.

IV. The Regulations Governing the Acquisition and Disposal of Assets will be implemented upon resolution from the Board of Directors and approval from the Shareholders' Meeting, and the same procedure shall also be followed whenever there is any amendment thereto.

Beginning from the 7th Board of Directors, amendments to the Regulations shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If dissent is expressed by any of the Directors and a minutes of meeting or written statement of the dissent is present, the Company shall submit the opinion of dissent to the shareholders' meeting for discussion. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.

V. When the Regulations on Procedures for the Acquisition and 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.

Appendix 4

Asia Pacific Telecom Co., Ltd. Guidelines for Derivatives Trading (before amendments)

Approved by the Board of Directors on July 30, 2007.

First amendment approved by the Shareholders' Meeting on October 26, 2007.

Second amendment approved by the Shareholders' Meeting on June 20, 2014.

Third amendment approved by the Shareholders' Meeting on June 25, 2015.

Chapter I Purpose

These Regulations are adopted in accordance with the provisions of Regulations Governing the Acquisition and Disposal of Assets by Public Companies in order to protect investments, fulfill information disclosure in practice and to strengthen the Company's risk management system in derivative trading.

Chapter II Scope of asset and definition

- I. The term "derivatives" is defined as follows: forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an asset, interest rate, foreign exchange rate, index of prices or rates, or other interests or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.
- II. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- III. The derivatives defined in these Guidelines are limited to hedging operations based on business needs.

Chapter III Handling Procedures in Derivatives Trading

- I. Operating Procedures:
 - (I) Delegation of contract dollar amount
In conducting derivative trading, the Company's trading unit will submit the type and content of derivative transaction to the Board of Directors for approval before the transaction can be conducted, and shall report to the soonest meeting of the Board of Directors.
 - (II) Implementation units
Company Chairman will be the highest level of authority over supervision and control of derivative transaction, and trading will be carried out by the trading unit.
 - (III) Pursuant to the Guidelines or other applicable laws, where approval from the Board is required for derivative trading, they shall be approved by more than half of all Audit Committee members and submitted to the Board for a resolution. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.
- II. Policy and direction of trading:
 - (I) Types of derivative trading:
Contents include:
 1. Forward Contract
 2. Futures Contract
 3. Options Contract
 4. Swap Contract

5. Leverage Contract
 6. Hybrid contracts containing a mix of derivative products
- (II) Operating or hedging strategies
The Company's derivative trading is aimed to assist the Company in risk management and increase revenue, as well as to assist the Company in managing asset and liability positions. Since these products are difficult to understand, pose elevated risks and are difficult to manage and prone to trading disputes, the current conditions and deficiencies in derivative trading shall be organized and disclosed in terms of the Board of Directors' obligations, the risk management system, internal control and accounting principles, or an adequate risk management system and comprehensive internal control and delegation of authority shall be established.
- (III) Division of job duties
To ensure the Company's sound and prudent management, the Board of Directors has authorized the Risk Management and Capital Operations Policy, where the Chairman and the General Manager are in charge of reviewing and approving the procedures and control methods of the Policy. Hence, the dealing and settlement and performance evaluation procedures shall be performed by different personnel to achieve internal control of checks and balances.
- (IV) Guidelines for performance evaluation
Positions held for derivative trading shall be evaluated for rating based on market information provided by the Associated Press, Reuters or other domestic and international financial institutions.
- (V) Authorized contract dollar amount
The contract dollar amount used toward derivative trading shall be no more than the Company's receivables over the next year or the net offset position of assets against liabilities.
- (VI) Limits on aggregate losses or losses on individual contracts
1. The aggregate losses or losses on individual foreign exchange forward transactions (FX forward) are set at 50% of the transaction amounts.
 2. The aggregate losses or losses on individual hedging transactions of interest rate swap (IRS) are set at 30% of the transaction amounts.
 3. The aggregate losses or losses on other individual derivative trading are set at 50% of the transaction amounts.

III. Risk Management Measures:

When engaging in the transaction of derivative products, the Company shall at a minimum adopt the following risk management measures:

- (I) Risk management shall include the risk management of credit, market, liquidity, operation and law.
- (II) The personnel that deal with the transaction of derivative products, make confirmation of these transactions and make settlements of these transactions shall not be the same group of people.
- (III) The evaluation, supervision and control of risk-related matters also shall be done by persons who are from a different department of the personnel mentioned in the Subparagraph 2 of this Paragraph, and shall report to the Board of Directors or to the Head Auditor who are not responsible for setting policies for transactions or positions to be engaged.
- (IV) The position held in the trading of derivative products shall be evaluated at least once a week, but the hedging transaction made for business purposes shall be evaluated at least twice a month, and the evaluation reports shall

be given to Head Auditor authorized by the Board of Directors.

- IV. The Board of Directors shall observe following principles to supervise and manage matters:
- (I) Assign CFO to oversee the supervision and the control of the risk of derivative transactions at all times.
 - (II) Periodically evaluate whether the results of the derivative transactions conform to the formulated operational policies and whether the attendant risk of these transactions is within the capability of the company.
- V. The Head Auditor authorized by Board of Directors shall observe the following principles to manage the transaction of derivative products:
- (I) Periodically evaluate whether the risk management procedures currently being used are suitable and whether it conforms to these Guidelines.
 - (II) If there are any abnormal situations in the market price evaluation reports (such as the held position has exceeded the loss limit), the Head Auditor shall report to the Board of Directors immediately and take necessary measures to deal with the situation. The Board meeting shall be attended by Independent Directors who shall express their opinions on the matter.
- VI. Operations and key controls are as follows:

Tasks	Procedures and key controls:
Total contracts signed and amounts	All trading contracts signed with financial institutions, and any amendments thereto, should be approved by the legal department.
Trading and confirmation	<p>Operating Procedures:</p> <ol style="list-style-type: none"> 1. Gather market information. 2. Calculate cost and trading price. 3. Trade in accordance with authorized monetary amounts. 4. Prepare weekly and monthly trading reports and market price evaluation report for approval. <p>Key controls:</p> <ol style="list-style-type: none"> 1. Market information should be up-to-date. 2. Trading positions should be handled according to these Guidelines.
Settlement	<p>Key controls:</p> <ol style="list-style-type: none"> 1 · Settlement personnel should verify and confirm the contents of trade in detail on the list of trade. 2 · Trading amount shall not exceed the authorized amounts. 3 · Settlement and trading shall be undertaken by different personnel.
Risk management	<p>Key controls:</p> <ol style="list-style-type: none"> 1 · Credit risk management <ol style="list-style-type: none"> A. Credit limit shall be set by independent personnel. B. Offset and collateral endorsement. C. Evaluate credit risk before and after settlement. 2 · Market risk management. <ol style="list-style-type: none"> A. Align positions with market prices on a day-to-day basis. B. Calculate market risk and compare with risk tolerance on a day-to-day basis. C. Establish independent market risk management procedures.

	<p>3 · Liquidity risk management</p> <p>A. Settle trade agreement early.</p> <p>B. Diversify risk and avoid risk concentration on any particular market and specific product.</p> <p>C. Traders shall report liquidity status to supervisors at all times.</p> <p>4 · Procedural risk management</p> <p>A. Recruit professional and experienced personnel.</p> <p>B. Division of job duties.</p> <p>C. File all contractual documents and information.</p> <p>D. Detailed procedures shall be established for all processing units.</p> <p>5 · Legal risk management</p> <p>A. Whether counterparty has received authorization for trading activities.</p> <p>B. Legality of trade contracts.</p>
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VII. Internal audit system:

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully the trading department complies with these Guidelines when engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

Chapter IV Public Disclosure of Information

- I. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and its subsidiaries and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
- II. When losses from derivatives trading reach the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company, the Company shall report the relevant information within two days counting inclusively from the date of occurrence of the event.
- III. The Company shall report the information for any subsidiary that is not a domestic public company when conditions set forth in the two preceding paragraphs occur in a subsidiary.

Chapter V Additional Provisions

- I. When engaging in derivatives trading, the Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, evaluation report of the positions held, and risk management evaluation report shall be recorded in detail in the log book.
- II. The operating procedures for derivative trading from subsidiaries shall be established in line with the Guidelines. Subsidiaries shall report their derivative trading to the Company before the 5th day of each month. However, if the standard stated in Paragraph 2 of Article 4 has been reached, the subsidiaries shall be immediately reported to the Company for public disclosure.
- III. When the Regulations are breached by relevant personnel, the violation will be handled according to the incentive and disincentive measures in the Company's Employee Code of Conduct depending on the severity of the violation.
- IV. These Guidelines will be implemented upon resolution from the Board of Directors and approval from the Shareholders' Meeting, and the same procedure

shall also be followed whenever there is any amendment thereto.

- V. Since the 7th Board of Directors, amendments to the Guidelines shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if 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 of Directors meeting.

Shareholding Status from All Directors of Asia Pacific Telecom Co., Ltd.

- I. Types and total number of shares issued: 4,298,232,169 shares of ordinary shares.
 II. Minimum shares required to be held by all Directors: 128,946,965 shares (3.0%)
 III. Shareholding from all Directors has reached the legally stipulated ownership of shares.

Book closure date: April 21, 2019

Title	Name of Director or corporate shareholder	Number of shares held as of book closure date
Chairman	Baoxin International Investment Co., Ltd. Representative: Fang-ming Lu	1,081,319
Director	Taiwan Railways Administration, MOTC Representative: Jen-Tsai Hsu	399,477,000
Director	Taiwan Railways Administration, MOTC Representative: Tung-Chun Tsao	399,477,000
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Min-Shiang Lin	135,922,500
Director	Yu Sheng Investment Co., Ltd. Representative: Chung-Cheng Tseng	12,534,000
Director	Baoxin International Investment Co., Ltd. Representative: Jui-Ying Fan	1,081,319
Director	Baoxin International Investment Co., Ltd. Representative: Chia-Hsiang Chang	1,081,319
Director	Baoxin International Investment Co., Ltd. Representative: Yung-Cheng Chen	1,081,319
Independent Director	Ting-Wong Cheng	-
Independent Director	Yi-Wen Chen	-
Independent Director	Shi-Nine Yang	-
Total number of shares held by all Directors		549,014,819