



**Year 2019 Annual General Meeting of Shareholders**

## **Meeting Handbook**

**Time: May 16, 2019 (Tuesday) at 9:00 a.m.**

**Place: Taipei International Convention Center 4F VIP Hall**

**(4F., No. 1, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110,**

**Taiwan (R.O.C.))**

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## **TPK Holding Co., Ltd.**

(Incorporated in the Cayman Islands with limited liability)

### **Meeting Procedures**

1. Commencement of the Meeting  
(Announce a quorum is present and commencement of the meeting)
2. Chairman's Statement
3. Matters to Report
4. Matters for Approval
5. Matters for Election
6. Matters for Discussion
7. Ad Hoc Motions
8. Meeting Adjourned

# **TPK Holding Co., Ltd.**

## **Agenda of Year 2019 Annual General Meeting of Shareholders**

Time: May 16, 2019 (Thursday) at 9:00 a.m.

Place: Taipei International Convention Center 4F VIP Hall

(4F., No. 1, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.))

### **1. Commencement of the Meeting**

### **2. Chairman's Statement**

### **3. Matters to Report**

- (1) 2018 Business Report
- (2) Audit Committee's Review Report on 2018 Financial Statements
- (3) The distribution of employees' and directors' remuneration of 2018

### **4. Matters for Approval**

- (1) To approve 2018 Business Report and Consolidated Financial Statements
- (2) To approve the Proposal for 2018 Profit Distribution

### **5. Matters for Election**

Proposal for the re-election of Directors

### **6. Matters for Discussion**

- (1) To amend the Amended and Restated Memorandum of Association and Articles of Association
- (2) To amend the Procedures of the Acquisition or Disposal of Assets
- (3) To amend the Procedures of Engaging in Derivatives Transactions
- (4) Proposal to release the newly-elected Directors and its representative from non-competition restrictions

### **7. Ad Hoc Motions**

### **8. Meeting Adjourned**

## **Matters to Report**

### **1. 2018 Business Report**

Description: The 2018 Business Report is attached as Exhibit 1 (pages 9-13).

### **2. Audit Committee's Review Report on 2018 Financial Statements**

Description: The Audit Committee's Review Report on 2018 Financial Statements is attached as Exhibit 2 (page 14).

### **3. The distribution of employees' and directors' remuneration of 2018**

Description:

- (1) The Company's 2018 net profit after tax is USD6,967,266. According to Article 34.1 of the M&A, the company shall reserve an amount no less than 0.1% as employees' compensation and no more than 1% as Directors' compensation.
- (2) After taking into consideration financial and business factors
  - A. the Company proposes not to distribute Directors' compensation
  - B. the Company proposes to distribute 1.39% as employees' compensation, and the total amount is USD100,000. It will be distributed by way of cash; employees entitled to the compensation include those of the Company' Subsidiaries who meet certain qualifications.

## **Matters for Approval**

### **Item 1: To approve 2018 Business Report and Consolidated Financial Statements. (Proposed by the Board of Directors)**

Descriptions:

- (1) The 2018 consolidated balance sheet, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Company along with the 2018 Business Report have been submitted to the Audit Committee for review and approval and the Audit Committee has issued its Review Report accordingly. The above consolidated financial statements have been audited by independent auditors Kuo, Tzu-Jung and Kuo, Cheng-Hung of Deloitte & Touche.
- (2) Please refer to Exhibits 1~3 for 2018 Business Report, Audit Committee's Review Report and 2018 Consolidated Financial Statements (pages 9-26).
- (3) Please resolve.

Resolution:

### **Item 2: To approve the Proposal for 2018 Profit Distribution. (Proposed by the Board of Directors)**

Descriptions:

- (1) The Company's 2018 net profit after tax is USD6,967,266. After setting aside legal reserve USD696,727 and the unappropriated retained earnings of USD25,063,150 for the preceding year (including the remeasurement of defined benefit plan recognized in retained earnings in the amount of USD49,769 and the adjustments to retained earnings due to long-term investments in an amount of USD-5,955,883). The total amount of retained earnings available for distribution is USD31,333,689 . After taking into consideration financial and business factors, the Company proposes not to distribute dividends. Please see Exhibit 4 (page 27) as attached.
- (2) Please resolve.

Resolution:

## **Matters for Election**

### **Proposal for the re-election of Directors (proposed by the Board of Directors)**

Descriptions:

- (1) According to Article 25.1 of the M&A, there shall be a board of Directors consisting of no less than seven persons and no more than eleven persons (including three Independent Directors) each of whom shall be appointed to a term of office of three years. Directors may be eligible for re-election.
- (2) The forth term of the office of Directors expired on May 26, 2019. Nine directors (including three Independent Directors) will be elected at this shareholders' meeting, with a term of office of three years. The term of newly-elected Directors will start from May 16, 2019 and expire on May 15, 2022.
- (3) The Company's Nine Directors (including three Independent Directors) will be elected by the candidate nomination mechanism, the shareholders shall elect from the candidate list, and information regarding the candidates is attached as Exhibit 7 (pages 52-60).
- (4) Please Vote.

### **Election Result:**

## **Matters for Discussion**

### **Item 1: To amend the Amended and Restated Memorandum of Association and Articles of Association. (Proposed by the Board of Directors)**

Descriptions:

- (1) To comply with requirements under the "Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation", as amended by the ruling of Taiwan Stock Exchange dated November 30, 2018 (Tai-Zheng-Shang-2 No. 10717037941), and the laws and regulations of the Taiwan competent authorities, and to accommodate the Company's actual operational needs, it is proposed to amend the Amended and Restated Memorandum of Association and Articles of Association.
- (2) The comparison table of amendments to the Amended and Restated Memorandum of Association and Articles of Association is attached as Exhibit 5 (pages 28-36).
- (3) New Amended and Restated Memorandum of Association and Articles of Association shall replace the current one.
- (4) The above is proposed to the shareholders meeting to resolve by a Special Resolution.

Resolution:

### **Item 2: To amend the Procedures of the Acquisition or Disposal of Assets. (Proposed by the Board of Directors)**

Descriptions:

- (1) To comply with the laws and regulations of the Taiwan competent authorities and to accommodate the Company's actual operational needs, it is proposed to amend the Procedures of the Acquisition or Disposal of Assets.
- (2) The comparison table of amendments to the Procedures of the Acquisition or Disposal of Assets is attached as Exhibit 7 (pages 52-60).
- (3) Please resolve.

Resolution:



**Item 3: To amend the Procedures of Engaging in Derivatives Transactions. (Proposed by the Board of Directors)**

Descriptions:

- (1) To comply with the laws and regulations of the Taiwan competent authorities and to accommodate the Company's actual operational needs, it is proposed to amend the Procedures of Engaging in Derivatives Transactions.
- (2) The comparison table of amendments to the Procedures of Engaging in Derivatives Transactions is attached as Exhibit 8 (pages 61-64).
- (3) Please resolve.

Resolution:

**Item 4: Proposal to Release the Newly-Elected Directors and its representative from Non-Competition Restrictions  
(Proposed by the Board of Directors)**

Descriptions:

- (1) According to Article 30.4 of the M&A, Director who engages in conduct either for himself or on behalf of another person within the scope of the Company's business, shall disclose to the shareholders, at a general meeting prior to such conduct, a summary of the major elements of such interest and obtain the ratification of the shareholders at such general meeting by a Supermajority Resolution vote. It is proposed to release the newly-elected Directors from any restrictions on their participation in the matters within or similar to the scope of the Company's business for himself or on behalf of others since the date of the appointment as Directors.
- (2) Please see the attached Exhibit 8 (page 61) for the list of companies in which the newly-elected Directors' participation will be considered for non-competition restrictions.
- (3) Please resolve.

**Ad Hoc Motions**

**Meeting Adjourned**

# **Exhibit**

## **Business Report**

2018 was a year with many challenges. TPK has turned red ink in its book into black in 2017 after the re-organization and re-engineering since 2015. In 2018, TPK has continued to co-develop new products with customers. Owing to the severe competition in the industry caused average selling price of the products to decline, coupled with weaker end-market demand, and the China-US trade war to interfere macro-economic situation, the Company could merely make small profits.

Touch industry has developed for more than 10 years and has gone through rapid growth stage toward mature stage. Touch application has penetrated into a variety of consumer electronics, infotainment system for automotive, industrial products, POS devices in malls, and educational white boards etc. However, due to the consumer electronics market has been almost saturated, and recently new products has launched with no significant new functions to motivate the replacement demand, the growth rate of the end market demand has slowed down and been stagnant.

In 2019, worldwide brand manufacturers are all dedicated to develop new products with either new and creative functions or appearance to stimulate the consumption and market demand. Accordingly, foldable or flexible products have their place, and have emerged as a point of attention in the market. In addition, there are more and more automobiles begin to adopt capacitive touch panels on the infotainment system, which contributes to the sustained growth of the automotive touch market. As a touch technology leading company, TPK will continue to maintain close relations with customers, and to invest in the research and development of innovative materials and new manufacturing processes as well. In addition, TPK will work together with our customers to condense the lead-time from research and development to mass production, and hence our customer could be the pioneers in the market by adopting TPK's extraordinary innovative touch solutions.

### **Review of 2018 company policy**

The major policy of the Company in 2018 was to continuously improve the yield rate and efficiency, and maintain closer relationships with major customers. The achievements are summarized below:

**(I) Development policy of Organization: Optimize manufacturing process and focus on R&D**

Owing to our cutting-edge technology, the Company has optimized manufacturing process and the product specifications, and has committed further resources to the development of new materials and manufacturing processes for flexible touch solutions. TPK has possessed key accessible intellectual property patents of silver nanowire (SNW) materials, and the know-how of manufacturing process of SNW.

**(II) Sales policy: Provide the customers with high quality, high specification, and competitive products**

The Company continued to deepen the relationships with existing customers and played the important role of assisting brand customers to set the mainstream technology spec in the industry and to look for a brand new industry scope that can pioneer the technology trends of next generation and create new addressable markets.

**(III) Manufacturing policy: Increase the proportion of automation, and improve the yield rate and efficiency**

TPK's total number of employees was 23,942 people as of end of 2018, down from 26,177 as of the end of 2017 due to the increased proportion of automation in the Company's manufacturing process. In addition, the company has more elastic plans to adjust the manpower between peak and low seasons owing to higher automation. Meanwhile automation could also reduce the negative influence when the company encounters labor lacking or salary increasing issues. The manufacturing yield rate and production efficiency has been improved as well in the past few years.

**Financial Performance**

The Company had consolidated revenues of NT\$113,500 million in 2018, which was an increase of 5.9% from 2017. The net income attributable to the parent company amounted to NT\$220 million, and earnings per share were NT\$0.55.

**Research and Development**

TPK is an industry-leading touch technology company, and has 2,459 issued patents as of the end of 2018, including 1,343 invention patents and 1,116 utility model patents. In 2019, the Company will continue to pursue patent protection for our proprietary technology and dedicate ourselves not only to research and development, but also to applying for new patents to ensure our technology is strongly protected.

Looking into the future, the Company will continue to increase its proportion of automated

production, and concentrate on the research and development of products with flexible touch as well. Regarding the flexible touch, the Company will continue to develop core technology of silver nanowire, and will work on the manufacturing process and related equipment based on the characteristics of SNW. At the same time, the Company will spare no effort in searching for joint venture partners to build up a vertical supply chain of SNW from upstream to downstream, and pave the way for the potential mainstream technology of next generation.

## **Summary of Business Plans for 2019**

In 2019, we expect to maintain a stable performance. We will not only maintain the existing business, but proactively expand more diversified touch applications. In the quest for flexible touch products in the market, silver nanowire, as a new material and the Company has worked on it for a couple of years, has attracted market attention and high expectation. Many customers have eagerly engaged in co-development projects with the Company on SNW. TPK plans to mass produce larger size SNW products in 2019, and continues to promote SNW materials. The Company is looking for customer cooperation opportunities to expand the scope of the applications of SNW with a view to replacing ITO step by step.

The outline of the Company's Business Plan in 2019 is specified below:

### **Lean Operation**

#### **(I) Continuous yield rate and efficiency improvement**

For the existing technology, the Company will provide the customers products with better sensitivity and functions. TPK will also fine-tune the supply chain management and optimize material cost to provide outstanding solutions to our customers with the most efficient cost structure, so that our solutions could keep competitive in the industry.

#### **(II) Continuous service upgrade and customer relationships strengthening**

In 2019, the Company will continue to improve the yield rate and efficiency for providing our customers with better quality products. Moreover, the Company will seek any opportunity to cooperate with partners in the supply chain and consolidate the material management and components integration of up/down stream partners, thus TPK can provide more diversified solutions, product designs and services to increase our value-add and further strengthen the customer relationships.

### **(III)Continuous expenditure control and the maintenance of a healthy financial structure in response to the volatile economic and industry environment**

TPK's operating expense rate was 3.9% in 2018, down from 4.6% in 2017. This is the result of cost control by the Company. In 2019, TPK will not only continue to follow the cost control policy, and further enhance the yield rate and efficiency, but also continue to increase the proportion of the automation. We hope to use the leanest organization and the optimal manufacturing processes to tackle the various challenges of the industry.

After a series of write-off, re-organization and re-engineering, the Company has achieved significant enhancement in operating performance with substantial improvements to its financial structure. In 2019, the Company will also continue to maintain low level of financial leverage and a conservative financial structure in order to maintain stable funding allocation while high technology business cycles are always changing so quickly.

### **Embrace the future**

#### **Work on the next generation touch technology, and enjoy the first mover advantage**

The Company has spent 8 years in the research and development of SNW, and has possessed the core technology. TPK is the technology leader and the only supplier with end-to-end solutions of SNW to customers in the market for the time being. The Company has been aggressive to co-develop the new applications of SNW on all sizes products with our customers, and hopes to set up the industry standard spec of flexible touch with our customers before the flexible products has become mainstream in the market. TPK will help customers to mass produce new products by utilizing our extraordinary research and development capability to innovate technology of new material, new manufacturing processes, and new equipment. In addition, the low resistance of SNW is proved to be a better solution for products with a super-large size touch panel. For this reason, the Company will spare no effort in developing the interactive panel and white board market as well as the flexible products market.

### **Development Strategy**

TPK has made profits for two consecutive years under the challenging macroeconomic environment and the severe industry competition. In 2019, the Company continues to grow in a stable pace and with a solid foundation. TPK not only looks for the R&D innovation, but continues to optimize the organization and to improve the yield rate and efficiency, in order to assist our customers become industry leaders of next generation touch technology. Besides, the Company will search for cooperation partners, and optimize the benefit for the shareholders given limited resources. As a technology leading company in the industry, TPK has never

neglected its corporate social responsibility, and has spared no effort in showing its concern and feedback for the society. Undoubtedly, the Company will continue its contribution to the society in the future.

Last but not least, we would like to thank all the shareholders, customers, and colleagues for your perpetual support and care for the Company. Despite current challenges in the environment, we still hope for the support of every shareholder and predecessor in the industry for our business strategy and development, as well as recognizing the effort made by our management team. With such support we are confident that we can reach the next milestone successfully.

Michael Chao-Juei Chiang, Chairman

Li-Chien Hsieh, Chief Executive Officer

## **Ehibit 2**

### **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements, and proposal for allocation of earnings. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of TPK Holding co., Ltd.. According to relevant requirements of the Securities and Exchange Act, we hereby submit this report.

TPK Holding Co., Ltd.

Deputy Chairman of the Audit Committee : Weng, Ming-Jeng

2019 年 2 月 20 日



## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
TPK Holding Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of TPK Holding Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

#### Property, Plant and Equipment Impairment Assessment

The description of key audit matter:

As of December 31, 2018, the carrying amount of property, plant and equipment (less the accumulated impairment loss of NT\$14,816,421 thousand) was NT\$33,237,605 thousand, accounting for 40% of the Group's total assets. According to IAS 36 "Impairment of Assets", at the end of each reporting period, the Group is required to assess whether there is any indication that an asset may be impaired. If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated. Since such assessment of impairment requires management to make judgments and assumptions, which are subjective and cannot be certain, the impairment assessment of property, plant and equipment has been identified as a key audit matter.

Refer to Notes 4 (i), 4 (m), 5(a), 16, 36 and 37 to the Group's consolidated financial statements for details of the related accounting policy and the relevant information about property, plant and equipment.

Corresponding audit procedures:

The Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets may be impaired. The review process normally relies on performing the control procedures to: (a) understand the Group's asset impairment assessment method and the design and implementation of the related internal control; (b) obtain an assessment of the asset impairment indicators which are assessed by the Group and based on each cash-generating unit; (c) assess the reasonability of the sales growth rate and profit margin which management used to estimate the recoverable amount of the cash-generating units to which the relevant assets belong; and (d) inspect whether the future cash flows are forecasted upon recent operating conditions, historical trends and industry overviews and whether the information and data used in the estimations are up to date.

#### Valuation of Inventory

The description of key audit matter:

As of December 31, 2018, the carrying amount of inventory was NT\$10,810,362 thousand (less the allowance for inventory valuation and obsolescence losses of NT\$638,914 thousand), which accounted for 13% of the Group's total assets. The Group is mainly engaged in the business of developing, manufacturing and selling touch modules and related products. As the touch modules industry is characterized by rapid change in technology, as well as short life cycles for the related products, in this regard, the risk surrounding the write-down of slow moving and obsolete inventory is higher. Based on the aging of inventories, the net realizable value of the Group's products, the related sales status and the changes in the market, the Group evaluated and recognized losses related to the write-down of slow moving and obsolete inventory monthly. Since such valuation of inventory requires significant judgment from management, the valuation of inventory has been identified as a key audit matter.

Refer to Notes 4 (g), 5 (f) and 13 to the Group's consolidated financial statements for details of the related accounting policy and the relevant information about inventory.

Corresponding audit procedures:

As for the evaluation of losses related to the write-down of slow moving and obsolete inventory, after first gaining familiarity with the industry characteristics to which the Group belongs, we obtained an understanding of the reasonability of the Group's policy for the provision for obsolete inventory and inventory whose carrying amount was lower than the net realizable value, and we randomly inspected inventory aging and performed our own calculation to verify whether the loss recognized adhered to the Group's provision policy.

In addition, at the end of the year, we performed an inventory observation and random counting to understand the inventory status and evaluate the appropriateness of the loss of obsolete and damaged inventory.

### **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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Jung Kuo and Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 20, 2019

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

TPK HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
<b>CURRENT ASSETS (Note 4)</b>				
Cash and cash equivalents (Notes 3, 4 and 6)	\$ 17,063,897	20	\$ 19,402,405	23
Financial assets at fair value through profit or loss - current (Notes 3, 4 and 7)	44,275	-	1,569	-
Financial assets at fair value through other comprehensive income - current (Notes 3, 4 and 8)	100,000	-	-	-
Financial assets at amortized cost - current (Notes 3, 4, 9, 35 and 37)	4,128,958	5	-	-
Debt investments with no active market - current (Notes 3, 4, 11, 35 and 37)	-	-	5,534,570	7
Notes and trade receivable, net (Notes 3, 4, 5, 12, 35 and 36)	10,452,126	13	5,331,144	7
Other receivables, net (Notes 3, 4, 5, 12, 35 and 36)	2,752,599	3	6,971,326	8
Current tax assets (Notes 4 and 28)	6,025	-	7,849	-
Inventories (Notes 4, 5 and 13)	10,810,362	13	7,297,858	9
Other current assets (Notes 3, 4 and 19)	181,171	-	133,356	-
<b>Total current assets</b>	<b>45,539,413</b>	<b>54</b>	<b>44,680,077</b>	<b>54</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 3, 4, 8, 14 and 31)	158,932	-	-	-
Financial assets measured at cost - non-current (Notes 3, 4, 10, 14 and 31)	-	-	255,545	-
Property, plant and equipment (Notes 4, 5, 16, 36 and 37)	33,237,605	40	32,994,649	40
Investment properties (Notes 4, 5 and 17)	121,281	-	474,172	1
Intangible assets (Notes 4, 5 and 18)	111,225	-	92,372	-
Deferred tax assets (Notes 4, 5 and 28)	2,455,497	3	1,979,654	2
Prepayments for equipment	1,149,996	2	1,216,469	2
Refundable deposits (Notes 3, 33 and 36)	153,839	-	168,335	-
Long-term prepayments for leases (Notes 3, 4 and 19)	1,039,450	1	1,116,519	1
Other non-current assets	367	-	520	-
<b>Total non-current assets</b>	<b>38,428,192</b>	<b>46</b>	<b>38,298,235</b>	<b>46</b>
<b>TOTAL</b>	<b>\$ 83,967,605</b>	<b>100</b>	<b>\$ 82,978,312</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES (Note 4)</b>				
Short-term borrowings (Notes 20, 35 and 36)	\$ 5,208,695	6	\$ 6,459,342	8
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 21)	40,327	-	203,536	-
Notes and trade payable (Note 36)	19,418,432	23	18,513,499	22
Payables for purchase of equipment (Notes 22 and 36)	2,140,489	3	1,910,623	2
Other payables - others (Notes 22, 27 and 36)	2,664,452	3	2,916,009	4
Current tax liabilities (Notes 4 and 28)	128,734	-	372,887	-
Provisions - current (Notes 4, 5, 13 and 23)	1,749,927	2	1,223,299	2
Current portion of long-term borrowings and bonds payable (Notes 4, 20, 21 and 37)	2,822,862	4	7,586,853	9
Other current liabilities	194,808	-	721,769	1
<b>Total current liabilities</b>	<b>34,368,726</b>	<b>41</b>	<b>39,907,817</b>	<b>48</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 16, 20, 36 and 37)	9,239,237	11	3,500,312	4
Deferred tax liabilities (Notes 4 and 28)	2,768,936	3	2,220,373	3
Net defined benefit liabilities - non-current (Notes 4 and 24)	11,870	-	13,862	-
Guarantee deposits received (Note 33)	15,959	-	164,539	-
Other non-current liabilities (Note 19)	321,168	1	790	-
<b>Total non-current liabilities</b>	<b>12,357,170</b>	<b>15</b>	<b>5,899,876</b>	<b>7</b>
<b>Total liabilities</b>	<b>46,725,896</b>	<b>56</b>	<b>45,807,693</b>	<b>55</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 14, 15, 21, 25, 30 and 32)</b>				
Share capital				
Ordinary shares	4,066,638	5	4,066,638	5
Capital surplus	28,146,706	33	28,073,650	34
Retained earnings				
Legal reserve	3,246,461	4	3,007,586	3
Unappropriated earnings (accumulated deficits)	(833,561)	(1)	573,819	1
Total retained earnings	2,412,900	3	3,581,405	4
Other equity				
Exchange differences on translating foreign operations	2,265,358	3	1,226,002	2
<b>Total equity attributable to owners of the Company</b>	<b>36,891,602</b>	<b>44</b>	<b>36,947,695</b>	<b>45</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>350,107</b>	<b>-</b>	<b>222,924</b>	<b>-</b>
<b>Total equity</b>	<b>37,241,709</b>	<b>44</b>	<b>37,170,619</b>	<b>45</b>
<b>TOTAL</b>	<b>\$ 83,967,605</b>	<b>100</b>	<b>\$ 82,978,312</b>	<b>100</b>

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



# TPK HOLDING CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Notes 4, 26 and 36)	\$ 113,481,508	100	\$ 107,208,482	100
OPERATING COSTS (Notes 13, 16, 18, 23, 24, 27, 30 and 36)	<u>109,268,955</u>	<u>96</u>	<u>99,673,935</u>	<u>93</u>
GROSS PROFIT	<u>4,212,553</u>	<u>4</u>	<u>7,534,547</u>	<u>7</u>
OPERATING EXPENSES (Notes 4, 12, 16, 18, 24, 27, 30 and 36)				
Selling and marketing expenses	639,589	1	824,372	1
General and administrative expenses	2,793,473	2	3,114,233	3
Research and development expenses	<u>978,503</u>	<u>1</u>	<u>984,973</u>	<u>1</u>
Total operating expenses	<u>4,411,565</u>	<u>4</u>	<u>4,923,578</u>	<u>5</u>
OPERATING INCOME (LOSS)	<u>(199,012)</u>	<u>-</u>	<u>2,610,969</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Government grant revenue (Note 4)	621,892	1	617,188	1
Interest income (Notes 4, 27 and 36)	535,529	-	264,257	-
Other income (Notes 27 and 36)	223,015	-	148,884	-
Gain on disposal of investments (Notes 4, 14, 15 and 31)	56,755	-	813,923	1
Gain on financial products at fair value through profit or loss (Notes 4, 7 and 35)	5,282	-	284,701	-
Finance costs (Notes 4, 20, 21 and 27)	(711,590)	(1)	(964,734)	(1)
Foreign exchange loss, net (Notes 4 and 39)	-	-	(419,903)	-
Foreign exchange gain, net (Notes 4 and 39)	85,992	-	-	-
Gain on disposal of financial products (Notes 4 and 21)	131,545	-	-	-
Other losses (Notes 4 and 17)	<u>(53,401)</u>	<u>-</u>	<u>(79,374)</u>	<u>-</u>
Total non-operating income and expenses	<u>895,019</u>	<u>-</u>	<u>664,942</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	696,007	-	3,275,911	3
INCOME TAX EXPENSE (Notes 4 and 28)	<u>331,273</u>	<u>-</u>	<u>889,875</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>364,734</u>	<u>-</u>	<u>2,386,036</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME				

(Continued)

# TPK HOLDING CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 24)	\$ 1,536	-	\$ (2,802)	-
Exchange differences arising on translation to presentation currency (Notes 4 and 25)	1,144,623	1	(2,345,409)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 28)	-	-	(181)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Notes 4 and 25)	(106,899)	-	343,006	-
Share of the other comprehensive loss of associates accounted for using the equity method (Notes 4, 15 and 25)	-	-	(9,715)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 25 and 28)	-	-	7,172	-
Other comprehensive income (loss) for the year, net of income tax	<u>1,039,260</u>	<u>1</u>	<u>(2,007,929)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,403,994</u>	<u>1</u>	<u>\$ 378,107</u>	<u>-</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 223,832	-	\$ 2,404,390	2
Non-controlling interests	<u>140,902</u>	<u>-</u>	<u>(18,354)</u>	<u>-</u>
	<u>\$ 364,734</u>	<u>-</u>	<u>\$ 2,386,036</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,264,724	1	\$ 394,619	-
Non-controlling interests	<u>139,270</u>	<u>-</u>	<u>(16,512)</u>	<u>-</u>
	<u>\$ 1,403,994</u>	<u>1</u>	<u>\$ 378,107</u>	<u>-</u>

(Continued)



**TPK HOLDING CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

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	<u>2018</u>		<u>2017</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 0.55</u>		<u>\$ 6.64</u>	
Diluted	<u>\$ 0.55</u>		<u>\$ 6.63</u>	

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

(Concluded)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)

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

# TPK HOLDING CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 696,007	\$ 3,275,911
Adjustments for:		
Depreciation expenses	7,287,034	8,383,566
Amortization expenses	30,739	41,318
Impairment loss reversed on trade receivables	-	(17,377)
Expected credit loss recognized on trade receivables	9,275	-
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	90,656	693
Finance costs	711,590	964,734
Interest income	(535,529)	(264,257)
Compensation costs of employee share options	78,713	146,376
Loss (gain) on disposal of property, plant and equipment	57,484	(195,415)
Loss (gain) on disposal of intangible assets	387	(40)
Gain on disposal of investments	(56,755)	(443,476)
Gain on disposal of associates	-	(370,447)
Impairment loss recognized (reversed) on property, plant and equipment	2,444	(38,225)
(Reversal of) write-downs of inventories	165,218	(565,733)
Gain on redemption of bonds payable	(131,545)	-
Amortization of prepayments for leases	25,422	25,747
Recognition of provisions	860,263	639,198
Changes in operating assets and liabilities		
(Increase) decrease in trade and notes receivable	(5,186,889)	2,322,145
Decrease (increase) in other receivables	4,270,272	(3,705,559)
(Increase) decrease in inventories	(3,720,196)	1,150,587
Increase in other current assets	(54,817)	(24,396)
Increase in notes and trade payable	923,970	6,403,054
(Decrease) increase in other payables	(233,522)	346,863
Decrease in provisions	(377,848)	(442,021)
(Decrease) increase in other current liabilities	(520,301)	367,724
Decrease in net defined benefit liabilities	(456)	(709)
Cash generated from operations	4,391,616	18,000,261
Interest received	463,632	267,446
Income tax paid	(500,881)	(523,983)
Net cash generated from operating activities	4,354,367	17,743,724
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at amortized cost	1,405,612	-
Increase in debt investments with no active market	-	(4,147,713)
Net cash inflow on disposal of financial assets measured at cost	-	11
Net cash inflow on disposal of associates	-	567,529
Net cash inflow on disposal of subsidiaries	215,963	1,098,885
Net cash outflow on dissolution of subsidiaries	(10,671)	-

(Continued)

# TPK HOLDING CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Payments for property, plant and equipment	\$ (114,332)	\$ (202,688)
Proceeds from disposal of property, plant and equipment	127,359	1,075,686
Decrease (increase) in refundable deposits	1,432	(112,697)
Payments for intangible assets	(55,190)	(10,255)
Proceeds from disposal of intangible assets	28	488
Decrease (increase) in other assets	153	(375)
Increase in prepayments for equipment	(5,934,618)	(3,364,796)
Decrease (increase) in long-term prepayments for leases	<u>84,983</u>	<u>(155,648)</u>
Net cash used in investing activities	<u>(4,279,281)</u>	<u>(5,251,573)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(1,434,039)	(20,002,522)
Repayments of bond payables	(6,310,297)	(2,293,072)
Proceeds from long-term borrowings	10,696,246	4,772,501
Repayments of long-term borrowings	(3,648,266)	(2,424,602)
Proceeds from (refund of) guarantee deposits received	(148,579)	162,433
Increase (decrease) in other liabilities	321,058	(326)
Dividends paid to owners of the Company	(1,219,991)	-
Proceeds from issuance of ordinary shares	-	7,023,298
Proceeds from exercise of employee share options	-	3,000
Proceeds from treasury shares transferred to employees	-	207,639
Interest paid	(684,664)	(829,164)
Decrease in non-controlling interests	<u>(180,770)</u>	<u>-</u>
Net cash used in financing activities	<u>(2,609,302)</u>	<u>(13,380,815)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>195,708</u>	<u>(199,010)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(2,338,508)</u>	<u>(1,087,674)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>19,402,405</u>	<u>20,490,079</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 17,063,897</u>	<u>\$ 19,402,405</u>

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

(Concluded)

**Exhibit 4**

TPK Holding Co., LTD  
PROFIT DISTRIBUTION STATEMENT  
Year 2018

(Unit : \$US)

Unappropriated retained earnings of previous year	30,969,264
Remeasurement of defined benefit plan recognized in Retained Earnings	49,769
Adjustment to Retained Earnings for long-term equity investment	(5,955,883)
Unappropriated retained earnings after adjustments	<hr/> 25,063,150
Y2018 net profit after tax	6,967,266
Less : 10% legal reserve	<hr/> (696,727)
The ending balance of unappropriated retained earnings	<hr/> <hr/> 31,333,689

Chairman : Michael Chao-Juei Chiang    Executive : Li-Chien Hsieh    Accoutiing Manager : Lin, Hu-Yao

## Exhibit 5

### Comparison Table of Amendments to the Amended and Restated Memorandum of Association and Articles of Association

Proposed Amendments	Current Provisions
<p>14.2 Subject to the provisions of the Statute, the Applicable Public Company Rules and Article 14.3 of these Articles, the Company shall not, without a Supermajority Resolution:</p> <ul style="list-style-type: none"> <li>(a) sell, transfer or lease of whole business of the Company or other matters which has a material effect on the Members' rights and interests;</li> <li>(b) discharge or remove any Director;</li> <li>(c) approve any action by one or more Director(s) who is engaging in business conduct for him/herself or on behalf of another person that is within the scope of the Company's business;</li> <li>(d) effect any capitalization of distributable Dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof, <u>or make distributions, in the form of new Shares or cash, to the Members out of the capital reserve derived from the share premium and income from endowments received by the Company;</u></li> </ul> <p>(omitted)</p>	<p>14.2 Subject to the provisions of the Statute, the Applicable Public Company Rules and Article 14.3 of these Articles, the Company shall not, without a Supermajority Resolution:</p> <ul style="list-style-type: none"> <li>(a) sell, transfer or lease of whole business of the Company or other matters which has a material effect on the Members' rights and interests;</li> <li>(b) discharge or remove any Director;</li> <li>(c) approve any action by one or more Director(s) who is engaging in business conduct for him/herself or on behalf of another person that is within the scope of the Company's business;</li> <li>(d) effect any capitalization of distributable Dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;</li> </ul> <p>(omitted)</p>
<p>16.9 <u>Any one or more Members holding in aggregate more than half of the total number of the issued Shares of the Company for at least three (3) consecutive months may convene an extraordinary general meeting. The period during which a Member holds the Shares and the number of Shares held by a Member shall be determined based on the Register of Members as of the book close date of the relevant extraordinary general meeting.</u></p>	<p>(Newly added)</p>

Proposed Amendments	Current Provisions
16.10 <u>Other than where the board of Directors is unwilling or unable to convene a general meeting, an Independent Director of the audit committee may convene a general meeting for the interest of the Company if necessary.</u>	(Newly added)
16.11 <u>The board of Directors or any person who is entitled to call or convene a general meeting under these Articles may demand the Company or the Company's securities agent to provide the Register of Members.</u>	(Newly added)
17.4 Subject to the provisions of the Applicable Public Company Rules, Member may bring up an ad hoc motion at a general meeting provided that such ad hoc motion shall directly pertain to the matters to be discussed in such general meeting as set forth in the notice thereof. Matters pertaining to (a) election or discharge of Directors, (b) alteration of the Articles, (c) <u>capital reduction</u> , (d) <u>application for de-registration as a public company in the R.O.C.</u> , (e)(i) dissolution, Merger, Spin-off or Share Swap, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which has a material effect on the business operation of the Company, (f) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business, (g) distribution of the whole or a part of the surplus profit of the Company in the form of new Shares, (h) capitalization of statutory reserve,	17.4 Subject to the provisions of the Applicable Public Company Rules, Member may bring up an ad hoc motion at a general meeting provided that such ad hoc motion shall directly pertain to the matters to be discussed in such general meeting as set forth in the notice thereof. Matters pertaining to (a) election or discharge of Directors, (b) alteration of the Articles, <u>and</u> (c) (i) dissolution, Merger, Spin-off or Share Swap, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which has a material effect on the business operation of the Company, (d) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business, (e) distribution of the whole or a part of the surplus profit of the Company in the form of new Shares, capitalization of statutory reserve and any other amount in accordance with Article 35, and (f) the Private Placement of any

Proposed Amendments	Current Provisions
<p><u>and/or making distributions, in the form of new Shares or cash, to the Members out of the capital reserve derived from the share premium and income from endowments received by the Company, and/or capitalization</u> any other amount in accordance with Article 35, and (i) the Private Placement of any equity-type securities issued by the Company, shall be indicated in the notice of general meeting, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion. <u>The material content may be uploaded onto the Market Observation Post System or the website designated by the Company in accordance with the Applicable Public Company Rules, and such website shall be indicated in the notice of general meeting.</u></p>	<p>equity-type securities issued by the Company, shall be indicated in the notice of general meeting, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion.</p>
<p>17.5 The board of Directors shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the office of the Company's registrar (if applicable) and the Company's securities agent located in Taiwan. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review, <u>transcribe</u> or make copies of the foregoing documents. <u>The Company shall procure the Company's securities agent to provide such Member(s) with access to above documents.</u></p>	<p>17.5 The board of Directors shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the office of the Company's registrar (if applicable) and the Company's securities agent located in Taiwan. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.</p>
<p>18.9 Member(s) holding 1% or more of the total number of outstanding Shares immediately prior to the relevant book closed period may propose to the Company a proposal for discussion at an annual general meeting in writing <u>or by electronic</u></p>	<p>18.9 Member(s) holding 1% or more of the total number of outstanding Shares immediately prior to the relevant book closed period may propose to the Company a proposal for discussion at an annual general meeting in writing to the extent and in accordance with</p>



Proposed Amendments	Current Provisions
<p><u>transmission</u> to the extent and in accordance with the rules and procedures of general meetings proposed by the Directors and approved by an Ordinary Resolution. Proposals shall be included in the agenda <u>except</u> where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) the matter of such proposal may not be resolved by a general meeting, (c) the proposing Member has proposed more than one proposal, (d) such proposal is submitted on a day beyond the deadline announced by the Company for accepting the Member's proposals, <u>or (e) the proposal exceeds 300 Chinese characters. If any of the proposals submitted by such Member(s) is to urge the Company to promote public interests or fulfill its social responsibilities, the board of Directors may accept such proposal to be discussed at a general meeting.</u></p>	<p>the rules and procedures of general meetings proposed by the Directors and approved by an Ordinary Resolution. Proposals shall <u>not</u> be included in the agenda where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) <u>where</u> the matter of such proposal may not be resolved by a general meeting, (c) the proposing Member has proposed more than one proposal <u>or</u> (d) such proposal is submitted on a day beyond the deadline announced by the Company for accepting the Member's proposals.</p>
<p>27.2 Where election of a full board of Directors to replace all existing Directors is effected at a general meeting prior to the expiration of the term of office of the existing Directors, the term of office of the existing Directors shall be deemed to have expired on the date of the re-election or such any other date as is otherwise resolved by the Members at the general meeting, Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum in respect of any such resolution.</p>	<p>27.2 Where election of a full board of Directors to replace all existing Directors is effected <u>by a resolution adopted</u> at a general meeting prior to the expiration of the term of office of the existing Directors, the term of office of the existing Directors shall be deemed to have expired on the date of the re-election or such any other date as is otherwise resolved by the Members at the general meeting, Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum in respect of any such resolution.</p>
<p>27.4 <u>Director candidates shall be nominated in accordance with the candidate nomination mechanism which is in compliance with Applicable Public Company Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established</u></p>	<p>27.4 <u>The Directors may adopt a candidate nomination mechanism which is in compliance with Applicable Public Company Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established by the Directors and by an Ordinary</u></p>

Proposed Amendments	Current Provisions
<p>by the Directors and by an Ordinary Resolution from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.</p>	<p>Resolution from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules. <u>Such candidate nomination mechanism in compliance with Applicable Public Company Rules shall also be used for an election of Directors.</u></p>
<p>28.1 In the event of any of the following events having occurred in relation to any Director, such Director shall be vacated automatically:</p> <ul style="list-style-type: none"> <li>(a) he gives notice in writing to the Company that he resigns the office of Director;</li> <li>(b) he dies, becomes bankrupt, <u>or had liquidation proceeding commenced against him by a court, and such Director has not been reinstated to his rights and privileges;</u></li> <li>(c) he has no legal capacity, or his legal capacity is restricted, <u>or he has been adjudicated of the commencement of assistantship and such assistantship or declaration have not been revoked;</u></li> <li>(d) he commits <u>an offence as specified in the R.O.C. statute of prevention of organizational crimes</u> and is subsequently adjudicated guilty by a final judgment, and has <u>not commenced to serve the term of the sentence yet, or has commenced to serve the term of sentence but not served the full term, or less than five years have elapsed from the date of completion of the full sentence, the date of expiry of the probation period or the date on which he has been pardoned;</u></li> <li>(e) he commits any criminal offence of fraud, breach of trust or misappropriation and is subsequently punished with</li> </ul>	<p>28.1 In the event of any of the following events having occurred in relation to any Director, such Director shall be vacated automatically:</p> <ul style="list-style-type: none"> <li>(a) he gives notice in writing to the Company that he resigns the office of Director;</li> <li>(b) he dies, becomes bankrupt <u>or makes any arrangement or composition with his creditors generally;</u></li> <li>(c) <u>an order is made by any competent court or official on the grounds that he is or will be suffering from mental disorder or is otherwise incapable of managing his affairs, or his/her legal capacity is restricted according to the applicable laws;</u></li> <li>(d) he commits <u>a felony</u> and is subsequently adjudicated guilty by a final judgment, and <u>the time elapsed since he has served the full term of the sentence is less than five years; or</u></li> <li>(e) he commits any criminal offence of fraud, breach of trust or misappropriation and is subsequently punished with imprisonment for a term of more than one year, and <u>the time elapsed since he has served the full term of such sentence is less than two years;</u></li> <li>(f) he is adjudicated guilty by a final judgment for <u>misappropriating Company or public funds during the time of his service, and the time elapsed</u></li> </ul>

Proposed Amendments	Current Provisions
<p>imprisonment for a term of more than one year <u>by a final judgment</u>, and has <u>not commenced to serve the term of the sentence yet, or has commenced to serve the term of sentence but not served the full term, or less than two years have elapsed from the date of completion of the full sentence, the date of expiry of the probation period or the date on which he has been pardoned;</u></p> <p>(f) he is adjudicated guilty by a final judgment for <u>committing the offense as specified in the Anti-corruption Act of the R.O.C.</u>, and has <u>not commenced to serve the term of the sentence yet, or has commenced to serve the term of sentence but not served the full term, or less than two years have elapsed from the date of completion of the full sentence, the date of expiry of the probation period or the date on which he has been pardoned;</u></p> <p>(omitted)</p>	<p><u>after he has served the full term of such sentence is less than two years;</u></p> <p>(omitted)</p>
<p>28.2 If, during <u>the term of office of a Director (not including Independent Directors)</u>, such Director transfers some or all of his Shares such that he holds less than one half of the total number of Shares which he held as at the date of the general meeting at which his appointment was approved, such Director shall be vacated from office automatically.</p>	<p>28.2 If, during <u>a Director's term of office</u>, such Director transfers some or all of his Shares such that he holds less than one half of the total number of Shares which he held as at the date of the general meeting at which his appointment was approved, such Director shall be vacated from office automatically. <u>For any Director who has, before the adoption of this Article 28.2, transferred more than one half of the Shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and in such case no approval from the Members shall be required if, on or after the date of the adoption of this Article 28.2, he further transfers one or more Shares.</u></p>
<p>28.3 If any person is proposed for</p>	<p>28.3 If any person is proposed for</p>

Proposed Amendments	Current Provisions
<p>appointment as a Director (<u>not including Independent Directors</u>, each such person a "proposed director") at a general meeting (the "relevant general meeting"), such proposed director's appointment shall not become effective (regardless of whether such appointment is purportedly approved at the relevant general meeting, and any resolution which purports to approve such appointment shall be invalid and ineffective), if the proposed director transfers more than one half of the total number of Shares which he holds (or held) at the time of the relevant general meeting, either:</p> <p>(a) during the period after the relevant general meeting and prior to the commencement of such proposed director's term of office; or</p> <p>(b) during the period when the Register of Members of the Company is closed for transfers of Shares, prior to the relevant general meeting.</p>	<p>appointment as a Director (each such person a "proposed director") at a general meeting (the "relevant general meeting"), such proposed director's appointment shall not become effective (regardless of whether such appointment is purportedly approved at the relevant general meeting, and any resolution which purports to approve such appointment shall be invalid and ineffective), if the proposed director transfers more than one half of the total number of Shares which he holds (or held) at the time of the relevant general meeting, either:</p> <p>(a) during the period after the relevant general meeting and prior to the commencement of such proposed director's term of office; or</p> <p>(b) during the period when the Register of Members of the Company is closed for transfers of Shares, prior to the relevant general meeting.</p>
<p>30.5 A Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors.</p> <p><u>Where the spouse, a blood relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has a personal interests in the matters under discussion at a meeting of the Directors in the preceding paragraph, such Director shall be deemed to have a personal interest in the matter.</u></p>	<p>30.5 A Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors.</p>
<p>30.7 To the extent permitted under the laws of the Cayman Islands, any Member(s) holding <u>one</u> percent (1%) or more of the total number of the issued Shares of the Company for <u>six</u></p>	<p>30.7 To the extent permitted under the laws of the Cayman Islands, any Member(s) holding <u>three</u> percent (3%) or more of the total number of the issued Shares of the Company for</p>

Proposed Amendments	Current Provisions
<p>(6) consecutive <u>months</u> or longer may request in writing any Independent Director of the <u>audit committee</u> to initiate proceedings against any of the Directors on behalf of the Company with a competent court having proper jurisdiction, including the Taipei District Court, R.O.C. If Independent Directors of the <u>audit committee</u> fail to initiate such proceedings within thirty (30) days after receiving the request by such Member(s), subject to Cayman Islands law, such Member(s) may initiate such proceedings on behalf of the Company with a competent court having proper jurisdiction, including the Taipei District Court, R.O.C.</p>	<p><u>one</u> (1) consecutive <u>year</u> or longer may request in writing any Independent Director of the <u>Audit Committee</u> to initiate proceedings against any of the Directors on behalf of the Company with a competent court having proper jurisdiction, including the Taipei District Court, R.O.C. If Independent Directors of the <u>Audit Committee</u> fail to initiate such proceedings within thirty (30) days after receiving the request by such Member(s), subject to Cayman Islands law, such Member(s) may initiate such proceedings on behalf of the Company with a competent court having proper jurisdiction, including the Taipei District Court, R.O.C.</p>
<p>34.1 Upon the annual final settlement of the Company's accounts, if there is surplus profits on the Company's net profits before tax (before deducting any employees' compensation and Directors' compensation), the board of Directors shall, upon approval by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors, set aside employees' compensation and Directors' compensation in accordance with the following manner, and report such distribution of compensation to the <u>general</u> meeting. However, if the Company has accumulated losses, the Company shall reserve an amount thereof first to offset the losses: (omitted) The Company may distribute profits in accordance with a proposal for distribution of profits prepared by the Directors and approved by the Members by <u>a resolution adopted at a general meeting</u>. (omitted)</p>	<p>34.1 Upon the annual final settlement of the Company's accounts, if there is surplus profits on the Company's net profits before tax (before deducting any employees' compensation and Directors' compensation), the board of Directors shall, upon approval by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors, set aside employees' compensation and Directors' compensation in accordance with the following manner, and report such distribution of compensation to the <u>shareholders'</u> meeting. However, if the Company has accumulated losses, the Company shall reserve an amount thereof first to offset the losses: (omitted) The Company may distribute profits in accordance with a proposal for distribution of profits prepared by the Directors and approved by the Members by <u>an Ordinary Resolution</u>. (omitted)</p>
<p>37.4 Minutes and written records of all meetings of Directors, any committees of Directors, and any general meeting <u>may be made in</u></p>	<p>37.4 Minutes and written records of all meetings of Directors, any committees of Directors, and any general meeting <u>shall be made in the</u></p>

<b>Proposed Amendments</b>	<b>Current Provisions</b>
<p><u>English or Chinese, except where resolutions passed at any general meeting which are required to be filed with the Registrar of Companies in the Cayman Islands must be in English; minutes and written records made in the English language may be accompanied by a Chinese translation. In the event of any inconsistency between the English language version and the relevant Chinese translation, the English language version shall prevail.</u></p>	<p>English language <u>with</u> a Chinese translation. In the event of any inconsistency between the English language version and the relevant Chinese translation, the English language version shall prevail.</p>
<p>44 <b><u>Corporate Social Responsibility</u></b>  <u>For so long as the Shares are listed on the TWSE, in the course of conducting its business, the Company shall comply with the Applicable Public Company Rules and business ethics and may take corporate actions to promote public interests in order to fulfill its social responsibilities.</u></p>	<p>(Newly added)</p>

## Exhibit 6

### Comparison Table of Amendments to the Procedures of the Acquisition or Disposal of Assets

Proposed Amendments	Current Provisions
2.2.2. Real property (including land, buildings, construction, investment-oriented real estate, inventories of construction enterprises) and equipment;	2.2.2. Real property (including land, buildings, construction, investment-oriented real estate, <u>the rights to use land</u> , inventories of construction enterprises) and equipment;
2.2.5. Right-of-use assets:	(Newly added)
2.2.6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);	2.2.5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);
2.2.7. Derivatives;	2.2.6. Derivatives; °
2.2.8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with acts of law;	2.2.7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with acts of law;
2.2.9. Other major assets.	2.2.8. Other major assets.
3.1.1. Derivatives: <u>means the forward contracts, options contracts, futures contracts, leverage margin contracts, and swap contracts, the value of which is derived from a certain interest rate, financial instruments prices, commodity prices, exchange rates, index of prices or fee rates, the index of credit ratings or credits, or other variables, and the combination of the aforesaid contracts, or the combination contracts or structured products embedded with the derivatives products, etc.</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) agreements.	3.1.1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, <u>and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.</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) agreements.
3.1.7. Business premises of a securities firm: <u>the business premises of a domestic securities firm refers to the place where, in accordance with “the Regulations Governing Securities Trading on the Taipei Exchange”, a securities firm establishes a special counter for trading. The business</u>	(Newly added)

Proposed Amendments	Current Provisions
<u>premises of a foreign securities firm refers to the business premises of a financial institution that is managed by a foreign securities regulatory authority and is permitted to conduct securities business.</u>	
3.1.8. Most recent financial statements: the financial statements audited or reviewed by a certified public accountant obtained by the Company.	3.1.7. Most recent financial statements: the financial statements audited or reviewed by a certified public accountant obtained by the Company.
3.1.9. Competent Authority: Financial Supervisory Commission, the Republic of China.	3.1.8. Competent Authority: Financial Supervisory Commission, the Republic of China.
<p>3.2.1. Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall be consistent with the following regulations:</u></p> <p>(1) Those who have not been <u>sentenced to imprisonment for more than one year affirmed for violation of the Securities and Exchange Act, Company Act, The Banking Act of the Republic of China, Insurance Act, Financial Holding Company Act, Business Entity Accounting Act or other relevant laws and regulations, or for fraud, breach of trust, criminal conversion, forgery of documents or criminal acts of business; provided, however, that this restriction shall not apply to those who have completed the following and for 3 years after the completion of execution, the suspension of punishment period or the remission.</u></p> <p>(2) The counter party for a <u>transaction shall not be a related party or a substantially related party.</u></p>	<p><b>3.2. Exclusion clauses about related parties</b></p> <p>Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall not be a related party of any party to the transaction.</u></p>



Proposed Amendments	Current Provisions
<p><u>(3) If the appraisal report must be obtained from two or more professional appraisers, the relationship between the different professional appraisers or appraisers shall not be related parties or substantially related parties to each other.</u></p>	
<p><u>3.2.2. Upon issuing the appraisal report or opinion by the professionals set forth in the preceding paragraph, it shall comply with the following procedures:</u></p> <p><u>(1) Before undertaking any case(s), the professionals shall carefully evaluate its professional competence, practical experience and independence.</u></p> <p><u>(2) While examining any case(s), the professionals shall properly plan and perform the proper operating procedures, to achieve the conclusions and accordingly issue the appraisal report or opinion; and the performed procedures, the information collected, and the conclusions shall be recorded in the working sheet of each case.</u></p> <p><u>(3) The completeness, accuracy and reasonableness of the data sources, parameters and information to be used shall be evaluated item by item, and be the basis of issuing an appraisal report or opinion.</u></p> <p><u>(4) The declarations shall include the relevant personnel with professionalism and independence, the information to be used has been assessed to be reasonable, accurate, and complied with the relevant laws and regulations, and other matters.</u></p>	<p>(Newly added)</p>
<p><u>3.3.1. Total amounts of real property, equipment or right-of-use assets for</u></p>	<p>3.3.1. Total amounts of real property for non-operating use shall be no more</p>

Proposed Amendments	Current Provisions
non-operating use shall be no more than the shareholders' equity of the Company.	than the shareholders' equity of the Company.
3.3.4. The transaction amount for the Company's acquisition or disposal of <u>intangible assets, right-to-use assets, or membership cards</u> shall be no more than 50% of the shareholders' equity of the Company	3.3.4. The transaction amount for the Company's acquisition or disposal of <u>membership cards or intangible assets</u> shall be no more than 50% of the shareholders' equity of the Company.
3.4.4. To acquire or dispose of securities, the Company shall, prior to the date of occurrence of the event, first 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, prior to the date of occurrence of the event, also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. If a certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of the Statement of Auditing Standards No. 20 published by Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as ARDF). This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations of the Competent Authority.	3.4.4. To acquire or dispose of securities, the Company shall, prior to the date of occurrence of the event, first 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, prior to the date of occurrence of the event, also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. If a certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as 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 Competent Authority.
<b>3.5. The Operating Procedures for the Acquisition or Disposal of Real Property, Equipment, or <u>Right of Use Assets</u></b>	<b>3.5. The Operating Procedure for the Acquisition or Disposal of Real Property or Equipment.</b>
3.5.1. <u>The acquisition or disposal of real estate, equipment, or right-of-use assets by the Company</u> shall follow the SOP defined in the Company's internal control system – <u>Real Property</u> ,	3.5.1. <u>The Company's acquisition or disposal of real property or equipment</u> shall follow the SOP defined in the Company's internal control system – <u>fixed assets</u> operating cycle.

Proposed Amendments	Current Provisions
<p><u>Equipment and Factory building operating cycle.</u></p>	
<p>3.5.2. Procedure for determining the trading terms and conditions, and degree of authority delegated</p> <p>(1) (omitted)</p> <p>(2) <u>As the Company acquires or disposes of the right of use asset, it shall comply with the relevant laws and regulations of the competent authority and select appropriate evaluation methods to estimate the amount received in the account in accordance with the requirements provided in the Company's "Delegation of Authorization for Final Decisions".</u></p> <p><u>(3)</u> As the Company acquires or disposes of the equipment and its <u>right of use asset</u>, it shall adopt one of the following methods; either by inquiry, price comparison, price negotiation or bidding, and its approval authority shall be subject to the requirements provided in the Company's "Delegation of Authorization for Final Decisions".</p> <p><u>(4)</u> 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 equipment, or <u>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, whether it is for operation of business or not, it shall be made with the audit committee's prior consent and with the approval of a Board of Directors' resolution</p>	<p>3.5.2. Procedure for determining the trading terms and conditions, and degree of authority delegated</p> <p>(1) (omitted)</p> <p>(Newly added)</p> <p><u>(2)</u> As the Company acquires or disposes of the equipment, it shall adopt one of the following methods; either by inquiry, price comparison, price negotiation or bidding, and its approval authority shall be subject to the requirements provided in the Company's "Delegation of Authorization for Final Decisions".</p> <p><u>(3)</u> When the Company intends to acquire or dispose of real property or <u>equipment</u>, thereof from or to a related party, or when it intends to acquire or dispose of equipment 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, whether it is for operation of business or not, it shall be made with the audit committee's prior consent and with the approval of a Board of Directors' resolution in advance.</p>

Proposed Amendments	Current Provisions
<p>in advance.</p> <p><u>(5)</u> When the Company acquires or disposes of the real property, equipment or its <u>right of use asset</u>, which is not for business purpose, from the non-related party, and the transaction amount up to NT\$300 million or more, it shall be made with the approval of Board of Directors' resolution in advance; if the transaction amount less than NT\$300 million, it shall be reported to the latest Board of Directors for future reference afterwards.</p> <p><u>(6)</u> When the Company acquires or disposes of real property, equipment, or its <u>right of use assets</u> for business purposes from a non-related party, and the transaction amount is up to NT\$500 million or more, it shall be made with the approval of a Board of Directors' resolution in advance.</p> <p><u>(7)</u> The acquisition or disposal of assets by the Company which is required to be resolved by the Board of Directors in accordance with the procedures as defined by the Company or any other laws shall be considered an important transaction of assets, which shall be approved by a majority of all audit committee members and submitted to the Board of Directors for resolution. If the approval of a majority of all audit committee members as required in the preceding paragraph is not obtained, the transaction may be executed upon approval of 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. All members of the audit committee and all</p>	<p><u>(4)</u> When the Company acquires or disposes of the real property or equipment, which is not for business purpose, from the non-related party, and the transaction amount up to NT\$300 million or more, it shall be made with the approval of Board of Directors' resolution in advance; if the transaction amount less than NT\$300 million, it shall be reported to the latest Board of Directors for future reference afterwards.</p> <p><u>(5)</u> When the Company acquires or disposes of real property or equipment, for business purposes from a non-related party, and the transaction amount is up to NT\$500 million or more, it shall be made with the approval of a Board of Directors' resolution in advance.</p> <p><u>(6)</u> The acquisition or disposal of assets by the Company which is required to be resolved by the Board of Directors in accordance with the procedures as defined by the Company or any other laws shall be considered an important transaction of assets, which shall be approved by a majority of all audit committee members and submitted to the Board of Directors for resolution. If the approval of a majority of all audit committee members as required in the preceding paragraph is not obtained, the transaction may be executed upon approval of 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. All members of the audit committee and all directors set forth in this Article shall be the actual incumbents.</p>

Proposed Amendments	Current Provisions
directors set forth in this Article shall be the actual incumbents.	
<p>3.5.3.Operator</p> <p>After the acquisition or disposal of real property, equipment, or its <u>right of use assets</u> by the Company is approved, subject to the delegation of authorization as referred to in the preceding paragraph, the asset management unit shall be responsible for implementation of the transaction.</p>	<p>3.5.3.Operator</p> <p>After the acquisition or disposal of real property or equipment by the Company is approved, subject to the delegation of authorization as referred to in the preceding paragraph, the asset management unit shall be responsible for implementation of the transaction.</p>
<p>3.5.4. In the acquisition or disposal of real property, equipment, or its <u>right of use assets</u> by the Company in which the transaction amount meets the criteria for public announcement as defined by the competent authority, including that in which 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 institution, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business machinery and equipment or its <u>right of use assets</u>, shall, prior to the date of occurrence of the event, obtain an appraisal report in advance from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) 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, and the same procedure shall also be followed whenever there is any <u>subsequent change</u> to the terms and conditions of the transaction.</p> <p>(omitted)</p>	<p>3.5.4. In the acquisition or disposal of real property or equipment by the Company in which the transaction amount meets the criteria for public announcement as defined by the competent authority, including that in which 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 government institution, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business machinery and equipment, shall, prior to the date of occurrence of the event, obtain an appraisal report in advance from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) 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, and the same procedure shall be followed for any <u>future changes</u> to the terms and conditions of the transaction.</p> <p>(omitted)</p>
<p>3.6.2. When the Company intends to acquire or dispose of real property or <u>right-of-use assets</u> thereof from or to a</p>	<p>3.6.2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a</p>

Proposed Amendments	Current Provisions
<p>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 for 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 submitted to the audit committee and approved by the Board of Directors:</p> <p>(1) (omitted)</p> <p>(2) (omitted)</p> <p>(3) While acquiring a real property or its <u>right of use assets</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Articles 3.6.3 and 3.6.6.</p> <p>(4) (omitted)</p> <p>(5) (omitted)</p> <p>(6) (omitted)</p> <p>(7) (omitted)</p> <p>The transaction amount referred to in the preceding paragraph shall be calculated in accordance with Article 3.11.2, and the term "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items which have been approved by the Audit Committee and Board of Directors need not be counted in the transaction amount.</p> <p>With respect to the <u>types of transactions listed below, when the transaction is to be conducted</u> between the Company and its subsidiaries, <u>or between its subsidiaries in which it</u></p>	<p>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 for 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 submitted to the audit committee and approved by the Board of Directors:</p> <p>(1) (omitted)</p> <p>(2) (omitted)</p> <p>(3) While acquiring a real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Articles 3.6.3 and 3.6.6.</p> <p>(4) (omitted)</p> <p>(5) (omitted)</p> <p>(6) (omitted)</p> <p>(7) (omitted)</p> <p>The transaction amount referred to in the preceding paragraph shall be calculated in accordance with Article 3.11.2, and the term "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items which have been approved by the Audit Committee and Board of Directors need not be counted in the transaction amount.</p> <p>With respect to the <u>acquisition or disposal of business-use equipment</u> between the Company and its subsidiaries, the Company's Board of Directors may authorize the Chairman</p>

Proposed Amendments	Current Provisions
<p><u>directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the Company's Board of Directors may 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:</p> <p>(A) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(B) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>(omitted)</p>	<p>to decide such matters within a certain amount and have the decisions submitted to and ratified by the next Board of Directors meeting afterwards.</p> <p>(Newly added)</p> <p>(Newly added)</p> <p>(omitted)</p>
<p>3.6.3. To acquire real property or its <u>right of use assets</u> from a related party, the Company shall evaluate the reasonableness of the transaction costs in the following manners (where land and houses thereupon are combined <u>or leased</u> as a single property purchased in one transaction, the transaction costs for the land and the houses may be separately appraised in either of the following manners):</p> <p>(omitted)</p>	<p>3.6.3. To acquire real property from a related party, the Company shall evaluate the reasonableness of the transaction costs in the following manners (where land and houses thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the houses may be separately appraised in either of the following manners):</p> <p>(omitted)</p>
<p>3.6.4. To acquire real property <u>or right-of-use assets</u> from a related party, the Company shall appraise the cost of the real property or <u>right-of-use assets</u> in accordance with the Article 3.6.3, and shall also engage a CPA to audit the appraisal and render a specific opinion.</p>	<p>3.6.4. To acquire real property from a related party, the Company shall appraise the cost of the real property in accordance with the Article 3.6.3, and shall also engage a CPA to audit the appraisal and render a specific opinion.</p>
<p>3.6.5. Where the acquisition of real property or <u>right-of-use assets</u> by the Company from a related party meets one of the following circumstances, the acquisition shall be conducted in accordance with Article 3.6.2, and Articles 3.6.3 and 3.6.4 do not apply:</p> <p>(1) The related party acquired the real property or <u>right-of-use assets</u> through inheritance or as a gift.</p> <p>(2) More than five years have elapsed from the time the related party signed the contract to obtain the</p>	<p>3.6.5 Where the acquisition of real property by the Company from a related party meets one of the following circumstances, the acquisition shall be conducted in accordance with Article 3.6.2 and Articles 3.6.3 and 3.6.4 do not apply:</p> <p>(1) The related party acquired the real property through inheritance or as a gift.</p> <p>(2) More than five years have elapsed from the time the related party signed the contract to obtain the</p>

Proposed Amendments	Current Provisions
<p>real property <u>or right-of-use assets</u> to the contract conclusion date for the current transaction.</p> <p>(3) (omitted)</p> <p>(4) <u>The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p>	<p>real property to the contract conclusion date for the current transaction.</p> <p>(3) (omitted)</p> <p>(Newly added)</p>
<p>3.6.6. When the results of the Company's appraisal conducted in accordance with Article 3.6.3 are uniformly lower than the transaction price, Article 3.6.7 shall apply. Notwithstanding, this shall not apply 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:</p> <p>(1) 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>(A) (omitted)</p> <p>(B) 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 practices.</p> <p>(C) (Deleted)</p>	<p>3.6.6. When the results of the Company's appraisal conducted in accordance with Article 3.6.3 are uniformly lower than the transaction price, Article 3.6.7 shall apply. Notwithstanding, this shall not apply 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:</p> <p>(1) 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>(A) (omitted)</p> <p>(B) <u>Completed</u> 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 practices.</p> <p><u>(C) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are</u></p>



Proposed Amendments	Current Provisions
<p>(2) The Company provides evidence that the terms of the transaction of acquiring real property <u>or leasing the rights-of-use assets</u> hereof from related parties are similar to the terms of transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>(3) Transactions for neighboring or closely valued parcels of land referred to in the preceding sub-paragraphs (1) and (2) refer 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 for similarly sized parcels refers to transactions of unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property <u>or the right-of-use assets.</u></p>	<p><u>similar after calculation of reasonable price</u> <u>discrepancies among floors</u> <u>in accordance with standard property leasing market practices.</u></p> <p>(2) Where the Company provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>(3) Completed transactions for neighboring or closely valued parcels of land referred to in the preceding sub-paragraphs (1) and (2) refer 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 for similarly sized parcels 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 one year refers to one year from the actual date of acquisition of the real property.</p>
<p>3.6.7. When the results of the Company's appraisal conducted in accordance with Articles 3.6.3-3.6.6 are uniformly lower than the transaction price, the following requirements shall be met:</p> <p>(1) A special reserve shall be set aside in accordance with the relevant regulations 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</p>	<p>3.6.7. When the results of the Company's appraisal conducted in accordance with Articles 3.6.3-3.6.6 are uniformly lower than the transaction price, the following requirements shall be met:</p> <p>(1) A special reserve shall be set aside in accordance with the relevant laws and regulations 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</p>

Proposed Amendments	Current Provisions
<p>shares. Where a public company uses the equity method to account for its investment in <u>the Company</u>, then the special reserve called for under the relevant regulations shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the Company. If the Company sets aside a special reserve stated above, 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, <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 relevant competent authority has given its consent.</p> <p>(omitted)</p>	<p>shares. Where a public company uses the equity method to account for its investment in <u>another company</u>, then the special reserve called for under the relevant laws and regulations shall be set aside pro rata in a proportion consistent with the share of the public company's equity stake in the other company. After setting aside a special reserve under said requirements, the Company or the Subsidiary may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, 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 Competent Authority has given its consent.</p> <p>(omitted)</p>
<p><b>3.7 Acquisition or disposal of intangible assets <u>or right-of-use assets or memberships thereof</u></b></p>	<p><b>3.7 Acquires or disposes of membership cards or intangible assets</b></p>
<p>3.7.1. Where the Company acquires or disposes of intangible assets or <u>right-of-use assets</u> or membership cards, it shall be made in accordance with the delegation of authorization. If the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except for transacting with domestic government institutions, the Company shall, prior to the date of occurrence of the event, engage a certified public accountant 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 and can only take actions after</p>	<p>3.7.1. Where the Company acquires or disposes of membership cards or intangible assets, it shall be made in accordance with the delegation of authorization. If the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except for transacting with government institutions, the Company shall, prior to the date of occurrence of the event, engage a certified public accountant to render an opinion on the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation and submit it to the Board</p>

Proposed Amendments	Current Provisions
a resolution has been passed by the Board of Directors in advance.	of Directors for prior approval.
<p>3.11.1. Under any of the following circumstances, the Company shall publicly announce and report the relevant information on the Competent Authority's designated website in the appropriate format as prescribed by regulations within two days from day of occurrence of the event:</p> <p>(1) The acquisition or disposal of real property or <u>right-of-use assets</u> from a related party, or acquisition or disposal of any assets other than a real property or <u>right-of-use assets</u> from a related party and the transaction amount is 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets, or NT\$300 million or more; provided that this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements or subscription or repurchase of domestic money market funds issued by the Securities Investment Trust Enterprises:</p> <p>(2) (omitted)</p> <p>(3) Where the type of asset acquired or disposed of is equipment/machinery or <u>right-of-use assets</u> for operational use, the trading counterpart is not a related party, and the transaction amount has reached one of the following:</p> <p>(A) (omitted)</p> <p>(B) (omitted)</p> <p>(4) Where land is acquired under an arrangement for commissioned construction on self-owned land or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or</p>	<p>3.11.1. Under any of the following circumstances, the Company shall publicly announce and report the relevant information on the Competent Authority's designated website in the appropriate format as prescribed by regulations within two days from day of occurrence of the event:</p> <p>(1) The acquisition or disposal of real property from a related party, or acquisition or disposal of any assets other than a real property from a related party and the transaction amount is 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets, or NT\$300 million or more; provided that this shall not apply to trading of government bonds or bonds under repurchase and resale agreements or subscription or repurchase of domestic money market funds issued by the Securities Investment Trust Enterprises:</p> <p>(2) (omitted)</p> <p>(3) Where the type of asset acquired or disposed of is equipment/machinery for operational use, the trading counterpart is not a related party, and the transaction amount has reached one of the following:</p> <p>(A) (omitted)</p> <p>(B) (omitted)</p> <p>(4) Where land is acquired under an arrangement for commissioned construction on self-owned land or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or</p>

Proposed Amendments	Current Provisions
<p>joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party</u>, and the transaction amount is not less than NT\$500 million. (Subject to the amount the Company expects to invest in)</p> <p>(5) Where an asset transaction other than any of (1)~(4) referred to in the preceding subparagraphs, or a disposal of receivables by a financial institution, or investment in the Mainland Area, reaches 20 percent or more of paid-in capital or NT\$300 million. Except for the following circumstances:</p> <p>(A) Trading of <u>domestic</u> government bonds.</p> <p>(B) (omitted)</p>	<p>joint construction and separate sale, and the transaction amount is not less than NT\$500 million. (Subject to the amount the Company expects to invest in)</p> <p>(5) Where an asset transaction other than any of (1)~(4) referred to in the preceding subparagraphs, or a disposal of receivables by a financial institution, or investment in the Mainland Area, reaches 20 percent or more of paid-in capital or NT\$300 million. Except for the following circumstances:</p> <p>(A) Trading of government bonds</p> <p>(B) (omitted)</p>
<p>3.11.2. The transaction amount referred to in the preceding paragraph shall be calculated in the following manners:</p> <p>(1) (omitted)</p> <p>(2) (omitted)</p> <p>(3) The cumulative transaction amount of real property or <u>right-of-use assets</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year;</p> <p>(4) (omitted)</p>	<p>3.11.2. The transaction amount referred to in the preceding paragraph shall be calculated in the following manners:</p> <p>(1) (omitted)</p> <p>(2) (omitted)</p> <p>(3) Where the type of asset acquired or disposed of is equipment/machinery for operational use, the trading counterpart is not a related party, and the transaction amount has reached one of the following:</p> <p>(4) (omitted)</p>
<p>3.11.7. 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 Article 3.11, a public report of relevant information shall be made on the information reporting website designated by the Competent Authority within two days from the day of occurrence of event pursuant to laws:</p> <p>(omitted)</p>	<p>3.11.7. 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 Article 3.11, a public report of relevant information shall be made on the information reporting website designated by the Competent Authority within two days from the day of occurrence of event pursuant to laws:</p> <p>(omitted)</p>

Proposed Amendments	Current Provisions
3.12.2 The Company shall supervise the subsidiaries to check whether the prescribed procedures for acquiring or disposing of assets comply with the relevant laws and regulations and whether the prescribed procedures for acquiring or disposing of assets are followed.	3.12.2 The Company shall supervise the subsidiaries to check whether the prescribed procedures for acquiring or disposing of assets comply with the relevant laws and regulations and whether the prescribed procedures for acquiring or disposing of assets are followed.
<p>3.15.4. These Procedures were enacted and approved by the 2nd shareholders' meeting held on January 8, 2010. The first amendment was approved by the shareholders' meeting held on April 13, 2010.</p> <p>The second amendment was approved by the shareholders' meeting held on June 9, 2011.</p> <p>The third amendment was approved by the shareholders' meeting held on May 16, 2012.</p> <p>The fourth amendment was approved by the shareholders' meeting held on May 29, 2014.</p> <p>The fifth amendment was approved by the shareholders' meeting held on May 16, 2017.</p> <p>The sixth amendment was approved by the shareholders' meeting held on May 29, 2018.</p> <p><u>The seventh amendment was approved by the shareholders' meeting held on May 16, 2019.</u></p>	<p>3.15.4. These Procedures were enacted and approved by the 2nd shareholders' meeting held on January 8, 2010. The first amendment was approved by the shareholders' meeting held on April 13, 2010.</p> <p>The second amendment was approved by the shareholders' meeting held on June 9, 2011.</p> <p>The third amendment was approved by the shareholders' meeting held on May 16, 2012.</p> <p>The fourth amendment was approved by the shareholders' meeting held on May 29, 2014.</p> <p>The fifth amendment was approved by the shareholders' meeting held on May 16, 2017.</p> <p>The sixth amendment was approved by the shareholders' meeting held on May 29, 2018.</p>

## Exhibit 7

### Comparison Table of Amendments to the Procedures of Engaging in Derivatives Transactions

Proposed Amendments	Current Provisions
<p><b>1.Objectives</b></p> <p><u>In order to ensure the Company's assets, to carry out the disclosure of information, and to ascertain the reason and purpose of the Company and its Subsidiary for engaging in derivative transactions, and the serial system to achieve the aforesaid purpose, these Procedures for Engaging in Derivatives Transactions (hereinafter the "Procedures") are hereby stipulated to enable each internal department and its staff to comply with, and to allow the external creditors, shareholders and public investors to communicate, understand, and trust the information of the Company and its subsidiary upon their reading of it. In the event of anything not covered in the Procedures, it shall be subject to the applicable laws and regulations.</u></p>	<p><b>1.Objectives:</b></p> <p><u>These Regulations are duly enacted in an effort to safeguard TPK's assets, assure firm implementation of full-disclosure of information. Any matters insufficiently provided for herein shall be subject to laws and ordinances concerned.</u></p>
<p><b>2. Scope</b></p> <p><u>The Company: TPK Holding Co., Ltd.</u>  <u>The Subsidiary: Any company with more than 50% of its voting shares or voting rights that is directly or indirectly controlled by TPK Holding Co., Ltd.</u>  <u>Definition :</u></p> <p>2.1. Derivatives: <u>means the Forward Contracts, options contracts, futures contracts, leverage margin contracts, and swap contracts, the value of which is derived from a certain interest rate, financial instruments prices, commodity prices, exchange rates, index of prices or fee rates, the index of credit ratings or credits, or other variables, and the combination of the aforesaid contracts, or the combination contracts or structured products embedded with the derivatives products, etc.</u></p> <p>2.2. The term "Forward Contracts"</p>	<p><b>2. Scope:</b></p> <p>2.1. The term "derivatives" as set forth herein denotes forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, <u>and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.</u></p> <p>2.2. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term <u>leasing</u> contracts, or long-term purchase (sales) <u>agreements.</u></p>

Proposed Amendments	Current Provisions
excludes the insurance contracts, performance contracts, after-sales service contracts, long-term <u>lease</u> contracts, and long-term purchase (sales) <u>contracts</u> .	
3.1.3. <u>Derivatives transactions for “hedging-oriented” shall be conducted only after being approved by the supervisor in charge according to the Delegation of Authorization, and shall be reported to the latest board of directors for future reference afterwards.</u>	3.3.3. The “hedge-oriented” derivatives transactions shall <u>not</u> be conducted <u>until the proposal of the transaction is submitted to the responsible supervisor through the specified powers for approval and shall be reported to the Board of Directors retrospectively.</u>
3.1.4. <u>Derivatives transactions for “transaction-oriented” shall be conducted only after the approval of the board of directors’ resolution in advance and shall be submitted under the Delegation of Authorization.</u>	3.3.4. The “transaction-oriented” derivatives transactions shall <u>not</u> be conducted <u>until the proposal of the transaction is resolved by the Board of Directors, duly submitted and approved.</u>
3.1.5. <u>The calculation of foreign currency shall be subject to the central exchange rate of each foreign currency of the financial department in the current month. Any significant Derivatives transaction shall be conducted only after the approval of more than half of all the members of the audit committee and the approval of the board of directors’ resolution.</u>	3.1.3. <u>Any actions of derivatives transactions aiming at purposes other than hedging shall not be taken until approved by the Board of Directors. Amounts of foreign currencies shall be duly calculated based on the exchange rates quoted by various foreign currency centers as promulgated by the Financial Department for the month. In case of a major derivatives transaction, TPK shall not engage in such transaction until it acquires the consent of the Audit Committee through a majority vote and final resolution by the Board of Directors.</u>
3.1.6. <u>Inside the Company and its Subsidiary’s department in charge of derivatives transactions, all transaction personnel shall launch transactions with the counterparts based on the transaction strategies which are established based on the approved contents of transaction. After the transaction proves successful, all transaction vouchers shall be submitted to the settlement personnel to proceed with the</u>	3.1.5. <u>Where inside the Company’s department in charge of derivatives transactions, all transaction personnel shall launch transactions with the counterparts based on the transaction strategies which are established based on the approved contents of transaction. After the transaction proves successful, all transaction vouchers shall be submitted to the settlement personnel to proceed with the</u>

Proposed Amendments	Current Provisions
settlement procedures. The settlement personnel shall, for the contents of transactions, duly execute contracts, open accounts, and proceed with settlement and closing accounts with the transaction counterparts.	settlement procedures. The settlement personnel shall, for the contents of transaction, duly execute contracts, open accounts, and proceed with settlement and closing accounts with the transaction counterparts.
<u>3.1.7.</u> Where <u>the Company and its Subsidiaries</u> are engaged in derivatives transactions, the department in charge of drafting the managerial systems should set up sound and comprehensive systems to indicate the balances of positions of the entire Company, profit and loss analyses to facilitate risk control, and to assure the reflection of abnormalities forthwith, if any.	<b>3.1.6.</b> Where <u>TPK</u> is engaged in derivatives transactions, the department in charge of drafting the managerial systems should set up sound and comprehensive systems to indicate balances of positions of the entire Company, profit and loss analyses to facilitate risk control and to assure reflection of abnormalities forthwith, if any.
<b>3.2.1. Financial Department:</b> (omitted) (2) Assess the position of implementation and the profit & loss status on a regular basis to make sure the transactions are consistent with the requirements for the total amount and the maximum limit of loss set forth in Article <u>3.3.2</u> and <u>3.3.3</u> .	<b>3.2.1 Financial Department:</b> (omitted) (2) Assess the position of implementation and the profit & loss status on a regular basis to make sure the transactions are consistent with the requirements for the total amount and the maximum limit of loss set forth in Article <u>3.1.4</u> .
<u>3.3.2.</u> The total contract amount of “transaction-oriented” derivatives transactions taken by the Company shall not exceed <u>100% of the shareholders’ equity in the recent financial statement</u> of the Company. The total loss in a single individual derivatives transaction shall not exceed 10% of the total contract amount. Regarding the contents of the contract, the Board of Directors authorizes the high ranking supervisory executives to approve.	<b>3.1.4.</b> The total contract amount of derivatives transactions taken by TPK shall not exceed <u>50%</u> of the Company’s total net worth. The total loss in a single individual derivatives transaction shall not exceed 10% of the total contract amount. Regarding the contents of the contract, the Board of Directors authorizes the high ranking supervisory executives to approve.
<u>3.3.3.</u> The total amount of contracts and the maximum amount of losses that the Company and its Subsidiary may engage in trading Derivatives for “hedging-oriented” are as follows: (1) <u>The maximum amount of the total Derivatives transaction contracts</u>	<b>3.3.2.</b> In case of a hedge-oriented derivatives transactions, the maximum limits of tolerable loss under the total amount of contracts are enumerated below



Proposed Amendments	Current Provisions								
<p><u>shall be 100% of the amount of the Hedged Target.</u></p> <p>(2)<u>The maximum amount of losses of the total Derivatives transaction contracts shall be 10% of the total contracts amount.</u></p> <p>(3)<u>The maximum amount of losses of the individual Derivative transaction contracts shall be 10% of the amount of such contract.</u></p> <p>(4)<u>The Hedged Targets shall include already possessed assets, debt position, and expected assets to be held, and debt position (i.e. expected transaction, and it includes two types: one is with a certain commitment and the other one is without a certain commitment but expected to take place.)</u></p>	<table> <tr> <td></td><td><u>Percentage taken by hedge-oriented derivatives transaction to the operating revenues of the latest quarter</u></td></tr> <tr> <td><u>Aggregate of the total contract amount</u></td><td><u>100%</u></td></tr> <tr> <td><u>Maximum limit of the total contract loss</u></td><td><u>10%</u></td></tr> <tr> <td><u>Maximum limit of the individual contract loss</u></td><td><u>10%</u></td></tr> </table>		<u>Percentage taken by hedge-oriented derivatives transaction to the operating revenues of the latest quarter</u>	<u>Aggregate of the total contract amount</u>	<u>100%</u>	<u>Maximum limit of the total contract loss</u>	<u>10%</u>	<u>Maximum limit of the individual contract loss</u>	<u>10%</u>
	<u>Percentage taken by hedge-oriented derivatives transaction to the operating revenues of the latest quarter</u>								
<u>Aggregate of the total contract amount</u>	<u>100%</u>								
<u>Maximum limit of the total contract loss</u>	<u>10%</u>								
<u>Maximum limit of the individual contract loss</u>	<u>10%</u>								
<p><u>3.3.4. The operating profit and loss and related information set forth in Article 3.3.2. and 3.3.3. shall be reported to the board of directors separately.</u></p>	<p><u>3.3.5. The profit, loss and the relevant updates of the derivatives transactions shall be reported to the Board of Directors as specified under 3.3.3 and 3.3.4</u></p>								
<p>3.4. The Procedure of the operation of Derivatives</p> <p>3.4.5. Implementation of transaction: (omitted)</p> <p>(2)Transaction personnel: The staff of <u>the Company and its Subsidiaries</u> who are entitled to conduct Derivatives transaction shall be approved under the Delegation of Authorization in advance, and the financial institutions dealing with <u>the Company and its Subsidiaries</u> shall be notified that neither person other than the aforesaid staff will <u>conduct the said Derivatives transaction.</u></p>	<p>3.4. The procedures to operate derivatives:</p> <p>3.4.5. Implementation of transaction: (omitted)</p> <p>(2) Transaction personnel: <u>Here at TPK, the personnel in charge of derivatives transactions</u> shall first be reported to the Financial Department and Accounting Department to be approved by the department heads there before such personnel are revealed to the financial institutions which are in business transactions with <u>TPK.</u> <u>No personnel except such duly reported personnel may engage in derivatives transactions.</u></p>								
<p>3.5.1. The accounting treatment of Derivatives transactions shall be conducted in accordance with <u>the provisions of the relevant statement of financial accounting standards published by the Financial Supervisory Commission.</u></p>	<p>3.5.1. The accounting affairs for derivatives transactions shall be duly handled in accordance with <u>the generally accepted accounting principles and Statement of Financial Accounting Standards (SFAS) promulgated by the</u></p>								

Proposed Amendments	Current Provisions
<p>3.5.2. When preparing periodic financial reports (including annual, semi-annual, quarterly financial reports and consolidated financial reports), general related matters of the purpose of engaging in Derivatives transactions shall be disclosed in accordance with the provisions of the latest applicable accounting standards published by the <u>Financial Supervisory Commission</u> in the notes of the financial statements.</p>	<p><u>Accounting Research and Development Foundation.</u></p> <p>3.5.2. Work out periodical financial statements (including annual, semiannual, quarterly financial reports and consolidated financial statements). <u>As required under #34 of “Financial Product Accounting Handling” and under #36 “Presentation and Disclosure of Financial Products” of the Statement of Financial Accounting Standards (SFAS) promulgated by the Accounting Research and Development Foundation, such facts shall be remarked into the financial statements, to be duly disclosed based on the general practice rules for derivatives.</u></p>
<p>3.6.1. Risk management measures: Where variables and changes in the markets tend to bring up risks in our derivatives transaction. We should, therefore, assure sound and strict risk management in the market through the following principles:</p> <p>(1) Credit management risks: (omitted) (C) Amounts of the derivatives transactions: The maximum amount of a hedge with the same transaction counterpart shall not exceed <u>50%</u> of the authorized total amount. <u>The total amount authorized means the sum of the total amount of the Hedged Target and the trading amount authorized by the board of directors.</u> (omitted)</p> <p>(5) Operating risk management: (omitted) (C) <u>The personnel in charge of measuring, superintendence, and control of risks</u> and the personnel in charge of business affairs set under the preceding paragraph shall come from different departments. Those personnel</p>	<p>3.6.1. Risk management measures: Where variables and changes in the markets tend to bring up risks in our derivatives transaction. We should, therefore, assure sound and strict risk management in the market through the following principles:</p> <p>(1) Credit management risks: (omitted) (C) Amounts of the derivatives transactions: The maximum amount of hedge with the same transaction counterpart shall not exceed <u>10%</u> of the authorized total amount. (omitted)</p> <p>(5) Operating risk management: (omitted) (C) <u>Given the need to measure risks,</u> the personnel in charge of superintendence and control and the personnel in charge of business affairs set under the preceding paragraph shall come from different departments.</p>

Proposed Amendments	Current Provisions
<p>shall report to the Board of Directors or <u>financial officers</u> who are not required to assume the responsibility for transaction or policymaking process for the positions.</p>	<p>Those personnel shall report to the Board of Directors or the <u>high ranking supervisors</u> who are not required to assume the responsibility for transaction or policymaking process for the positions.</p>
<p>3.7.1. The Board of Directors shall designate the <u>high ranking supervisors to be watchful over superintendence and control about potential risks of derivatives transactions exactly in accordance with the internal control systems. They shall appraise performance on a regular basis to check and verify whether they live up to the established policies and whether the risks they bear are within the tolerable scope. Whenever abnormalities are noticed during the process to oversee the transaction and the gain &amp; loss status, countermeasures shall be taken forthwith and a report shall be submitted to the Board of Directors forthwith.</u> The board of directors meeting shall be attended by those participants, independent director(s) inclusive, to voice their opinions.</p>	<p>3.7.1. The Board of Directors shall designate the heads of the <u>Financial Department and Accounting Department to be watchful over superintendence and control about potential risks of derivatives transactions exactly in accordance with the internal control systems. They shall appraise performance on a regular basis to check and verify whether they live up to the established policies and whether the risks they bear are within the tolerable scope. Whenever abnormalities are noticed during the process to oversee the transaction and the gain &amp; loss status, countermeasures shall be taken forthwith and a report shall be submitted to the Board of Directors forthwith. Where TPK has established independent directors,</u> the board of directors meeting shall be attended by those participants, independent director(s) inclusive, to voice their opinions.</p>
<p>3.7.2 The position held for <u>transaction-oriented</u> derivatives shall be assessed at least once per week. The position held for hedging-oriented derivatives in line with business needs shall be assessed at least twice per month. The assessment reports shall be submitted to the high ranking supervisor(s) as duly authorized by the Board of Directors.</p>	<p>3.7.2 The position held for <u>transaction oriented</u> derivatives shall be assessed at least once per week. The position held for hedge-oriented derivatives in line with business needs shall be assessed at least twice per month. The assessment reports shall be submitted to the high ranking supervisor(s) as duly authorized by the Board of Directors.</p>

Proposed Amendments	Current Provisions
3.7.3. The high ranking supervisors shall conduct assessments on a regular basis to make sure that the risk managerial procedures currently adopted are appropriate and have been duly implemented.	3.7.3. The heads of the Financial Department and Accounting Department shall conduct assessments on a regular basis to make sure the risk managerial procedures currently adopted are appropriate and have been duly implemented.
3.7.4. In case of abnormalities found in the market rate appraisal report, which are believed likely to lead to major or probable losses, the high ranking supervisors shall report to the Board of Directors forthwith and shall, meanwhile, take countermeasures. The Board of Directors meeting shall be attended by participants with the independent director(s) inclusive who should voice opinions in the event.	3.7.4. In case of abnormalities found in the market rate appraisal report, which are believed likely to lead to major or probable losses, the Financial Department shall report to the Board of Directors forthwith and shall, meanwhile, take countermeasures. If TPK has independent director(s), the Board of Directors meeting shall be attended by participants with the independent director(s) inclusive who should voice opinions in the event.
3.10.1 The internal auditors shall look into the derivatives transactions of the Company and its Subsidiaries on a regular basis to check and verify the appropriateness of internal control, and shall conduct audit analysis and transaction resolving on a monthly basis, work out audit reports and submit them to the high ranking supervisors authorized by the Board of Directors. In case of a critical violation, a written notice shall be served to the Audit Committee and the violators shall be duly penalized in accordance with <u>the Company's Personnel Rules</u> as the actual situations may justify.	3.10.1. The internal auditors shall look into the derivatives transactions of the Company and its Subsidiaries on a regular basis to check and verify the appropriateness of internal control, and shall conduct audit analysis and transaction resolving on a monthly basis, work out audit reports and submit them to the high ranking supervisors authorized by the Board of Directors. In case of a critical violation, a written notice shall be served to the Audit Committee and the violators shall be duly penalized in accordance with <u>TPK's Personnel Rules</u> as the actual situations may justify.
3.11.1. <u>The Company and its Subsidiaries shall, before the tenth day of each month, provide the relevant content of derivatives transaction as of the end of the previous month in the prescribed format, and make announcement and declaration on the designated website.</u>	3.11.1. <u>At the specified formula, the contents of derivatives transactions conducted by TPK and its subsidiaries in the preceding month shall be promulgated and declared by TPK on or before the 5<sup>th</sup> day every month.</u>

<b>Proposed Amendments</b>	<b>Current Provisions</b>
3.11.2. <u>In the event that the amount of the trading loss of the Company and its Subsidiaries reaches the maximum loss of 10% of the contract amount, and in the event of any change, termination or rescission of the relevant contract which is entered into for the original transaction, the relevant information shall be provided and made public by an announcement in the prescribed format within the next day after the occurrence of the event.</u>	3.11.2. <u>In the event a subsidiary undergoes a loss up to 10% of the contract amount limit, or where the contract(s) involved in the transaction have been changed, terminated or rescinded, such relevant information shall be provided to TPK at the specified formula within the date ensuing occurrence of the event. TPK will conduct promulgation and declaration instead.</u>
3.11.3. <u>The Subsidiary, complying with the Article 3.11.1. and 3.11.2., shall be declared by the Company on its behalf.</u>	(Newly added)
3.11.4. <u>In the event that the contents which the Company and its Subsidiaries should promulgate are found to be left out, erroneous and thus must be made or corrected, all such contents shall be provided to the Company based on Article 3.11.1. and 3.11.2. for declaration anew.</u>	3.11.3. <u>In the event that the contents which TPK should promulgate are found to be left out, erroneous and thus must be made or corrected, all such contents shall be provided to TPK based on 3.11.1. and 3.11.2. for declaration anew.</u>
3.12. <b>Penalty clauses</b> <u>Where the Company and its Subsidiaries' managerial officers and personnel in charge are found to be in violation of these Procedures, such officers and personnel shall be duly rated for their performance and shall be imposed with penalties as the actual requirements may justify.</u>	3.12. <u>Penalty clauses:</u>  <u>Where TPK's managerial officers and personnel in charge are found to be in violation of these Regulations, such officers and personnel shall be duly rated for their performance and shall be imposed with penalties as the actual requirements may justify.</u>
3.13.2. <u>When the Company and its Subsidiaries submit this Procedure to the board of directors for discussion in accordance with the foregoing paragraph, the Company and its Subsidiaries shall fully consider the opinions of the independent directors and the specific opinions and reasons for their consent or objection shall be included in the minutes of the board of directors' meetings.</u>	3.13.2. <u>If TPK has independent director(s), when the contents of these Procedures are submitted to the Board of Directors meeting for discussions, the opinions of the independent director(s) shall be put into adequate discussion. Their definite opinions and reasons for agreement and objection, shall be put into the meeting minutes of the Board of Directors.</u>

Proposed Amendments	Current Provisions
<p>3.13.3. <u>The enactment or amendment of these Procedures for Engaging in Derivatives Transactions</u> shall require consent by a (one half) majority vote of all Audit Committee members (to be calculated based on the incumbent ones) and shall be submitted to the Board of Directors for final decision. In the event that the Procedures fail to be endorsed with consent by a (one half) majority vote of all Audit Committee members, consent by two-thirds majority of all directors (to be calculated based on the incumbent ones) is required instead. The decision resolved in the Audit Committee shall be expressly remarked in the meeting minutes of the Board of Directors.</p>	<p>3.13.3. <u>Where TPK has established the Audit Committee, enactment or amendment of the Procedures for the Acquisition or Disposition of Assets</u> shall require consent by a (one half) majority vote of all Audit Committee members (to be calculated based on the incumbent ones) and shall be submitted to the Board of Directors for final decision. In the event that the Procedures fail to be endorsed with consent by a (one half) majority vote of all Audit Committee members, consent by two-thirds majority of all directors (to be calculated based on the incumbent ones) is required instead. The decision resolved in the Audit Committee shall be expressly remarked in the meeting minutes of the Board of Directors.</p>
<p>3.13.4. These Procedures were enacted and approved by the 2nd shareholders' meeting held on January 8, 2010. The first amendment was approved by the shareholders' meeting held on April 13, 2010. The second amendment was approved by the shareholders' meeting held on June 9, 2011. <u>The third amendment was approved by the shareholders' meeting held on May 16, 2019.</u></p>	<p>3.13.4. These Regulations were enacted and approved by the 2nd shareholders' meeting held on January 8, 2010. The first amendment was approved by the shareholders' meeting held on April 13, 2010. The second amendment was approved by the shareholders' meeting held on June 9, 2011.</p>
(Deleted)	<p><u>4.7. Whether TPK's subsidiaries have duly enacted "Procedures Governing Derivatives Transactions Procedure" if they implement derivatives transaction.</u></p>
<p><u>4.7.</u> Whether the Board of Directors has assigned superintendent(s) to oversee the derivatives transaction.</p>	<p><u>4.8.</u> Whether the Board of Directors has assigned superintendent(s) to oversee the derivatives transaction.</p>
<p><b>5 、 Regulations for reference:</b> 5.1. <u>Regulations Governing the Acquisition and Disposal of Assets by Public Companies</u></p>	<p><b>5 、 Regulations for reference:</b> 5.1. <u>Procedures in Acquirement or Disposal of Assets by Public Companies</u></p>

## List of candidates Election Directors

Title / Number	Educational Background	Major Past Positions & Current Positions	Shareholdings (shares)
<p>Director Michael Chao-Juei Chiang</p>	<p>Business administration , Fu Jen Catholic University</p>	<p><b>Major Past Positions :</b> (1)TVM Corporation - Chairman (2)Taiwan Video &amp; Monitor Corporation - President</p> <p><b>Current Positions :</b> (1)TPK Holding Co., Ltd. - Chairman (2)TES Touch Embedded Solutions Inc. - Director (3)TES Technology (Hong Kong) Limited - Director (4)TES Touch Embedded Solutions (Xiamen) Co., Ltd. - Director (5)TES Trading(Xiamen) Co., Ltd - Director (6)Cambrios Film Solutions Corporation - Director (7)CAM International (Hong Kong) Limited - Director</p>	<p>17,720,401</p>
<p>Director Foster Chiang</p>	<p>Master's degree in International Research and Business Administration from Penn State University.</p>	<p><b>Major Past Positions :</b> (1)Lehman Brothers (Hong Kong) Inc.- Global Analyst (2)Nomura Securities (Hong Kong) Limited. - Global Analyst</p> <p><b>Current Positions:</b> (1)TPK Holding Co., Ltd.- Director and Vice Chairman (2)TES Touch Embedded Solutions Inc. – Director (3)TES Technology (Hong Kong) Limited – Director (4)TES Touch Embedded Solutions (Xiamen) Co., Ltd. - Director (5)TES Trading(Xiamen) Co., Ltd – Director (6)Cambrios Advanced Materials Corporation – Chairman</p>	<p>0</p>

<b>Title / Number</b>	<b>Educational Background</b>	<b>Major Past Positions &amp; Current Positions</b>	<b>Shareholdings (shares)</b>
Director Capable Way Investments Limited Representative: Li-Chien Hsieh	Master of Business Administration (MBA), Duke University	<b>Major Past Positions :</b> (1)Lite-On Technology Corporation, Portable Image Device SBG - Chief Operation Officer (2)Lite-On Young Fast Co - President <b>Current Positions :</b> (1)TPK Holding Co., Ltd. – Director and President (2)Fichtner Pacific Engineers Inc. - Director	23,139,855
Director Max Gain Management Limited Representative: Heng-Yao Chang	mechanical and electrical engineering, China University of Science and Technology	<b>Major Past Positions :</b> (1)Manufacturing department (China) of Tupo Optoelectronics Incorporated -Assistant Manager (2)Research departments of Chief Industrial Inc.-Assistant Manager <b>Current Positions :</b> (1)TPK Holding Co., Ltd. - Director and Senior Vice President	25,222,643
Director High Focus Holdings Limited Representative: Tsung-Liang Tsai	Feng Chia University, mechanical engineering	<b>Major Past Positions :</b> Business development at Green Point Incorporated Company -Director <b>Current Positions:</b> (1)TPK Holding Co., Ltd. - Director and Senior Vice President	13,273,610
Director Global Yield International Co., Ltd. Representative: Shih-Ming Liu	Mechanical Engineering , National Chin-Yi University of Technology	<b>Major Past Positions :</b> (1)Quality assurance at TVM (PRC) Corporation- Assistant Vice President (2)Amkor Co. Ltd.- Vice President <b>Current Positions :</b> (1)TPK Holding Co., Ltd. - Director and Senior Vice President	1,114,000



### List of candidates Election Independent Directors

Title / Number	Educational Background	Major Past Positions & Current Positions	Shareholdings (shares)
Independent Director Horng-Yan Chang	Master of Business Administration (MBA), APC degree in Accounting, St. John's University	<p><b>Major Past Positions :</b></p> <p>(1)Interplex Industries Inc., New York, USA - Deputy Chief Financial Officer and Assistant Chief Controller</p> <p>(2)Department of Business Administration, Soochow University, Taiwan - Adjunct Associate Professor</p> <p>(3)Department of Communications Management, Shih Hsin University, Taiwan - Full-time Associate Professor</p> <p><b>Current Positions:</b></p> <p>(1) TPK Holding Co., Ltd. - Independent Director</p> <p>(2) Soft-World International Corporation – Supervisor</p> <p>(3) LU HAI HOLDING CORP. - Independent Director</p> <p>(4) Department of Business Administration, Soochow University, Taiwan - Adjunct Professor</p> <p>(5) Department of Communications Management and Department of Business Administration, Shih Hsin University, Taiwan - Full-time Professor (Joint Appointment)</p>	0
Independent Director Ming-Jeng Weng,	MBA, University of Southern California	<p><b>Major Past Positions :</b></p> <p>(1)Citi Bank- Vice President</p> <p>(2)Salomon Smith Barney Inc. Taipei Branch, Citi Group-General Manager</p> <p>(3)Lehman Brothers Securities Taiwan Ltd.- Chairman</p> <p>(4)Nomura International (Hong Kong) Limited, Taipei Branch -Managing Director</p> <p><b>Current Positions :</b></p> <p>(1)TPK Holding Co., Ltd. -Independent Director</p>	323

Title / Number	Educational Background	Major Past Positions & Current Positions	Shareholdings (shares)
		(2)Lion Travel Service Co., Ltd.-Director (3)Egis Technology Inc. -Independent Director (4)Clientron Corp. -Independent Director (5)United Renewable Energy Co., Ltd -Independent Director	
Independent Director Fong-Nien Chiang	Master of Political Economy, University of Texas at Dallas	<b>Major Past Positions :</b> (1)Trend Micro Incorporated- General Manager (2)SINA. COM ONLINE. - CEO (3)SINA Corporation- Chairman (4)Sina Men's Basketball Team -Chairman <b>Current Positions :</b> (1)TPK Holding Co., Ltd. -Independent Director (2)Purestone Capital Group-Chairman (3)Standard Foods Corporation -Independent Director	0

Note: Despite Mr. Horng-Yan Chang has served as an Independent Director of the Company for three consecutive terms, in consideration of his background in Finance and Accounting which would benefit the Company substantially, thus Mr. Horng-Yan Chang is nominated again as the director candidate in this term, using his expertise to oversee and provide advises to the Board of Directors, while performing his responsibilities in due course.

**Exhibit 9****List of Companies in which the Directors' Participation under the Non-Competition Restriction**

<b>Title</b>	<b>Name</b>	<b>List of companies the directors may have competing interests in</b>
Director	Michael Chao-Juei Chiang	TES Touch Embedded Solutions Inc. - Director
		TES Technology (Hong Kong) Limited - Director
		TES Touch Embedded Solutions (Xiamen) Co., Ltd. - Director
		TES Trading(Xiamen) Co., Ltd - Director
		Cambrios Film Solutions Corporation- Director
		CAM International (Hong Kong) Limited-Director
Director	Foster Chiang	TES Touch Embedded Solutions Inc. - Director
		TES Technology (Hong Kong) Limited - Director
		TES Touch Embedded Solutions (Xiamen) Co., Ltd. - Director
		TES Trading(Xiamen) Co., Ltd - Director
		Cambrios Advanced Materials Corporation - Chairman
Independent Director	Weng, Ming-Jeng	Egis Technology Inc. - Independent Director
		Clientron Corp. -Independent Director
		United Renewable Energy Co., Ltd - Independent Director

# **Appendix**

**THE COMPANIES LAW (2018 REVISION)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF  
ASSOCIATION**

**OF**

**TPK Holding Co., Ltd.**

- Incorporated November 21, 2005 -

(as adopted by a Special Resolution dated as of May 29, 2018)

**THE COMPANIES LAW (2018 REVISION)**  
**OF THE CAYMAN ISLANDS**  
**COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION**  
**OF**  
**TPK Holding Co., Ltd.**

(as adopted by a Special Resolution dated as of May 29, 2018)

- 1 The name of the Company is TPK Holding Co., Ltd.
- 2 The registered office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands, or at such other place as the Directors may from time to time decide.
- 3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2018 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.
- 4 The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
- 5 The authorised capital of the Company is New Taiwan Dollars \$6,000,000,000, divided into 600,000,000 shares of New Taiwan Dollars \$10.00 each, provided always that subject to the provisions of the Companies Law (2018 Revision) as amended and the Articles of Association, the Company shall have power to redeem or purchase any or all of such shares and to sub-divide or consolidate the said shares of any of them and to issue all or any part of its capital whether priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

- 6 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
- 7 Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

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**THE COMPANIES LAW (2018 REVISION)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION  
OF**

**TPK Holding Co., Ltd.**

(as adopted by a Special Resolution dated as of May 29, 2018)

**1 Interpretation**

- 1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

<b>“Applicable Public Company Rules”</b>	means the R.O.C. laws, rules and regulations affecting public reporting companies or companies listed on any R.O.C. stock exchange or securities market, including, without limitation, the relevant provisions of the Company Law, Securities and Exchange Law, the Enterprise Mergers and Acquisitions Law, the rules and regulations promulgated by the Ministry of Economic Affairs, the rules and regulations promulgated by the FSC, the rules and regulations promulgated by the TWSE and the Acts Governing Relations Between Peoples of the Taiwan Area and the Mainland Area and its relevant regulations.
<b>“Annual Net Income”</b>	means the audited annual net profit of the Company in respect of the applicable year.
<b>"Articles"</b>	means these articles of association of the Company.
<b>"Company"</b>	means the above named company.
<b>"Directors"</b>	means the directors for the time being of the Company (which, for clarification, includes any and all Independent Director(s)).
<b>"Dividend"</b>	includes an interim dividend.
<b>"Electronic Record"</b>	has the same meaning as in the Electronic Transactions Law.
<b>"Electronic Transactions Law"</b>	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands.
<b>“FSC”</b>	means the Financial Supervisory Commission of the



	R.O.C.
<b>“Independent Directors”</b>	means the Directors who are elected by the Members as “Independent Directors” for the purpose of the Applicable Public Company Rules which are in force from time to time.
<b>"Market Observation Post System"</b>	means the public company reporting system maintained by the TWSE, via <a href="http://newmops.twse.com.tw/">http://newmops.twse.com.tw/</a> .
<b>"Member"</b>	has the same meaning as in the Statute.
<b>"Memorandum"</b>	means the memorandum of association of the Company.
<b>“Merger”</b>	participating in such transaction are dissolved, and a new company is incorporated to generally assume all rights and obligations of the dissolved companies or (ii) all but one company participating in such transaction are dissolved, and the surviving company generally assumes all rights and obligations of the dissolved companies, and in each case the consideration for the transaction being the shares of the surviving or newly incorporated company or any other company, cash or other assets.
<b>"Non TWSE-Listed or TPEX-Listed Company"</b>	refers to a company whose shares are neither listed on the TWSE (defined below) nor the Taipei Exchange.
<b>"Ordinary Resolution"</b>	means a resolution passed by a simple majority of votes cast by the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting.
<b>"Paid-in Capital"</b>	means the amount calculated by the par value of the total outstanding Shares of the Company.
<b>"Private Placement"</b>	means, when the shares are listed on the TWSE, the private placement by the Company of shares or other securities of the Company to any qualified specific person(s) as permitted under and in accordance with the Applicable Public Company Rules.
<b>"Register of Members"</b>	means the register maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.
<b>"Registered Office"</b>	means the registered office for the time being of the Company.

<b>“R.O.C.”</b>	means the Republic of China.
<b>"Seal"</b>	means the common seal of the Company and includes every duplicate seal.
<b>"Share" and "Shares"</b>	means a share or shares in the Company.
<b>"Share Certificate" and “Share Certificates”</b>	means a certificate or certificates representing a Share or Shares.
<b>"Share Swap"</b>	refers to an act wherein the shareholders of a company transfer all of the company's issued shares to another company, such company issue its shares or pays cash or other property to the shareholders of the first company as consideration for the transfer in accordance with the Applicable Public Company Rules.
<b>"Solicitor"</b>	means any Member, a trust enterprise or a securities agent mandated by Member(s) who solicits an instrument of proxy from any other Member to appoint him/it as a proxy to attend and vote at a general meeting instead of the appointing Member pursuant to the Applicable Public Company Rules.
<b>"Special Resolution"</b>	means a resolution passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as special resolution has been duly given.
<b>“Spin-off”</b>	refers to an act wherein a transferor company transfers all or part of its independently operated business to an existing or a newly incorporated company and that existing transferee company or newly incorporated transferee company issues shares, or pays cash or other property to the transferor company or to shareholders of the transferor company as consideration in accordance with the Applicable Public Company Rules.
<b>"Statute"</b>	means the Companies Law (2018 Revision) of the Cayman Islands.
<b>“Subsidiary” and “Subsidiaries”</b>	means (i) a subordinate company in which the total number of voting shares or total share equity held by the Company represents more than one half of the total number of issued voting shares or the total share equity

of such subordinate company; or (ii) a company in which the total number of shares or total share equity of that company held by the Company, its subordinate companies and its controlled companies, directly or indirectly, represents more than one half of the total number of issued voting shares or the total share equity of such company.

**“Supermajority Resolution”**

means (i) a resolution adopted by a majority vote of the Members present and entitled to vote on such resolution at a general meeting attended in person or by proxy by Members who represent two-thirds or more of the total outstanding Shares of the Company or (ii) if the total number of Shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding Shares of the Company, but more than half of the total outstanding Shares of the Company, a resolution adopted at such general meeting by the Members who represent two-thirds or more of the Shares present and entitled to vote on such resolution.

**“TDCC”**

means the Taiwan Depository & Clearing Corporation.

**"Treasury Shares"**

means a Share held in the name of the Company as a treasury share in accordance with the Statute and the Applicable Public Company Rules.

**“TWSE”**

means the Taiwan Stock Exchange Corporation.

1.2 In the Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing the masculine gender include the feminine gender;
- (c) words importing persons include corporations;
- (d) "written" and "in writing" include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- (e) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
- (f) any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (g) headings are inserted for reference only and shall be ignored in construing the Articles; and

(h) Section 8 of the Electronic Transactions Law shall not apply.

## **2 Commencement of Business**

2.1 The business of the Company may be commenced as soon after incorporation as the Directors shall see fit.

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

## **3 Issue of Shares**

3.1 Subject to the provisions, if any, in the Statute, the Memorandum, the Articles and Applicable Public Company Laws (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing Shares, the Directors may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and the Company shall have power to redeem or purchase any or all of such Shares and to sub-divide or consolidate the said Shares of any of them and to issue all or any part of its capital whether priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide, every issue of Shares whether stated to be Ordinary, Preference or otherwise, shall be subject to the powers on the part of the Company hereinbefore provided.

3.2 The Company shall not issue Shares to bearer.

3.3 The Company shall not issue any unpaid Shares or partly paid-up Shares.

## **4 Register of Members**

4.1 The Directors shall keep, or cause to be kept, the Register of Members at such place as the Directors may from time to time determine and, in the absence of any such determination, the Register of Members shall be kept at the Office.

4.2 If the Directors consider it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Directors think fit. The principal register and the branch register(s) shall together be treated as the Register of Members for the purposes of the Articles.

4.3 For so long as any Shares are traded on the TWSE, the record of the shareholders of the Company maintained by TDCC shall be a branch register.

## **5 Closing Register of Members or Fixing Record Date**

5.1 For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive

payment of any Dividend, or in order to make a determination of Members for any other purpose, the Directors shall determine the period that the Register of Members shall be closed for transfers and such period shall not be less than the minimum period of time as prescribed by the Applicable Public Company Rules.

- 5.2 Subject to Article 5.1 hereof, in lieu of, or apart from, closing the Register of Members, the Directors may fix a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or in order to make a determination of Members for any other purpose. In the event the Directors designate a record date in accordance with this Article 5.2 the Directors shall make a public announcement of such record date via the Market Observation Post System in accordance with the Applicable Public Company Rules.
- 5.3 The rules and procedures governing the implementation of book closed periods, including notices to Members in regard to book closed periods, shall be in accordance with policies adopted by the Directors from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.

## **6 Share Certificates**

- 6.1 Subject to the provisions of the Statute, the Company shall issue Shares without printing Share Certificates for the Shares issued, and the details regarding such issue of Shares shall be recorded by TDCC in accordance with the Applicable Public Company Rules. A Member shall only be entitled to a Share Certificate if the Directors resolve that Share Certificates shall be issued. Share Certificates, if any, shall be in such form as the Directors may determine. Share Certificates shall be signed by one or more Directors authorised by the Directors. The Directors may authorise Share Certificates to be issued with the authorised signature(s) affixed by mechanical process. All Share Certificates shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All Share Certificates surrendered to the Company for transfer shall be cancelled and subject to the Articles. No new Share Certificate shall be issued until the former Share Certificate representing a like number of relevant Shares shall have been surrendered and cancelled.
- 6.2 In the event that the Directors resolve that Share Certificates shall be issued pursuant to Article 6.1 hereof, the Company shall deliver the Share Certificates to the subscribers within thirty days from the date such Share Certificates may be issued pursuant to the Statute, the Memorandum, the Articles and the Applicable Public

Company Rules, and shall make a public announcement prior to the delivery of such Share Certificates pursuant to the Applicable Public Company Rules.

- 6.3 If a Share Certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old Share Certificate.

## **7 Preferred Shares**

- 7.1 The Company may issue Shares with rights which are preferential to those of ordinary Shares issued by the Company (“**Preferred Shares**”) with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors and with the approval of a Special Resolution.

- 7.2 Prior to the issuance of any Preferred Shares approved pursuant to Article 7.1 hereof, the Articles shall be amended to set forth the rights and obligations of the Preferred Shares, including but not limited to the following terms, and provided that such rights and obligations of the Preferred Shares shall not contradict the mandatory provisions of Applicable Public Company Rules regarding the rights and obligations of such Preferred Shares, and the same shall apply to any variation of rights of Preferred Shares:

- (a) Order, fixed amount or fixed ratio of allocation of Dividends and bonus on Preferred Shares;
- (b) Order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
- (c) Order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of preferred Members;
- (d) Other matters concerning rights and obligations incidental to Preferred Shares; and
- (e) The method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply.

## **8 Issuance of New Shares**

- 8.1 The issue of new Shares of the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new Shares shall at all times be subject to the sufficiency of the authorised capital of the Company.
- 8.2 Unless otherwise resolved by the Members in general meeting by Ordinary Resolution, where the Company increases its capital by issuing new Shares for cash, after allocation of the Public Offering Portion (as defined below) and the Employee Subscription Portion (as defined below), the Company shall make a public

announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of any remaining new Shares issued in the capital increase in cash. A waiver of such pre-emptive right may be approved at the same general meeting where the subject issuance of new Shares is approved by the Members. The Company shall state in such announcement and notices to the Members that if any Member fails to purchase his/her/its pro rata portion of the newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to purchase the newly-issued Shares. Subject to Article 6.3 in the event that Shares held by a Member are insufficient for such Member to exercise the pre-emptive right to purchase one newly-issued Share, Shares held by several Members may be calculated together for joint purchase of newly-issued Shares or for purchase of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may offer any un-subscribed new Shares to be issued to the public in Taiwan or to specific person or persons according to the Applicable Public Company Rules.

- 8.3 Where the Company increases its capital in cash by issuing new Shares in Taiwan, the Company shall allocate 10% of the total amount of the new Shares to be issued, for offering in Taiwan to the public unless it is not necessary or appropriate, as determined by the Directors according to the Applicable Public Company Rules and/or the instruction of the FSC or TWSE, for the Company to conduct the aforementioned public offering; provided however, if a percentage higher than the aforementioned 10% is resolved by a general meeting to be offered, the percentage determined by such resolution shall prevail ("Public Offering Portion"). The Company may also reserve 10% to 15% of such new shares for subscription by the employees of the Company and its Subsidiaries (the "Employee Subscription Portion"). The Company may prohibit such employees from transferring the shares so subscribed within a certain period; provided, however, that such a period cannot be more than two years.
- 8.4 Members' rights to subscribe for newly-issued Shares may be transferred independently from the Shares from which such rights are derived. The rules and procedures governing the transfer of rights to subscribe for newly-issued Shares shall be in accordance with policies established by the Company from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.
- 8.5 The pre-emptive right of Members provided under Article 8.2 shall not apply in the event that new Shares are issued due to the following reasons or for the following

purposes: (a) in connection with a Merger with another company, the Spin-off of the Company, a Share Swap, or pursuant to any reorganization of the Company; (b) in connection with meeting the Company's obligations under Share subscription warrants and/or options, including those referenced in Article 11; (c) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire Shares; (d) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire Shares; (e) in connection with a Private Placement; or (f) in connection with the issue of Restricted Shares in accordance with Article 8.7.

- 8.6 The periods of notice and other rules and procedures for notifying Members and implementing the exercise of the Members' pre-emptive rights shall be in accordance with policies established by the Directors from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.
- 8.7 The Company may issue new Shares with restricted rights ("Restricted Shares") solely to employees of the Company and its Subsidiaries by Supermajority Resolution provided that Article 8.3 shall not apply. The terms of issue of Restricted Shares, including but not limited to the number, issue price and other related matters, shall comply with the Applicable Public Company Rules.

## **9 Transfer of Shares**

- 9.1 Subject to the Statute and the Applicable Public Company Rules, Shares issued by the Company shall be freely transferable, provided that any Shares reserved for issuance to the employees of the Company may be subject to transfer restrictions for a period of not longer than two years, in each case as the Directors may determine in their discretion.
- 9.2 Subject to the requirements of the applicable laws of the Cayman Islands, transfers of uncertificated Shares which are traded on the TWSE may be effected by any method of transferring or dealing in securities introduced by TWSE or operated in accordance with the Applicable Public Companies Rules as appropriate and which have been approved by the Board for such purpose.
- 9.3 The Board may, subject to the applicable laws of the Cayman Islands and if so permitted, allow shares of any class in the Company held in uncertificated form to be transferred without an instrument of transfer by means of a relevant system, including that of the TDCC. Regarding Shares held in uncertificated form, the Company shall, by notice, require the holder of that uncertified Share to give instructions, or appoint a person to give instructions, necessary to transfer title to that Share by means of the relevant system pursuant to the applicable regulations, the facilities and the requirements of the relevant system; provided that such instructions shall be subject



always to these Articles and the laws of the Cayman Islands and the Applicable Public Company Rules.

## **10 Repurchase of Shares**

- 10.1 Subject to the provisions of the Statute, the Memorandum, the Articles and the Applicable Public Company Rules, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, repurchase its own Shares (including any redeemable shares). In the event that the Company proposes to purchase any Share listed on the TWSE pursuant to this Article, the approval of the Board and the implementation thereof should be reported to the Members at the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase its Shares listed on the TWSE for any reason.
- 10.2 The Company may make a payment in respect of the repurchase of its own Shares in any manner permitted by the Statute and the Applicable Public Company Rules.
- 10.3 Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or held as Treasury Shares at the discretion of the Directors.
- 10.4 No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up of the Company) may be made to the Company in respect of a Treasury Share.
- 10.5 After the Company purchases the Shares listed on the TWSE, any proposal to transfer Treasury Shares to any employee of the Company and its Subsidiaries by the Company at a price below the average repurchase price paid by the Company for Shares repurchased by the Company pursuant to the Board resolution which approved the repurchase of the relevant Treasury Share (the "Average Purchase Price") shall be approved by a resolution passed by two-thirds or more of the Members present at the general meeting who represent a majority of the total number of the Company's outstanding Shares as at the date of such general meeting. The notice of the general meeting shall list and explain the following matters, which may not be made by an ad hoc motion:
- (a) the basis of and justification for the reasonableness of the determined transfer price and the discount to the Average Purchase Price and the calculation thereof;
  - (b) the number of shares to be transferred, the purpose of the share transfer and justification of the reasonableness of the share transfer;

- (c) any conditions attaching to the transfer, including but not limited to the employees qualified for the purchase and the number of Shares that the employees may purchase; and
- (d) any effect of the transfer on rights of the Members, including:
  - (i) the dilutive effect which the transfer will have on other Members of the Company; and
  - (ii) any financial burden to the Company caused by a transfer of Treasury Shares to employees at a price lower than the Average Purchase Price.

The aggregate number of Treasury Shares to be transferred to employees pursuant to this Article shall not exceed five percent of the Company's total issue and outstanding shares as at the date of transfer of any Treasury Shares and the aggregate number of Treasury Shares transferred to any individual employee shall not exceed 0.5 percent of the Company's total issued and outstanding shares as at the date of transfer of any Treasury Shares to such employee. The Company may impose restrictions on the transfer of such Shares by the employees for a period of no more than two years.

- 10.6 Subject to the Articles and the Applicable Public Company Rules, the Board may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper.
- 10.7 The repurchase of the Company's own Shares shall be in accordance with the applicable ROC securities laws and regulations and the Applicable Public Company Rules.

## **11 Employee Incentive Programme**

- 11.1 Notwithstanding Article 8.7 in relation to the Restricted Shares, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries. The rules and procedures governing such incentive programme(s) shall be in accordance with policies established by the Directors from time to time in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.
- 11.2 Options, warrants or other similar instruments issued in accordance with Article 11.1 above are not transferable save by inheritance.
- 11.3 The Company may enter into share option agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 11.1 above, whereby employees may subscribe, within a specific period of time, a specific number of the Shares. The terms and conditions of such agreements shall be no less restrictive on the relevant employee than the terms specified in the applicable incentive programme.

- 11.4 Directors of the Company and its Subsidiaries shall not be eligible for the Restricted Shares issued under Article 8.7 or the employee incentive programmes under this Article 11, provided that directors who are also employees of the Company or its Subsidiaries may subscribe for Restricted Shares or participate in an employee incentive programme in their capacity as an employee and not as a director of the Company or its Subsidiaries.

## **12 Variation of Rights of Shares**

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

## **13 Transmission of Shares**

- 13.1 If a Member dies, the survivor or survivors where he was a joint holder, or his legal personal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest. The estate of a deceased Member is not thereby released from any liability in respect of any Share which had been jointly held by him.
- 13.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any way other than by transfer) shall give written notice to the Company and, upon such evidence being produced as may from time to time be required by the Directors, may elect, by a notice in writing sent by him, either to become the holder of such Share or to have some person nominated by him become the holder of such Share.

**14 Amendments of Memorandum and Articles of Association and Alteration of Capital**

14.1 Subject to the provisions of the Statute and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:

- (a) change its name;
- (b) alter or add to these Articles;
- (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein;
- (d) reduce its share capital and any capital redemption reserve fund;
- (e) increase its authorised share capital by such sum as the resolution shall prescribe or cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person, provided that in the event of any change to its authorised share capital, the Company shall also procure the amendment of its Memorandum by the Members to reflect such change; and
- (f) issue securities by way of Private Placement within the territory of the R.O.C in accordance with the Applicable Public Company Rules.

14.2 Subject to the provisions of the Statute, the Applicable Public Company Rules and Article 14.3 of these Articles, the Company shall not, without a Supermajority Resolution:

- (a) sell, transfer or lease of whole business of the Company or other matters which has a material effect on the Members' rights and interests;
- (b) discharge or remove any Director;
- (c) approve any action by one or more Director(s) who is engaging in business conduct for him/herself or on behalf of another person that is within the scope of the Company's business;
- (d) effect any capitalization of distributable Dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;
- (e) effect any Merger, Spin-off or Share Swap, provided that any Merger which falls within the definition of "merger and/or consolidation" under the Statute shall also be subject to the requirements of the Statute;
- (f) enter into, amend, or terminate any agreement for lease of the Company's whole business, or for entrusted business, or for frequent joint operation with others;
- (g) transfer its business or assets, in whole or in any essential part, provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or
- (h) acquire or assume the whole business or assets of another person, which has material effect on the Company's operation.

- 14.3 Subject to the provisions of the Statute and the Applicable Public Company Rules, the Company shall not, without passing a resolution adopted by a majority of not less than two-thirds of the total number of votes represented by the issued shares in the Company:
- (a) enter into a Merger, in which the Company is not the surviving company and is proposed to be struck-off and thereby dissolved, which results in a delisting of the Shares on the TWSE, and the surviving or newly incorporated company is a Non TWSE-Listed or TPEX-Listed Company;
  - (b) make a general transfer of all the business and assets of the Company, which results in a delisting of the Shares on the TWSE, and the assigned company is a Non TWSE-Listed or TPEX-Listed Company;
  - (c) be acquired by another company as its wholly-owned subsidiary by means of a Share Swap, which results in a delisting of the Shares on the TWSE, and the acquirer is a Non TWSE-Listed or TPEX-Listed Company; or
  - (d) carry out a Spin-off, which results in a delisting of the Shares on the TWSE, and the surviving or newly incorporated spun-off company is a Non TWSE-Listed or TPEX-Listed Company.
- 14.4 Subject to the provisions of the Statute, the provisions of these Articles, and the quorum requirement under the Applicable Public Company Rules, with regard to the dissolution procedures of the Company, the Company shall pass
- (a) an Ordinary Resolution, if the Company resolves that it be wound up voluntarily because it is unable to pay its debts as they fall due; or
  - (b) a Special Resolution, if the Company resolves that it be wound up voluntarily for reasons other than the reason stated in Article 14.4(a) above.
- 14.5 Any return of capital made in accordance with the Statute and the Applicable Public Company Rules shall be effected based on the percentage of shareholding of the Members pro rata.
- 14.6 Subject to the Statute, these Articles and the Applicable Public Company Rules if the Company proposes, in connection with any return of capital, to distribute specific assets owned by the Company to the Members, the type of specific assets and the corresponding amount of such substitutive distribution to the Members shall be approved at a general meeting and be agreed by the Member who will receive such assets; provided, however, that, the value of specific assets and the corresponding amount of such substitutive distribution shall be assessed by an ROC certified public accountant before the Board submits the same to a general meeting for approval.
- 15 Registered Office**
- Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its Registered Office.

## **16 General Meetings**

- 16.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 16.2 The Company shall hold a general meeting as its annual general meeting within six months following the end of each fiscal year, and shall specify the meeting as such in the notices calling it. At these meetings, the report of the Directors (if any) shall be presented.
- 16.3 The Company shall hold an annual general meeting every year.
- 16.4 The general meetings shall be held at such time and place as the Directors shall appoint provided that unless otherwise provided by the Statute or this Article 16.4, the general meetings shall be held in Taiwan. For general meetings to be held outside Taiwan, the Company shall comply with the relevant procedures and approvals prescribed by the relevant authority in Taiwan. Where a general meeting is to be held outside Taiwan, the Company shall engage a professional securities agent in Taiwan to handle the administration of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members).
- 16.5 The Directors may call general meetings, and they shall on a Members requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- 16.6 A Members requisition is a requisition of Member(s) of the Company holding at the date of deposit of the requisition not less than 3% of the total number of the outstanding Shares at the time of requisition and whose Shares shall have been held by such Member(s) for at least one year.
- 16.7 The requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 16.8 If the Directors do not within fifteen days from the date of the deposit of the requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting in accordance with the Applicable Public Company Rules.

## **17 Notice of General Meetings**

- 17.1 At least thirty days' notice to each Member shall be given of any annual general meeting, and at least fifteen days' notice to each Member shall be given of any extraordinary general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in accordance with the Applicable Public Company Rules, provided that a general meeting of the Company shall, whether or not the notice

specified in this regulation has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed by all the Members (or their proxies) entitled to attend such general meeting.

- 17.2 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any Member entitled to receive notice shall not invalidate the proceedings of that general meeting.
- 17.3 The Company shall make a public announcement publishing the notice of the general meeting, the proxy instrument, agendas and materials relating to matters for approval and matters for discussion (including but not limited to any election or discharge of Directors) to be discussed at the general meeting via the Market Observation Post System in accordance with Article 17.1 hereof, and shall transmit the same via the Market Observation Post System. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document used for the exercise of voting power together with the above mentioned materials. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in accordance with Applicable Public Company Rules twenty-one days prior to the annual general meetings or, in the case of extraordinary general meetings, fifteen days prior to such meeting.
- 17.4 Subject to the provisions of the Applicable Public Company Rules, Member may bring up an ad hoc motion at a general meeting provided that such ad hoc motion shall directly pertain to the matters to be discussed in such general meeting as set forth in the notice thereof. Matters pertaining to (a) election or discharge of Directors, (b) alteration of the Articles, and (c) (i) dissolution, Merger, Spin-off or Share Swap, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which has a material effect on the business operation of the Company, (d) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business, (e) distribution of the whole or a part of the surplus profit of the Company in the form of new Shares, capitalization of statutory reserve and any other amount in accordance with Article 35, and (f) the Private Placement of any equity-type securities issued by the Company, shall be

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

- 17.5 The board of Directors shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the office of the Company's registrar (if applicable) and the Company's securities agent located in Taiwan. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.
- 17.6 The Company shall make all statements and records prepared by the board of Directors and the report prepared by the audit committee, if any, available at the office of its registrar (if applicable) and its securities agent located in Taiwan in accordance with Applicable Public Company Rules and the Statute. Members may inspect and review the foregoing documents from time to time and may be accompanied by their lawyers or certified public accountants for the purpose of such an inspection and review.

## **18 Proceedings at General Meetings**

- 18.1 No business shall be transacted at any general meeting unless a quorum is present. Unless otherwise provided in the Articles, Members present in person or by proxy, representing more than one-half of the total outstanding Shares, shall constitute a quorum for any general meeting.
- 18.2 The board of Directors shall submit business reports, financial statements and proposals for distribution of profits or covering of losses prepared by it for the purposes of annual general meetings of the Company for ratification or approval by the Members as required by the Applicable Public Company Rules. After ratification or approval by the general meeting, the board of Directors shall distribute copies or make a public announcement of the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or covering of loss, to each Member in accordance with the Applicable Public Company Rules.
- 18.3 Unless otherwise expressly provided herein and subject to the Applicable Public Company Rules, if a quorum is not present at the time appointed for the general meeting or if during such a general meeting a quorum ceases to be present, the chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed for two times, but at the postponed general meeting a quorum is still not present, the chairman shall declare the general meeting is dissolved, and if it is still



necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with the Articles.

- 18.4 If a general meeting is called by the Directors, the chairman of the Directors shall preside as the chair of such general meeting. In the event that the chairman is on a leave of absence, or is unable to exercise his powers and authorities, the vice chairman of the Directors shall act in lieu of the chairman. If there is no vice chairman of the Directors, or if the vice chairman of the Directors is also on leave of absence, or cannot exercise his powers and authorities, the chairman shall designate a Director to chair such general meeting. If the chairman does not designate a proxy or if such chairman's proxy cannot exercise his powers and authorities, the Directors who are present at the general meeting shall elect one from among themselves to act as the chair at such general meeting in lieu of the chairman. If a general meeting is called by any person(s) other than the Directors, the person(s) who has called the meeting shall preside as the chair of such general meeting; and if there is more than one person who has called a general meeting, such persons shall elect one from among themselves to act as the chair of such general meeting.
- 18.5 A resolution put to the vote of the meeting shall be decided on a poll. No resolution put to the vote of the meeting shall be decided by a show of hands. In computing the required majority when a poll is demanded regard should be had to the number of votes to which each Member is entitled by the Articles.
- 18.6 In the case of an equality of votes, the chairman shall not be entitled to a second or casting vote.
- 18.7 Nothing in the Articles shall prevent any Member from issuing proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution. The Taipei District Court, R.O.C., shall be the court of the first instance for adjudicating any disputes arising out of the foregoing.
- 18.8 Unless otherwise expressly required by the Statute, the Memorandum or the Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Members at any general meeting may be passed by an Ordinary Resolution.
- 18.9 Member(s) holding 1% or more of the total number of outstanding Shares immediately prior to the relevant book closed period may propose to the Company a proposal for discussion at an annual general meeting in writing to the extent and in accordance with the rules and procedures of general meetings proposed by the Directors and approved by an Ordinary Resolution. Proposals shall not be included in the agenda where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) where the matter of such proposal may not be resolved by a

general meeting, (c) the proposing Member has proposed more than one proposal or (d) such proposal is submitted on a day beyond the deadline announced by the Company for accepting the Member's proposals.

## **19 Votes of Members**

- 19.1 Subject to any rights or restrictions attached to any Shares, every Member who is present in person or by proxy shall have one vote for every Share of which he is the holder.
- 19.2 No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of Shares unless he is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.
- 19.3 Any objection raised to the qualification of any voter by a Member having voting rights shall be referred to the chairman whose decision shall be final and conclusive.
- 19.4 Votes may be cast either personally or by proxy. A Member may appoint only one proxy under one instrument to attend and vote at a meeting.
- 19.5 Subject to any rights, privileges or restrictions attached to any Share, every Member who (being an individual) is present in person or by proxy or (in the case of a corporation or other non-natural person) by duly authorized corporate representative(s) or by proxy shall have one vote for every Share of which he is the holder. A Member holding more than one Share is required to cast the votes in respect of his Shares in the same way on any resolution at a general meeting unless he holds the Shares for benefit of others, in which case, he may cast votes on the Shares in different way in accordance with the Applicable Public Company Rules (including the Applicable Public Company Rules relating to qualifications, scope, methods of exercise, operating procedures and other matters for compliance with respect to exercising such split voting).
- 19.6 If a general meeting is to be held in Taiwan, the Directors may determine in their discretion that the voting power of a Member at such general meeting may be exercised by way of a written ballot or by way of an electronic transmission. If a general meeting is to be held outside of Taiwan or if otherwise required under the Applicable Public Company Rules, the methods by which Members are permitted to exercise their voting power shall include written ballot or voting by way of an electronic transmission. Where these methods of exercising voting power are to be available at a general meeting, they shall be described in the general meeting notice given to the Members in respect of the relevant general meeting. A Member exercising voting power by way of a written ballot or by way of an electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to exercise his or her voting right at such general meeting in accordance

with the instructions stipulated in the written or electronic document; provided, however, that such appointment shall be deemed not to constitute the appointment of a proxy for the purposes of the Applicable Public Company Rules. The chairman, acting as proxy of a Member, shall not exercise the voting right of such Member in any way not stipulated in the written or electronic document, nor exercise any voting right in respect of any resolution revised at the meeting or any impromptu proposal at the meeting. A Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc resolution or amendment to the original agenda items to be resolved at the said general meeting. Should the chairman not observe the instructions of a Member in exercising such Member's voting right in respect of any resolution, the Shares held by such Member shall not be included in the calculation of votes in respect of such resolution but shall nevertheless be included in the calculation of quorum for the meeting.

- 19.7 A Member who has submitted a vote by written ballot or electronic transmission pursuant to Article 19.6 may, at least two days prior to the date of the relevant general meeting, revoke such vote by written ballot or electronic transmission and such revocation shall constitute a revocation of the proxy deemed to be given to the chairman of the general meeting pursuant to Article 19.6. If a Member who has submitted a written ballot or electronic transmission pursuant to Article 19.6 does not submit such a revocation before the prescribed time, the proxy deemed to be given to the chairman of the general meeting pursuant to Article 19.6 shall not be revoked and the chairman of the general meeting shall exercise the voting right of such Member in accordance with that proxy.
- 19.8 If, subsequent to submitting a written ballot or electronic transmission pursuant to Article 19.6, a Member submits a proxy appointing a person of the general meeting as his proxy to attend the relevant general meeting on his behalf, then the subsequent appointment of that person as his proxy shall be deemed to be a revocation of such Member's deemed appointment of the chairman of the general meeting as his proxy pursuant to Article 19.6.

## **20 Proxies**

- 20.1 An instrument of proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
- 20.2 Obtaining an instrument of proxy for attendance of general meetings shall be subject to the following conditions:
- (a) the instrument of proxy shall not be obtained in exchange for money or any other interest, provided that this provision shall not apply to souvenirs for a general

- meeting distributed on behalf of the Company or reasonable fees paid by the Solicitor to any person mandated to handle proxy solicitation matters;
- (b) the instrument of proxy shall not be obtained in the name of others; and
  - (c) an instrument of proxy obtained through solicitation shall not be used as a non-solicited instrument of proxy for attendance of a general meeting.
- 20.3 Except for the securities agent, a person shall not act as the proxy for more than thirty Members. Any person acting as proxy for three or more Members shall submit to the Company or its securities agent (a) a statement of declaration declaring that the instruments of proxy are not obtained for the purpose of soliciting on behalf of himself/herself or others; (b) a schedule showing details of such instruments of proxy; and (c) the signed or sealed instruments of proxy, in each case, five days prior to the date of the general meeting.
- 20.4 The Company may mandate a securities agent to act as the proxy for the Members for any general meeting provided that no resolution in respect of the election of Directors is proposed to be voted upon at such meeting. Matters authorized under the mandate shall be stated in the instructions of the instruments of proxy for the general meeting concerned. A securities agent acting as the proxy shall not accept general authorisation from any Member, and shall, within five days after each general meeting of the Company, prepare a compilation report of general meeting attendance by proxy comprising the details of proxy attendance at the general meeting, the status of exercise of voting rights under the instrument of proxy, a copy of the contract, and other matters as required by the R.O.C. securities competent authorities, and maintain the compilation report available at the offices of the securities agent.
- 20.5 Except for trust enterprises organized under the laws of the R.O.C. or a securities agent approved pursuant to Applicable Public Company Rules, in the event a person acts as the proxy for two or more Members, the sum of Shares entitled to be voted as represented by such proxy shall be no more than 3% of the total outstanding voting Shares immediately prior to the relevant book closed period; any vote in respect of the portion in excess of such 3% threshold shall not be counted. For the avoidance of doubt, the number of the Shares to be represented by a securities agent mandated by the Company in accordance with Article 20.4 shall not be subject to the limit of 3% of the total number of the outstanding voting Shares set forth herein.
- 20.6 The Shares represented by a person acting as the proxy for three or more Members shall not be more than four times of the number of Shares held by such person and shall not exceed 3% of the total number of the outstanding Shares.
- 20.7 In the event that a Member exercises his/her/its voting power by means of a written ballot or by means of electronic transmission and has also authorized a proxy to attend a general meeting, then the voting power exercised by the proxy at the general

meeting shall prevail; provided, however, that a Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his/her/its voting power by way of a written ballot or electronic transmission, such Member shall, at least two days prior to such general meeting, serve the Company with a separate notice revoking his/her/its previous appointment of the proxy. Votes by way of proxy shall remain valid if such Member fails to revoke his/her/its appointment of such proxy before the prescribed time.

- 20.8 The instrument of proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company not less than five days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote where more than one instrument to vote received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.
- 20.9 The instrument of proxy shall be in the form approved by the Company and be expressed to be for a particular meeting only. The form of proxy shall include at least the following information: (a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Member, proxy and the Solicitor (if any). The form of proxy shall be provided to the Members together with the relevant notice for the relevant general meeting, and such notice and proxy materials shall be distributed to all Members on the same day.
- 20.10 In the event that a resolution in respect of the election of Directors is proposed to be voted upon at a general meeting, each instrument of proxy for such meeting shall be tallied and verified by the Company's securities agent or any other mandated securities agent prior to the time for holding the general meeting. The following matters should be verified:
- (a) whether the instrument of proxy is printed under the authority of the Company;
  - (b) whether the instrument of proxy is signed or sealed by the appointing Member;  
and
  - (c) whether the Solicitor or proxy (as the case may be) is named in the instrument of proxy and whether the name is correct.
- 20.11 The material contents required to be stated in the instruments of proxy, the meeting handbook or other supplemental materials of such general meeting, the written documents and advertisement of the Solicitor for proxy solicitation, the schedule of the instruments of proxy, the proxy form and other documents printed and published under the authority of the Company shall not contain any false statement or omission.

20.12 Votes given in accordance with the terms of an instrument of proxy shall be valid unless notice in writing was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy. The notice must set out expressly the reason for the revocation of the proxy, whether due to the incapacity or the lack in authority of the principal at the time issuing the proxy or otherwise.

20.13 A Member who has appointed a proxy shall be entitled to make a request to the Company or its securities agent for examining the way in which his instrument of proxy has been used, within seven days after the relevant general meeting.

## **21 Proxy Solicitation**

Subject to the provisions of the Statute, matters regarding the solicitation of proxies shall be handled in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies of the R.O.C.

## **22 Dissenting Member's Appraisal Right**

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

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

22.3 The Company transfers the whole or a material part of its business or assets, provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or

22.4 The Company accepts the transfer of the whole business or assets of another person, which has a material effect on the Company's business operations.

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

22.6 The request prescribed in the preceding two Articles shall be delivered to the Company in writing, stating therein the types and numbers of Shares to be repurchased, within twenty days after the date of such resolution. In the event the Company has reached an agreement in regard to the purchase price with the requested Member in regard to the Shares of such Member (the "**appraisal price**"), the Company shall pay such price within ninety days after the date on which the

resolution was adopted. In the event the Company fails to reach such agreement with the Member within sixty days after the resolution date, the Member may, within thirty days after such sixty-day period, file a petition to any competent court of the R.O.C. for a ruling on the appraisal price, and such ruling by such R.O.C. court shall be binding and conclusive as between the Company and requested Member solely with respect to the appraisal price.

- 22.7 The payment of appraisal price shall be made at the same time as the delivery of Share Certificates, and transfer of such Shares shall be effective at the time when the transferee's name is entered on the Register of Members.

## **23 Corporate Members**

Any corporation or entity which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the such corporate Member which he represents as the corporation could exercise if it were an individual Member.

## **24 Shares that May Not be Voted**

- 24.1 Shares in the Company that are beneficially owned by the Company (including Subsidiaries) shall not be voted, directly or indirectly, at any general meeting and shall not be counted in determining the total number of outstanding Shares at any given time.
- 24.2 A Member who has a personal interest in any motion discussed at a general meeting, which interest may be in conflict with those of the Company, shall abstain from voting such Member's Shares in regard to such motion but such Shares may be counted in determining the number of Shares of the Members present at the such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member.
- 24.3 In the event that a Director creates or has created security over any Shares held by him, then he shall notify the Company of such security. If at any time the security created by a Director is in respect of more than half of the Shares held by him at the time of his appointment, then the voting rights attaching to the Shares held by such Director at such time shall be reduced, such that the Shares over which security has been created which are in excess of half of the Shares held by the Director at the date of his appointment shall not carry voting rights and shall not be counted in the number of votes casted by the Members at a general meeting.

## **25 Directors**

- 25.1 There shall be a board of Directors consisting of no less than seven persons and no more than eleven persons, including Independent Directors, each of whom shall be appointed to a term of office of three (3) years, provided that such term may be extended, by resolution of the Directors, to the date of the general meeting next following the expiry of such term if the expiration of such term would otherwise leave the Company with no Directors. Directors may be eligible for re-election. The Company may from time to time by Ordinary Resolution increase or reduce the number of Directors subject to the above number limitation provided that the requirements by relevant laws and regulations (including but not limited to any listing requirements) are met.
- 25.2 Unless otherwise approved by TWSE, not more than half of the total number of Directors can have a spousal relationship or familial relationship within the second degree of kinship with any other Directors.
- 25.3 In the event that the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 25.2 hereof, the non-qualifying Director(s) who was elected with the fewest number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided in Article 25.2 hereof. Any person who has already served as Director but is in violation of the aforementioned requirements shall vacate the position of Director automatically.
- 25.4 Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the R.O.C. and at least one of the same shall have accounting or financial expertise.
- 25.5 Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company.

## **26 Powers of Directors**

- 26.1 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by Ordinary Resolution, Special Resolution or Supermajority Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.



- 26.2 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

**27 Appointment and Removal of Directors**

- 27.1 The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 27.3 below. In case of a corporate Member, the corporate Member itself (acting through its authorized representatives) or its authorized representative may be nominated for election at a general meeting as Director of the Company in accordance with these Articles. If there are more than one authorized representatives appointed by a corporate Member, each of them may be nominated for election for Director at a general meeting. The Company may by Supermajority Resolution remove any Director. Members present in person or by proxy, representing more than one-half of the total outstanding Shares shall constitute a quorum for any general meeting to elect one or more Directors.
- 27.2 Where election of a full board of Directors to replace all existing Directors is effected by a resolution adopted at a general meeting prior to the expiration of the term of office of the existing Directors, the term of office of the existing Directors shall be deemed to have expired on the date of the re-election or such any other date as is otherwise resolved by the Members at the general meeting. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum in respect of any such resolution.
- 27.3 Directors shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, the procedures for which has been approved and adopted by the Directors and also by an Ordinary Resolution, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors to be elected (“**Special Ballot Votes**”), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. There shall not be votes which are limited to class, party or sector, and any Member shall have the freedom to specify whether to concentrate all of its votes on one or any number of candidate(s) without restriction. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a Director elect, and where more than one Director is being elected, the top candidates to whom the votes cast represent a prevailing number of votes relative to the other candidates shall be deemed directors elect. The rule and procedures for such cumulative voting

mechanism shall be in accordance with policies proposed by the Directors and approved by an Ordinary Resolution from time to time, which policies shall be in accordance with the Memorandum, the Articles and the Applicable Public Company Rules.

- 27.4 The Directors may adopt a candidate nomination mechanism which is in compliance with Applicable Public Company Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established by the Directors and by an Ordinary Resolution from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules. Such candidate nomination mechanism in compliance with Applicable Public Company Rules shall also be used for an election of Directors.

## **28 Vacation of Office of Director**

- 28.1 In the event of any of the following events having occurred in relation to any Director, such Director shall be vacated automatically:
- (a) he gives notice in writing to the Company that he resigns the office of Director;
  - (b) he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (c) an order is made by any competent court or official on the grounds that he is or will be suffering from mental disorder or is otherwise incapable of managing his affairs, or his/her legal capacity is restricted according to the applicable laws;
  - (d) he commits a felony and is subsequently adjudicated guilty by a final judgment, and the time elapsed since he has served the full term of the sentence is less than five years; or
  - (e) he commits any criminal offence of fraud, breach of trust or misappropriation and is subsequently punished with imprisonment for a term of more than one year, and the time elapsed since he has served the full term of such sentence is less than two years;
  - (f) he is adjudicated guilty by a final judgment for misappropriating Company or public funds during the time of his service, and the time elapsed after he has served the full term of such sentence is less than two years;
  - (g) he is dishonoured for unlawful use of credit instruments, and the term of such sanction has not expired yet;
  - (h) the Members resolve by a Supermajority Resolution that he should be removed as a Director; or
  - (i) in the event that he has, in the course of performing his duties, committed any act resulting in material damage to the Company or in serious violation of applicable laws and/or regulations or the Memorandum and the Articles, but has not been removed by the Company pursuant to a Supermajority Resolution vote,

then any Member(s) holding 3% or more of the total number of outstanding Shares shall have the right, within thirty days after that general meeting, to petition any competent court for the removal of such Director, at the Company's expense and such Director shall be removed upon the final judgement by such court. For clarification, if a relevant court has competent jurisdiction to adjudicate all of the foregoing matters in a single or a series of proceedings, then, for the purpose of this paragraph (i), final judgement shall be given by such competent court.

- (j) In the event that the foregoing events described in any of clauses (b), (c), (d), (e), (f) or (g) has occurred in relation to a Director elect, such Director elect shall be disqualified from being elected as a Director.

28.2 If, during a Director's term of office, such Director transfers some or all of his Shares such that he holds less than one half of the total number of Shares which he held as at the date of the general meeting at which his appointment was approved, such Director shall be vacated from office automatically. For any Director who has, before the adoption of this Article 28.2, transferred more than one half of the Shares being held by him at the time he was elected, he shall, *ipso facto*, be removed automatically from the office of Director with immediate effect and in such case no approval from the Members shall be required if, on or after the date of the adoption of this Article 28.2, he further transfers one or more Shares.

28.3 If any person is proposed for appointment as a Director (each such person a "proposed director") at a general meeting (the "relevant general meeting"), such proposed director's appointment shall not become effective (regardless of whether such appointment is purportedly approved at the relevant general meeting, and any resolution which purports to approve such appointment shall be invalid and ineffective), if the proposed director transfers more than one half of the total number of Shares which he holds (or held) at the time of the relevant general meeting, either:

- (a) during the period after the relevant general meeting and prior to the commencement of such proposed director's term of office; or
- (b) during the period when the Register of Members of the Company is closed for transfers of Shares, prior to the relevant general meeting.

## **29 Proceedings of Directors**

29.1 The quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be over one half of the total number of Directors elected. If the number of Directors is less than five (5) persons due to the vacation of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the board of Directors of the Company is equal to one third of the total number of Directors

- elected, the board of Directors shall hold, within sixty days, a general meeting of Members to elect succeeding Directors to fill the vacancies.
- 29.2 Unless otherwise permitted by the Applicable Public Company Rules, if the number of Independent Directors is less than three persons due to the vacation of Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. Unless otherwise permitted by the Applicable Public Company Rules, if all of the Independent Directors are vacated, the board of Directors shall hold, within sixty days, a general meeting to elect succeeding Independent Directors to fill the vacancies.
- 29.3 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. Any motions shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall not have a second or casting vote.
- 29.4 A person may participate in a meeting of the Directors or committee of Directors by video conference. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. The time and place for a meeting of the Directors or committee of Directors shall be at the office of the Company and during business hours or at a place and time convenient to the Directors and suitable for holding such meeting.
- 29.5 A Director may, or other officer of the Company authorized by a Director shall, call a meeting of the Directors by at least seven days' notice in writing (which may be a notice delivered by facsimile transmission or electronic mail) to every Director which notice shall set forth the general nature of the business to be considered. In the event of an urgent situation, a meeting of Directors may be held at any time after notice has been given in accordance with the Applicable Public Company Rules.
- 29.6 The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of summoning a general meeting of the Company, but for no other purpose.
- 29.7 The Directors shall, by a resolution, establish rules governing the procedure of meeting(s) of the Directors and report such rules to a meeting of Members, and such rules shall be in accordance with the Articles and the Applicable Public Company Rules.
- 29.8 All acts done by any meeting of the Directors or of a committee of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly elected and qualified to be a Director as the case may be.

- 29.9 A Director may be represented at any meetings of the board of Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

**30 Directors' Interests**

- 30.1 A Director may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
- 30.2 The Directors may be paid remuneration only in cash. The amount of such remuneration shall be determined by the Directors and take into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.
- 30.3 Unless prohibited by the Statute or by the Applicable Public Company Rules, a Director may himself or through his firm act in a professional capacity on behalf of the Company and he or his firm shall be entitled to such remuneration for professional services as if he were not a Director.
- 30.4 A Director who engages in conduct either for himself or on behalf of another person within the scope of the Company's business, shall disclose to Members, at a general meeting prior to such conduct, a summary of the major elements of such interest and obtain the ratification of the Members at such general meeting by a Supermajority Resolution vote. In case a Director engages in business conduct for himself or on behalf of another person in violation of this provision, the Members may, by an Ordinary Resolution, require the disgorgement of any and all earnings derived from such act, except when at least one year has lapsed since the realization of such associated earnings.
- 30.5 A Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors.
- 30.6 Notwithstanding anything to the contrary contained in this Article 30, a Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.
- 30.7 To the extent permitted under the laws of the Cayman Islands, any Member(s) holding three percent (3%) or more of the total number of the issued Shares of the Company for one (1) consecutive year or longer may request in writing any Independent Director of the Audit Committee to initiate proceedings against any of the Directors on behalf of the Company with a competent court having proper jurisdiction,

including the Taipei District Court, R.O.C. If Independent Directors of the Audit Committee fail to initiate such proceedings within thirty (30) days after receiving the request by such Member(s), subject to Cayman Islands law, such Member(s) may initiate such proceedings on behalf of the Company with a competent court having proper jurisdiction, including the Taipei District Court, R.O.C.

- 30.8 Without prejudice to the duties owed by a Director or an officer (being a manager of the Company who are authorized to act on its behalf in a senior management capacity) to the Company under common law of the Cayman Islands and subject to the Statute and the Applicable Public Company Rules, a Director and officer shall assume fiduciary duties towards the Company and, without limitation, shall exercise due care and skill in conducting the business operations of the Company. Should any such Director or officer violate any such duty or applicable laws, without prejudice to the rights and remedies available under applicable laws, the Company may (i) take actions against such Director or officer for indemnification of the damages caused to the Company, and (ii) require such Director or officer to bear joint and several liability for indemnification of the damages payable by the Company to other person(s), and (iii) the Company may, by an Ordinary Resolution, take any action permitted by applicable laws and laws of the Cayman Islands to account for any profits and benefits and request payment to the Company such profits or benefits gained in respect of the breach of their fiduciary duties or violation of the applicable laws.

### **31 Minutes**

The Directors shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Directors, all proceedings at meetings of the Company or the holders of any class of Shares and of the Directors, and of committees of Directors including the names of the Directors present at each meeting.

### **32 Delegation of Directors' Powers**

- 32.1 Subject to the Applicable Public Company Rules, the Directors may delegate any of their powers to any committee consisting of one or more Directors. They may also delegate to any managing director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him provided that the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Directors may impose and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

- 32.2 The Directors may establish any committees or appoint any person to be a manager or agent for managing the affairs of the Company and may appoint any Director to be a member of such committees. Any such appointment may be made subject to any conditions the Directors may impose and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of any such committee shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
- 32.3 The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.
- 32.4 The Directors may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Directors may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.
- 32.5 The Directors shall appoint a chairman and may appoint such other officers as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit.
- 32.6 Notwithstanding anything to the contrary contained in this Article 32, unless otherwise permitted by the Applicable Public Company Rules, the Company shall establish an audit committee comprised of all of the Independent Directors, one of whom shall be the chairman, and at least one of whom shall have accounting or financial expertise to the extent required by the Applicable Public Company Rules. A resolution of the audit committee shall be passed by one-half or more of all members of such committee. The rules and procedures of the audit committee shall be in accordance with policies proposed by the members of the audit committee and passed by the Directors from time to time, which shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules and the instruction of the FSC or TWSE, if any. The Directors shall, by a resolution, adopt a charter for the audit committee in accordance with these Articles and the Applicable Public Company Rules.

32.7 Any of the following matters of the Company shall require the consent of one-half or more of all audit committee members and be submitted to the board of Directors for resolution:

- (a) Adoption or amendment of an internal control system of the Company;
- (b) Assessment of the effectiveness of the internal control system;
- (c) Adoption or amendment of handling procedures for significant financial or operational actions, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees on behalf of others;
- (d) A matter where a Director has a personal interest;
- (e) A material asset or derivatives transaction;
- (f) A material monetary loan, endorsement, or provision of guarantee;
- (g) The offering, issuance, or Private Placement of any equity-type securities;
- (h) The hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
- (i) The appointment or removal of a financial, accounting, or internal auditing officer;
- (j) Annual and semi-annual financial reports;
- (k) Any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

Except for item (j) above, any matter under subparagraphs (a) through (k) of the preceding paragraph that has not been approved with the consent of one-half or more of the audit committee members may be undertaken only upon the approval of two-thirds or more of all Directors, without regard to the restrictions of the preceding paragraph, and the resolution of the audit committee shall be recorded in the minutes of the Directors meeting.

32.8 The Directors may, as they deem appropriate, establish a compensation committee comprised of at least three members, one of which shall be the Independent Director.

32.9 Upon the establishment of the compensation committee, the professional qualifications of the members, the responsibilities, powers and other related matters of the compensation committee shall comply with the Applicable Public Company Rules, and the Directors shall, by a resolution, adopt a charter for the compensation committee in accordance with these Articles and the Applicable Public Company Rules.

32.10 The compensation referred in the preceding Article shall include the compensation, stock option and other incentive payments to the Directors and managers of the Company.



### **33 Seal**

- 33.1 The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. The use of Seal shall be in accordance with the use of Seal policy adopted by the Directors from time to time.
- 33.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals, each of which shall be a facsimile of the common Seal of the Company and kept under the custody of a person appointed by the Directors, and if the Directors so determine, with the addition on its face of the name of every place where it is to be used.

### **34 Dividends, Distributions and Reserve**

- 34.1 Upon the annual final settlement of the Company's accounts, if there is surplus profits on the Company's net profits before tax (before deducting any employees' compensation and Directors' compensation), the board of Directors shall, upon approval by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors, set aside employees' compensation and Directors' compensation in accordance with the following manner, and report such distribution of compensation to the shareholders' meeting. However, if the Company has accumulated losses, the Company shall reserve an amount thereof first to offset the losses:

- (a) no less than 0.1% as employees' compensation;
- (b) no more than 1% as Directors' compensation.

Employees' compensation stated in Article 34.1(a) above may be distributed by way of cash or by way of applying such sum in paying up in full unissued shares, or a combination of both; employees entitled to the compensation includes those of the Company' Subsidiaries who meet certain qualifications; when the Company distributes compensation to employees of its Subsidiaries, such compensation may be distributed directly by the Company or indirectly by and through the relevant Subsidiaries.

The Company may distribute profits in accordance with a proposal for distribution of profits prepared by the Directors and approved by the Members by an Ordinary Resolution. The Directors shall prepare such proposal as follows: the proposal shall begin with the Company's Annual Net Income and offset its losses in previous years that have not been previously offset, then set aside a legal capital reserve at 10% of the balance, until the accumulated legal capital reserve has equalled the Paid-in Capital of the Company; then set aside a special capital reserve, if one is required, in accordance with the Applicable Public Company Rules or as requested by the authorities in charge; the rest amount (hereinafter the "Distributable Profits in a Given

Year") plus any accumulated undistributed profits of previous years may be distributed as Dividends (including cash dividends or stock dividends) in accordance with the Statute and the Applicable Public Company Rules and after taking into consideration financial, business and operational factors. The amount to be distributed as Dividends shall not be less than 10% of the Distributable Profits in a Given Year. The Company will pay a portion of such Dividends in cash, which cash portion shall be no less than 10% of the total amount of such Dividends except that if the total amount of Dividends payable per share in a given year will be less than NT\$1, the 10% threshold shall not apply and the Company may, at its sole discretion, pay such Dividends, in whole or in part, by distribution of cash and/or stock. The Company may decide not to distribute any Dividends (including cash dividends or stock dividends) if the Distributable Profits in a Given Year is less than 10% of the Paid-in Capital at the end of the relevant financial year.

- 34.2 Subject to the Statute and this Article, the Directors may declare Dividends and distributions on Shares in issue and authorise payment of the Dividends or distributions out of the funds of the Company lawfully available therefor. No Dividend or distribution shall be paid except out of the realised or unrealised profits of the Company, or out of the share premium account or as otherwise permitted by the Statute.
- 34.3 Except as otherwise provided by the rights attached to Shares, all Dividends shall be declared and paid in proportion to the number of Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date that Share shall rank for Dividend accordingly.
- 34.4 The Directors may deduct from any Dividend or distribution payable to any Member all sums of money (if any) then payable by him to the Company on any account.
- 34.5 The Directors may, after obtaining an Ordinary Resolution, declare that any Dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.
- 34.6 Any Dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

- 34.7 No Dividend or distribution shall bear interest against the Company.
- 34.8 Any Dividend which cannot be paid to a Member and/or which remains unclaimed after six months from the date of declaration of such Dividend may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend shall remain as a debt due to the Member. Any Dividend which remains unclaimed after a period of six years from the date of declaration of such Dividend shall be forfeited and shall revert to the Company.

### **35 Capitalisation**

Subject to Article 14.2(d), the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of Dividend and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit such that Shares shall not become distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

### **36 Tender Offer**

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

1. The types and amount of the Shares held by the Directors and the Members holding more than 10% of the outstanding Shares in its own name or in the name of other persons.
2. Recommendations to the Members on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefor.
3. Whether there is any material change in the financial condition of the Company

after the submission of the latest financial report and an explanation of the change, if any.

4. The types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the outstanding Shares held in its own name or in the name of other persons.

### **37 Books of Account**

- 37.1 The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
- 37.2 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by the Company in general meeting.
- 37.3 The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.
- 37.4 Minutes and written records of all meetings of Directors, any committees of Directors, and any general meeting shall be made in the English language with a Chinese translation. In the event of any inconsistency between the English language version and the relevant Chinese translation, the English language version shall prevail.
- 37.5 The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant rules and regulations shall be kept for at least one year. However, if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information mentioned herein, they shall be kept until the conclusion of the litigation if longer than one year.

### **38 Notices**

- 38.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, is to be sent airmail.

- 38.2 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.
- 38.3 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under the Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
- 38.4 Notice of every general meeting shall be given in any manner hereinbefore authorised to every person shown as a Member in the Register of Members on the record date for such meeting and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

### **39 Winding Up**

- 39.1 If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the number

of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

- 39.2 If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute and in compliance with the Applicable Public Company Rules, divide amongst the Members in proportion to the number of Shares they hold the whole or any part of the assets of the Company in kind (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

**40 Financial Year**

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

**41 Transfer by way of Continuation**

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

**42 Appointment of Litigious and Non-Litigious Agent**

For so long as the Shares are listed on the TWSE, the Company shall appoint a litigious and non-litigious agent pursuant to the Applicable Public Company Rules to act as the Company's responsible person in the R.O.C. under the Securities and Exchange Law of the R.O.C. to handle matters stipulated in the Securities and Exchange Law of the R.O.C. and the relevant rules and regulations thereto. The litigious and non-litigious agent shall be an individual who has a residence or domicile in the R.O.C.

**43 R.O.C. Securities Laws and Regulations**

For so long as the Shares are listed on the TWSE, the qualifications, composition, appointment, removal, exercise of functions and other matters with respect to the Directors, Independent Directors, compensation committee and audit committee which are required to be followed by the Company shall comply with the applicable R.O.C. securities laws and regulations.

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### **The Rules of Shareholders' Meeting Procedures**

#### **1. Objectives:**

These Rules are duly enacted to assure a sound governance system with a wholesome superintending function and strengthened management performance. Any matters insufficiently provided for herein shall be subject to laws and ordinances concerned.

#### **2. Scope:**

These Rules govern the progress of TPK's shareholders' meeting unless otherwise prescribed in laws and ordinances concerned or TPK's Articles of Incorporation.

#### **3. Operating procedures:**

**3.1.** TPK's shareholders' meeting shall be convened by the board of directors unless otherwise prescribed in laws and regulations, or TPK's Articles of Incorporation. Where shareholders who have continually held more than 3% of the total outstanding shares of TPK for more than one year duly propose to the board of directors to convene a special (extraordinary) meeting of shareholders and where the notices to a special (extraordinary) meeting of shareholders are not served to shareholders within fifteen days after such shareholders propose, the proposing shareholders may declare to the competent authorities of the government for approval and take the initiative to convene a special (extraordinary) meeting of shareholders.

**3.2.** The shareholders' meeting agenda shall be duly worked out for convening of a shareholders' meeting.

**3.2.1.** The Company shall, thirty days prior to a regular meeting of shareholders or fifteen days prior to an extraordinary meeting of shareholders, publish the notice of the shareholders' meeting, the proxy instrument, agendas and materials relating to matters for approval and matters for discussion (including but not limited to election or discharge of directors) via the Market Observation Post System in electronic form. If the voting power of a shareholder at a shareholders' meeting shall be exercised by way of a written ballot, the Company shall also send the written document used for the exercise of voting power together with the above mentioned materials. The Company shall prepare a meeting handbook of the relevant shareholders' meeting and supplemental materials, which shall be transmitted to the Market Observation Post System twenty-one days prior to a regular meeting of shareholders and fifteen days prior to an extraordinary meeting of shareholders. Prior to fifteen days of the

shareholders' meeting, the publication of a meeting handbook of the relevant shareholders' meeting and supplemental materials should be completed for shareholders' review from time to time, should be displayed at the Company and the stock transfer agent of the Company and should be distributed at shareholders' meeting.

**3.2.2.** Notices and public announcements shall expressly bear the subjects of the meeting. Subject to consent by the counterparts, notices may be served by electronic means.

**3.2.3.** Matters relating to (a) election or discharge of directors, (b) change of the Amended and Restated Memorandum of Association and Articles of Association of the Company, (c)(i) dissolution, merger, division, (ii) association of the Company, change in or termination of leasehold of the Company's business operation in full, consigned business operation, execution of a contract to team up with another party in joint business operation, (iii) transfer of business operation or properties either in whole or in part, (iv) inward transfer of another's business operation or properties in full which has a significant impact upon the Company, (d) permission to directors for actions within the Company's business scope for themselves or for other firms, (e) allocation of dividend or bonus by means of issuing new shares, issuance of new shares by means of reserve to be converted into capital increase (re-capitalization), capitalizing all or part of retained earnings, legal reserve, or other funds defined in Article 35 of the Amended and Restated Memorandum of Association and Articles of Association of the Company by issuing new shares, (f) issuance of equity-oriented securities by the Company through private placement, and (g) matters set forth in Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers as applied mutatis mutandis under Paragraph 2 of Article 60 of the Regulations Governing the Offering and Issuance of Securities by Foreign Issuers, shall be expressly enumerated in the agenda of the shareholders' meeting and shall not be posed by means of occasional (extemporaneous) motions.

**3.2.4.** A shareholder who holds more than 1% of the outstanding shares may pose proposals to the Company in writing, but only for one issue in the proposal. Issue(s) numbering more than one in the proposal shall not be entered as proposals. An issue posed by a shareholder which cannot be resolved in a shareholders' meeting, an issue posed by a shareholder who holds less than 1% of the Company's outstanding shares at the moment when the



Company suspends share transfer, or an issue posed at a time beyond the timeframe specified in the public announcement for acceptance shall not be accepted by the board of directors as an issue.

- 3.2.5.** TPK shall issue a public announcement for the period to accept proposals posed by shareholders before suspension of acceptance of share transfer for convening of a regular meeting of shareholders. The timeframe to accept proposals shall not be less than the minimum of ten days.
- 3.2.6.** An issue proposed by a shareholder shall be written within the maximum of three hundred Chinese characters. A proposal beyond the maximum limit of three hundred Chinese characters shall not be accepted into the agenda. A shareholder who poses a proposal shall attend the regular meeting of shareholders either in person or through a proxy and shall participate in discussion of the issue.
- 3.2.7.** TPK shall keep the proposing shareholders informed of the acceptance or rejection of the proposals prior to serving the notices of the regular meeting of shareholders and shall enter the accepted proposals into the notices of the regular meeting of shareholders. About proposals posed by shareholders which are not accepted into the agenda, the board of directors shall explain the reason of rejection in the regular meeting of shareholders.
- 3.3.** For each shareholders' meeting, a shareholder may issue a power of attorney with a form provided by TPK expressly defining the scope of the authorized powers to authorize a proxy to attend the shareholders' meeting on his or her behalf.

  - 3.3.1.** A shareholder may issue only one power of attorney and may authorize only one proxy. The power of attorney shall be served to TPK five days prior to the date scheduled for the meeting. In case of double powers of attorney found, they shall be accepted on the "first in, first out" basis unless the preceding power of attorney is declared withdrawn.
  - 3.3.2.** In the event that a shareholder intends to participate in a shareholders' meeting in person or intends to exercise voting power in writing or by electronic means after serving the Power of Attorney to TPK, such shareholder shall withdraw his or her power of attorney in writing not later than two days preceding the date scheduled for the shareholders meeting. In case of withdrawal of the power of attorney beyond such deadline, the voting power cast by his or her proxy shall prevail.
- 3.4.** A shareholders' meeting shall be convened in a location where TPK is located or a location appropriate for the shareholders' meeting. A shareholders' meeting shall be duly convened not earlier than 9:00 a.m. nor later than 3:00 p.m. The Company shall fully consider the opinion of

independent directors when determining the time and location for convening the shareholders' meeting.

- 3.4.1.** The Company shall expressly provide the time and location at which shareholders sign in for the shareholders' meeting and other important matters in the notice of the shareholders' meeting.
- 3.4.2.** The shareholders' sign-in has to begin at least thirty minutes before the shareholders meeting begins. The sign-in location should be clearly marked and staffed by adequate and competent employees.
- 3.4.3.** The Company shall hand over to a present shareholder the agenda, annual report, participation certificate, slip for floor (speech), ballots and other documents for the meeting, as well as election vote(s) in case of a shareholder who is entitled to elect directors.
- 3.4.4.** A shareholder shall participate in a shareholders' meeting based on his or her participation certificate, sign-in card or other certificate for participation. The Company shall not unreasonably request shareholders to provide additional identification documents other than the certificate presented by the shareholders attending the shareholders' meeting. A solicitor seeking proxy shall present his or her identity certificate for proof. A present shareholder may submit his or her sign-in card instead of signing in the sign-in book.
- 3.4.5.** A shareholder as the government entity or as a juristic (corporate) person may participate in the shareholders' meeting with more than one representative. A juristic (corporate) person shareholder who is authorized to participate in the shareholders' meeting as a proxy may assign only one representative to participate in the meeting.
- 3.5.** A shareholders' meeting shall be chaired by the Chairman of the Board if convened by the board of directors. During the absence or unavailability of the Chairman of the Board, s/he shall, in advance, appoint a vice chairman to act in his/her place. If there is no vice chairman or if the vice chairman is unavailable as well, the Chairman of the Board shall appoint a director to act in his/her place. In the event that the Chairman of the Board does not appoint a substitute, or the substitute cannot discharge this duty for some reason, one director shall be elected from among those directors who are present to act.
  - 3.5.1.** A shareholders' meeting convened by the board of directors shall be attended by directors who represent a majority of the total number of directors, at least one independent director, and at least one of all functional committee members. The attendance condition should be recorded in the minutes of the shareholders' meeting.

- 3.5.2.** In the event that the shareholders' meeting is convened by a person beyond the board of directors, the shareholders' meeting shall be chaired by that convener. In case of two or more conveners, one of them shall be elected to chair the meeting.
- 3.5.3.** TPK may assign the retained Attorney(s)-at-Law, Certified Public Accountant(s) or relevant personnel to participate in the shareholders' meeting as an observer.
- 3.6.** The entire process of a shareholders' meeting shall be videotaped or recorded in sound and shall be archived for a minimum of one year. In case of a litigious action taking place because of inappropriate process to convene the shareholders' meeting or an inappropriate decision resolved, the video or sound archives shall be continually stored until the litigious action is concluded.
- 3.7.** Shareholders participating in a shareholders' meeting shall be duly calculated based on the shares they represent. The total number of shares participating in the meeting shall be calculated based on the sign-in cards plus the number of shares exercising the voting powers in writing or through electronic means. The chairperson of the board of directors meeting shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders who represent less than a majority of the total outstanding shares at the time scheduled for the meeting, the chairperson may announce postponement of the meeting. The total number of postponements shall not exceed the maximum of twice and the total time accumulated for the postponement shall not exceed an hour. In the event that the shareholders' meeting is attended by the shareholders who represent cannot reach the quorum after two postponements, the chairperson shall announce that the meeting is aborted.
- 3.8.** Where a shareholders' meeting is convened by the board of directors, the agenda shall be fixed by the board of directors. The meeting shall be handled based on the scheduled agenda which shall not be changed unless resolved by the shareholders' meeting.
- 3.8.1.** The provision set forth in the preceding paragraph is applicable *mutatis mutandis* to a shareholders' meeting which is convened by a person beyond the board of directors.
- 3.8.2.** The chairperson shall not announce adjournment of the meeting until the contents set forth in the agenda mentioned in two preceding paragraphs and the occasional (extemporaneous) motions are concluded in the meeting. In the event that the chairperson breaches the rules of the meeting by announcing adjournment of the meeting, other members of the board of directors shall promptly try to help maintain legal procedures. A

new chairperson shall be elected from among the present shareholders to preside over the meeting.

**3.8.3.** The chairperson shall grant adequate opportunities to shareholders to explain the issues they propose, the amendments (including occasional (extemporaneous) motions and to discuss such issues. Where the discussion of an issue during the meeting is believed to be up to the level that allows a final decision, the chairperson may announce discontinuance of the discussion and enter into the resolving process for a decision.

**3.9.** A present shareholder who intends to present a speech shall issue a slip of presentation beforehand. The slip of presentation shall expressly remark the subjects of speech, account number of shareholder (or code of the participation certificate), so that the chairperson may decide the order of presentation.

**3.9.1.** A shareholder who has submitted the slip of presentation but does not speak up is deemed as not having offered presentation. In case of a discrepancy found between the slip of presentation and content of actual speech, the content of actual speech shall prevail.

**3.9.2.** On the same issue, each shareholder shall not make two presentations unless permitted by the chairperson. Each presentation shall not exceed the maximum of five minutes. Where a shareholder speaks against the rules or beyond the scope of the subject issue, the chairperson may stop such shareholder from continual presentation.

**3.9.3.** Where a present shareholder gives his or her presentation, other shareholders shall not speak to interfere with the presentation unless agreed upon by the chairperson and the speaking shareholder. Otherwise the chairperson shall stop such violating shareholder.

**3.9.4.** Where a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholders' meeting, only one representative may be appointed from among themselves to speak up for the same issue. After a present shareholder gives a presentation, the chairperson may reply in person or by appointing a relevant person to reply.

**3.10.** The voting at shareholders' meeting shall be based on shares.

**3.10.1.** For the resolutions of the shareholders' meeting, the number of shares of shareholders without voting rights is excluded from the total outstanding shares.

**3.10.2.** Shareholders are prohibited from voting on matters in the meeting that may damage the interest of the company due to their interests in the matters or and exercising the voting rights on behalf of other shareholders.

- 3.10.3.** The number of shares which are not entitled to exercise voting power under these Rules, the Amended and Restated Memorandum of Association and Articles of Association of the Company, or relevant laws and regulations shall not be counted into the number of voting powers of present shareholders.
- 3.10.4.** Except a trust business or an agent for stock affairs which has been approved by the competent authority of securities affairs, when a proxy is authorized by two or more shareholders simultaneously, the total voting powers in his/her proxy shall not exceed 3% of the total voting powers based on the issued shares. The excess in the voting power shall be discarded.
- 3.11.** Each share hereof is entitled to one voting power except a share which has no voting power as under restriction or TPK's Articles of Incorporation.
- 3.11.1.** Where a shareholders' meeting is convened by TPK, voting powers may be exercised in writing or by electronic means. If the shareholders' meeting will be held outside the ROC, the shareholders shall be entitled to vote in writing or by electronic means. When voting powers are exercised in writing or by electronic means, the methods to exercise such means shall be expressly remarked on the notices of the shareholders' meeting. A shareholder who exercises voting powers in writing or by electronic means shall be deemed to have appointed the chairman of the shareholders' meeting as his proxy to exercise his voting powers at such meeting in accordance with the instructions stipulated in the written or electronic document; provided, however, that such appointment shall not be deemed to constitute the appointment of a proxy for the purposes of the applicable public companies rules.. The chairman of shareholders' meeting, as proxy of a shareholder, shall not exercise the voting powers of such shareholder in any way not stipulated in the written or electronic document, nor exercise any voting power in respect of any resolution revised at the meeting or any ad hoc motion at the meeting. A shareholder who exercises voting powers in writing or by electronic means shall be deemed to waive notice of, and the right to vote in regard to any ad hoc resolution or amendment to the original agenda items to be resolved at the meeting. Should the chairman of the shareholders' meeting not observe the instructions of a shareholder in exercising such shareholder's voting powers, the shares held by such shareholder shall not be included in the calculation of votes in respect of such resolution but shall nevertheless be included in the calculation of quorum for the meeting.

- 3.11.2.** Where a shareholder intends to exercise his or her voting power in writing or by electronic means as mentioned in the preceding paragraph, his or her expression of intent shall be served to TPK two days prior to the date scheduled for the meeting. In case of double expressions of intents, it shall be counted on the “first in, first out” basis unless the preceding expression is declared withdrawn.
- 3.11.3.** In the event that a shareholder intends to participate in a shareholders’ meeting in person after he or she has expressed an intent to exercised voting power in writing or by electronic means, he or she shall withdraw the expression of intent in the same manner same as the exercising of the voting power not later than two days preceding the date scheduled for the meeting. Such revocation shall constitute a revocation of the proxy deemed to be given to the chairman of the shareholders' meeting. If he or she withdraws beyond such deadline, the proxy deemed to be given to the chairman of the shareholders' meeting shall not be revoked and the chairman of the shareholders' meeting shall exercise the voting powers of such shareholder in accordance with the proxy. Where a shareholder exercises voting power in writing or by electronic means and participates in the shareholders’ meeting through a proxy, the appointment of the proxy shall be deemed to be a revocation of such shareholder's appointment of the chairman of the shareholders' meeting as his proxy, and the voting power exercised by his or her proxy shall prevail.
- 3.11.4.** Unless otherwise provided for in laws or the Amended and Restated Memorandum of Association and Articles of Association of the Company, matters in the shareholders' meeting shall be resolved by a majority vote of the present shareholders. During the voting process, the chairperson shall announce the number of voting powers represented by the present shares for each and every issue. On the same day after the shareholders’ meeting is convened, the results of the shareholders' approval, opposition, and abstinence on the matters resolved in the shareholders' meeting shall be entered into the Market Observation Post System.
- 3.11.5.** Where the same issue develops around an amendment or a substitute, the chairperson shall fix the order of voting along with the initial issue. When one among them is formally resolved, other two shall be deemed as vetoed and call for no more voting process.
- 3.11.6.** Upon the resolving process, the ballot scrutineer and recorder shall be appointed by the chairperson. The scrutineer, nevertheless, must be chosen from shareholders. The chairperson shall announce the results of

the resolving process on-the-spot and shall put the results into the minutes.

**3.12.** Where directors are elected in a shareholders' meeting, the election process shall be duly handled in accordance with election rules enacted by TPK and the outcome of the election shall be announced on-the-spot. The election ballots shall be tightly sealed and signed by the scrutineer and shall be appropriately archived for a minimum of one year. In case of a litigious action taking place due to inappropriate process to convene the shareholders' meeting or in resolving the decisions, the election ballots shall be continually stored until the litigious action is concluded.

**3.13.** Minutes shall be duly worked out for the decisions resolved in the shareholders' meeting. The minutes shall be signed or affixed with a seal by the chairperson and shall be served to all shareholders within twenty days after the meeting. The minutes may be produced and distributed by electronic means.

**3.13.1.** The minutes mentioned in the preceding paragraph may be served via the Market Observation Post System (MOPS).

**3.13.2.** The minutes of a shareholders' meeting shall duly remark the date, location, the chairperson's name, method to resolve decisions, highlights and results of the process and shall be archived permanently while TPK exists.

**3.14.** For the number of shares solicited by solicitors and the number of shares represented by proxies, TPK shall work out statistical statements based on the specified formula and shall expressly display such statistical statements at the arena where the shareholders' meeting is convened.

In the event that an issue resolved in the shareholders' meeting is deemed as major information as defined by laws and ordinances concerned and by the Taiwan Stock Exchange Corporation (TSEC), TPK shall transmit such information to the Market Observation Post System (MOPS) within the specified time limit.

**3.15.** The personnel in charge of the shareholders' meeting affairs shall wear the required identity certificates or arm-bands.

**3.15.1.** The chairperson may command the guards or security personnel to help maintain the order of the shareholders' meeting arena. The guards or security personnel shall bear required identity certificates or arm-bands while they are on duty in the shareholders' meeting arena.

**3.15.2.** Where loudspeaker equipment is installed at the shareholders' meeting site, if a shareholder speaks not with TPK provided equipment, the chairperson shall stop such shareholder from speaking.

**3.15.3.** If a shareholder breaches the rules of the meeting and defies the rectification from the chairperson against the progress of the meeting, the

chairperson may command the guards or security personnel to have him or her quit.

**3.16.** During a shareholders' meeting, the chairperson may fix a time for recess. In case of force majeure taking place, the chairperson may rule a decision to suspend the progress and announce the time to resume the meeting as the actual requirements may justify.

**3.16.1.** In the event that the site of the shareholders' meeting cannot be continually used before the issues set forth in the agenda (including occasional (extemporaneous) motions are concluded, a new site may be sought to continue the process as resolved by the shareholders' meeting.

**3.16.2.** The shareholders' meeting may resolve a decision to postpone the meeting or to resume the meeting within five days.

**3.17.** Any matters insufficiently provided for in these Regulations shall be in accordance with relevant laws and regulations and the Amended and Restated Memorandum of Association and Articles of Association of the Company. These Regulations and amendment hereof shall be put into enforcement after being resolved in the shareholders' meeting. These Regulations and amendments shall be amended in a timely manner if any relative Acts or laws have been modified and shall follow such rule to be approved by the board of directors (or Audit Committee) and/or shareholders' meeting.

These Regulations were enacted and approved by the 1<sup>st</sup> shareholders' meeting held on January 8, 2010.

The first amendment was approved by the shareholders' meeting held on April 13, 2010.

The second amendment was approved by the shareholders' meeting held on May 16, 2012.

The third amendment was approved by the shareholders' meeting held on June 12, 2015.

#### **4.Highlights of management:**

- 4.1.** Whether the duties to be handled by the agent for stock affairs and by TPK itself internally have been expressly divided.
- 4.2.** Whether the process of the shareholders' meeting has satisfied laws and ordinances concerned.
- 4.3.** Whether the major decisions resolved in the special (extraordinary) meeting of shareholders have been put into public announcement through the specified website.
- 4.4.** Whether the relevant documents have been duly archived within the legally



specified time limit (including the election ballots and relevant records).

**5. Document of authority: Nil**

**6. Forms used: Nil**

### Rules for Election of Directors

- 1. Purpose:** To ensure a just, fair and open election of directors, the Company adopts the Rules pursuant to Articles 21 and 41 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- 2. Scope:** Except as otherwise provided by laws and regulations or the Amended and Restated Memorandum of Association and Articles of Association of the Company, the election of directors of the Company should be conducted in accordance with the Rules.
- 3. Operating procedure:**
  - 3.1.** The overall composition of the Board of Directors shall be taken into consideration in the selection of directors of the Company. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operation, operating dynamics, and development needs. It is advisable that the Rules include, but not be limited to, the following two general standards:
    - 3.1.1.** Basic requirements and values: Gender, age, nationality, and culture.
    - 3.1.2.** Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills and industry experience.
  - 3.2.** Board members shall have the necessary knowledge, skills, and experience to perform their duties. The abilities that must be present in the Board as a whole are as follows:
    - 3.2.1.** The ability of making judgements about operations
    - 3.2.2.** The ability of accounting and financial analysis
    - 3.2.3.** The ability of business management
    - 3.2.4.** The ability of crisis management
    - 3.2.5.** Knowledge of the industry
    - 3.2.6.** An international market perspective
    - 3.2.7.** The ability of leadership
    - 3.2.8.** The ability of decision-making
  - 3.3.** More than half of the Directors shall be persons who have neither a spousal relationship nor a relationship within second degree of kinship with any other Director.
  - 3.4.** The Board of Directors of the Company shall consider adjusting its composition based on the results of performance evaluation.
  - 3.5.** The qualifications of independent directors of the Company shall comply with Articles 2, 3, and 4 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The election of independent directors of the Company shall comply with Articles 5, 6, and 8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and shall be conducted in accordance with Article 24 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
  - 3.6.** The election of directors of the Company should be conducted with the candidate nomination mechanism set forth in Article 192-1 of Company Act of the Republic of China. The Company may not arbitrarily request for additional certification

documents evidencing other qualifications when reviewing the qualifications, education, experience, and conditions of the candidates of directors as listed in Article 30 of Company Act of the Republic of China. The Company must provide the results of the review to shareholders for their reference so that they can elect competent directors.

- 3.7.** Directors of the Company shall be elected pursuant to a cumulative voting mechanism. The number of votes presented by each share shall be the same as the number of directors to be elected and may be consolidated for election of one director candidate or may be split for election amongst multiple director candidates.
- 3.8.** The Board of Directors shall prepare ballots in number corresponding to the directors to be elected. The number of votes represented by each ballots shall be specified on the ballots, which shall then be distributed hem to attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- 3.9.** The number of votes for independent directors and non-independent directors shall be calculated separately according to the number of directors set forth in the Amended and Restated Memorandum of Association and Articles of Association. The top candidates to whom the votes cast represent a prevailing number of votes relative to the other candidates should be elected sequentially. Where two or more candidates to whom the votes cast represent the same number of votes, and the number of directors is thus exceeded, these candidates shall draw lots to determine the winner, with the chairman drawing lots on behalf of any candidates not present at the shareholders' meeting.
- 3.10.** Before an election begins, the chairman should appoint a number of persons with shareholder status to perform their respective duties of vote monitoring and vote counting personnel. The ballot box shall be prepared by the Board of Directors and inspected before the public by vote monitoring personnel before voting commences.
- 3.11.** If the candidate is a shareholder, the voter shall fill the account name and the shareholder account number of the candidate in the "candidate" column of the ballot. If the candidate is not a shareholder, voters should fill the name and the identification number of the candidate in the "candidate" column of the ballot. Provided, however, if the candidate is a government agency or juristic-person shareholder, the name of the government agency or juristic-person should be filled in the "account name of candidate" column of the ballot, or both the name of such the government agency or juristic-person and its representative may be filled in such column. Where there are multiple representatives, the name of each representative shall be filled in the said column.
- 3.12.** A ballot is void under any of the following circumstances:
  - 3.12.1.** A ballot which was not prepared by the Board of Directors.
  - 3.12.2.** A blank ballot which was cast into the ballot box.
  - 3.12.3.** Illegible or altered handwriting.
  - 3.12.4.** If the candidate filled in is a shareholder, the account name or shareholder account number of the candidate filled in is inconsistent with the shareholder register; if the candidate filled in is not a shareholder, the name or the identification number of the candidate filled in is incorrect.
  - 3.12.5.** A ballot with other written characters in addition to the account name (name) or the account number (identification number) of the candidate and the number of votes cast for the candidate.
  - 3.12.6.** The name of the candidate filled in a ballot being the same as another shareholder's name but the respective shareholder's number (identification

number) not being indicated to distinguish them.

- 3.13.** The votes shall be counted on the spot immediately after the end of voting. The results of ballot counting should be declared by the chairman on-site, including the list of persons elected as directors and the number of votes with which they were elected.

The ballots for said election should be properly retained after they are sealed and signed-off by ballot monitoring personnel for at least one year. However, if any shareholder files a lawsuit in accordance with Article 18.7 of the Amended and Restated Memorandum of Association and Articles of Association of the Company, the ballots should be retained until the conclusion of the litigation.

- 3.14.** The Board of Directors shall issue notification to the directors elected.

- 3.15.** The Rules and any amendments hereto shall be implemented after being approved by the shareholders' meeting. In the event of any amendments to the relevant laws and regulations, the Rules shall be amended accordingly resolved by the Board of Directors and the shareholders' meeting in accordance with laws and regulations.

The Rules are approved by shareholders' meeting held on June 12, 2015.

The first amendment was approved by the shareholders' meeting held on May 29, 2018.

**4. Critical control points:**

- 4.1.** Whether the election of directors are conducted pursuant to relevant laws and regulations.
- 4.2.** Whether the votes should be counted on the spot and the results of the voting should be declared by the chairman on-site.
- 4.3.** Whether the Rules are approved by the shareholders' meeting.

**5. Reference:**

- 5.1.** Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- 5.2.** Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

- 6.** Form used: None.

### **The Procedures for the Acquisition or Disposal of Assets**

#### **1. Objectives:**

These Procedures are enacted in order to protect the investment, fulfill the obligation of public disclosure, and enhance the management of the Company's acquisition or disposal of assets management.

#### **2. Scope:**

**2.1.** The Company: TPK Holding Co., Ltd.

**2.2.** The assets referred to in these Procedures are applicable to the following:

- 2.2.1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interests in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities;
- 2.2.2. Real property (including land, buildings, construction, investment-oriented real estate, the rights to use land, inventories of construction enterprises) and equipment;
- 2.2.3. Membership cards;
- 2.2.4. Patents, copyrights, trademarks, franchise rights, and other intangible assets;
- 2.2.5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);
- 2.2.6. Derivatives;
- 2.2.7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with acts of law;
- 2.2.8. Other major assets.

#### **3. Operating procedures**

##### **3.1. Definitions of terms**

- 3.1.1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term

“forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

- 3.1.2. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with acts of law:  
Assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the relevant laws or transfer of shares from another company through the issuance of new shares of its own (hereinafter referred to as “transfer of shares”) as the consideration therefore.
- 3.1.3. Related party or Subsidiary: Shall be defined in accordance with the requirements set forth under the Regulations Governing the Preparation of Financial Reports by Securities Issuers;
- 3.1.4. Professional appraiser: A real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or equipment.
- 3.1.5. Date of occurrence: The date of conclusion of a contract, date of payment, date of consignment trade, date of transfer, dates of board of directors’ resolutions, or other dates 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.
- 3.1.6. Mainland area investment: Investments in China conducted in accordance with the provisions of the Regulations on Permit of Investment or Technical Cooperation in China of the Ministry of Economic Affairs Investment Commission of the Republic of China.
- 3.1.7. Most recent financial statements: the financial statements audited or reviewed by a certified public accountant obtained by the Company.
- 3.1.8. Competent Authority: Financial Supervisory Commission, the Republic of China.

### **3.2. Exclusion clauses about related parties**

Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports,

certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

### **3.3. Scope and limit of investments**

The limits of the various assets which the Company may invest in are specified as follows:

- 3.3.1. Total amounts of real property for non-operating use shall be no more than the shareholders' equity of the Company.
- 3.3.2. Total amounts of investment in securities shall be no more than three times the shareholders' equity of the Company.
- 3.3.3. The limit of investment in any individual securities shall be no more than 1.5 times the shareholders' equity of the Company.
- 3.3.4. The transaction amount for the Company's acquisition or disposal of membership cards or intangible assets shall be no more than 50% of the shareholders' equity of the Company.
- 3.3.5. Total amounts of Mainland area investment shall be no more than the limit of Mainland area investment defined by the Competent Authority (if any).

### **3.4. Operating procedures for acquisition or disposal of securities**

- 3.4.1. Before marketable securities are acquired or disposed of by the Company from the stock exchange market or the business premises of a securities firm, the department in charge shall submit the reasons for acquiring or disposing of the securities, subject items, price reference basis and other matters for approvals in accordance with the Delegation of Authorization in advance, and submit them to the latest Board of Directors for approval and for future reference afterwards.
- 3.4.2. For marketable securities acquired or disposed of by the Company neither from the stock exchange market nor the business premises of a securities firm or other privately placed securities, the department in charge shall submit the reasons for acquiring or disposing of the securities, subject items, counterparty, transfer price, the conditions of collections and payment, price reference basis and other matters to the Board of Directors' resolutions for approval in advance.
- 3.4.3. Important transactions of assets shall be approved by a majority of members of the Audit Committee and submitted to the Board of Directors

for approval. Without the consent of more than one-half of all members of the audit committee, it shall be adopted with the consent of more than two thirds of all directors, and the resolutions of the audit committee shall be recorded in the minutes of the Board of Directors. All members of the audit committee and all directors set forth in this Article shall be the actual incumbents.

- 3.4.4. To acquire or dispose of securities, the Company shall, prior to the date of occurrence of the event, first 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, prior to the date of occurrence of the event, also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. If a certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as 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 Competent Authority.
- 3.4.5. The transaction amount referred to in Article 3.4.4. shall be calculated in accordance with the Article 3.11.2, and the term "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained need not be counted in the transaction amount.

### **3.5. The Operating Procedure for the Acquisition or Disposal of Real Property or Equipment.**

- 3.5.1. The Company's acquisition or disposal of real property or equipment shall follow the SOP defined in the Company's internal control system – fixed assets operating cycle.
- 3.5.2. Procedure for determining the trading terms and conditions, and degree of authority delegated



- (1) The acquisition or disposal of real property by the Company shall take the publicly announced current value, appraised value, and actual transaction price of the real property in the neighborhood into consideration, and be executed upon resolution of the trading terms and conditions and transaction price and the requirements provided in the Company's "Delegation of Authorization for Final Decisions".
- (2) As the Company acquires or disposes of the equipment, it shall adopt one of the following methods; either by inquiry, price comparison, price negotiation or bidding, and its approval authority shall be subject to the requirements provided in the Company's "Delegation of Authorization for Final Decisions".
- (3) When the Company intends to acquire or dispose of real property or equipment, thereof from or to a related party, or when it intends to acquire or dispose of equipment 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, whether it is for operation of business or not, it shall be made with the audit committee's prior consent and with the approval of a Board of Directors' resolution in advance.
- (4) When the Company acquires or disposes of the real property or equipment, which is not for business purpose, from the non-related party, and the transaction amount up to NT\$300 million or more, it shall be made with the approval of Board of Directors' resolution in advance; if the transaction amount less than NT\$300 million, it shall be reported to the latest Board of Directors for future reference afterwards.
- (5) When the Company acquires or disposes of real property or equipment, for business purposes from a non-related party, and the transaction amount is up to NT\$500 million or more, it shall be made with the approval of a Board of Directors' resolution in advance.
- (6) The acquisition or disposal of assets by the Company which is required to be resolved by the Board of Directors in accordance with

the procedures as defined by the Company or any other laws shall be considered an important transaction of assets, which shall be approved by a majority of all audit committee members and submitted to the Board of Directors for resolution. If the approval of a majority of all audit committee members as required in the preceding paragraph is not obtained, the transaction may be executed upon approval of 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. All members of the audit committee and all directors set forth in this Article shall be the actual incumbents.

3.5.3. Operator

After the acquisition or disposal of real property or equipment by the Company is approved, subject to the delegation of authorization as referred to in the preceding paragraph, the asset management unit shall be responsible for implementation of the transaction.

3.5.4. In the acquisition or disposal of real property or equipment by the Company in which the transaction amount meets the criteria for public announcement as defined by the competent authority, including that in which 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 government institution, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business machinery and equipment, shall, prior to the date of occurrence of the event, obtain an appraisal report in advance from a professional appraiser and shall further comply with the following provisions:

- (1) 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, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- (2) Where the transaction amount is NT\$1 billion or more, appraisals

from two or more professional appraisers shall be obtained.

- (3) 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 retained to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (A) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - (B) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) Where an appraisal is conducted by a professional appraiser before a contract execution date, no more than three months may pass between the date of the appraisal report and the contract execution date. Notwithstanding, where the publicly announced current value for the same period is applied and not more than six months have elapsed, a written opinion may still be issued by the original professional appraiser.

3.5.5. The transaction amount referred to the Article 3.5.2 and 3.5.4 shall be calculated in accordance with Article 3.11.2, and the term "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained need not be counted in the transaction amount.

### **3.6. Operating procedure for acquisition or disposal of assets from related parties:**

3.6.1. The acquisition or disposal of assets by the Company from a related party shall ensure that the necessary resolutions are adopted and the reasonableness of the transaction terms and conditions is appraised in

accordance with the provisions of the Article 3.4, 3.5, 3.7 and this Article. Furthermore, where the transaction amount is 10 percent of the Company's total assets or more, the Company shall obtain an appraisal report from a professional appraiser or a certified public accountant's opinion in accordance with Article 3.4, 3.5, 3.7 and this Article.

The transaction amount referred to in the preceding paragraph shall be calculated in accordance with Article 3.11.2, and the term "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained need not be counted in the transaction amount.

3.6.2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except for 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 submitted to the audit committee and approved by the Board of Directors:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets;
- (2) The reason for choosing the related party as a trading counterpart;
- (3) While acquiring a real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Articles 3.6.3 and 3.6.6.
- (4) The date and price at which the related party originally acquired the real property, the original trading counterpart, and that trading counterpart's relationship with the Company and the related party;
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of conclusion of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

- (6) An appraisal report from a professional appraiser or a certified public accountant's opinion obtained pursuant to Article 3.6.1.
- (7) Restrictive conditions and other important covenants associated with the transaction.

The transaction amount referred to in the preceding paragraph shall be calculated in accordance with Article 3.11.2, and the term "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items which have been approved by the Audit Committee and Board of Directors need not be counted in the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's Board of Directors may authorize the Chairman to decide such matters within a certain amount and have the decisions submitted to and ratified by the next Board of Directors meeting afterwards.

The transactions shall be approved by a majority of all audit committee members, and then submitted to the Board of Directors for discussion and resolution in accordance with the first paragraph. If the approval of a majority of all audit committee members as required in the preceding paragraph is not obtained, the transaction may be executed upon the approval of 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. When an acquisition of real property from a related party is submitted 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. The terms "all audit committee members" and "all directors" referred to in this paragraph shall be calculated as the actual number of persons currently holding those positions.

- 3.6.3. To acquire real property from a related party, the Company shall evaluate the reasonableness of the transaction costs in the following manners

(where land and houses thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the houses may be separately appraised in either of the following manners):

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

3.6.4. To acquire real property from a related party, the Company shall appraise the cost of the real property in accordance with the Article 3.6.3, and shall also engage a CPA to audit the appraisal and render a specific opinion.

3.6.5. Where the acquisition of real property by the Company from a related party meets one of the following circumstances, the acquisition shall be conducted in accordance with Article 3.6.2 and Articles 3.6.3 and 3.6.4 do not apply:

- (1) The related party acquired the real property through inheritance or as a gift.
- (2) More than five years have elapsed from the time the related party signed the contract to obtain the real property to the contract conclusion date for the current transaction.
- (3) Real property is acquired through conclusion 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.

3.6.6. When the results of the Company's appraisal conducted in accordance with Article 3.6.3 are uniformly lower than the transaction price, Article 3.6.7 shall apply. Notwithstanding, this shall not apply 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:

- (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (A) Where undeveloped land is appraised in the manners referred to in Articles 3.6.3 – 3.6.5, and houses 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.
  - (B) 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 practices.
  - (C) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
- (2) Where the Company provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

- (3) Completed transactions for neighboring or closely valued parcels of land referred to in the preceding sub-paragraphs (1) and (2) refer 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 for similarly sized parcels 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 one year refers to one year from the actual date of acquisition of the real property.

3.6.7. When the results of the Company's appraisal conducted in accordance with Articles 3.6.3-3.6.6 are uniformly lower than the transaction price, the following requirements shall be met:

- (1) A special reserve shall be set aside in accordance with the relevant laws and regulations against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under the relevant laws and regulations shall be set aside *pro rata* in a proportion consistent with the share of the public company's equity stake in the other company. After setting aside a special reserve under said requirements, the Company or the Subsidiary may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, 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 Competent Authority has given its consent.
- (2) The independent directors shall supervise the execution of the Company's business and may audit the Company's business, finance and account books at any time and also ask the Board of Directors or managers to submit the relevant report. The independent directors may appoint an attorney-at-law or CPA to conduct the audit referred to in this paragraph on behalf of the



Company.

- (3) Actions taken pursuant to the preceding 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.
- (4) The subparagraphs (1)-(3) of Article 3.6.7 shall apply if there is other evidence indicating that the acquisition was not an arms-length transaction.

### **3.7. Acquires or disposes of membership cards or intangible assets**

- 3.7.1. Where the Company acquires or disposes of membership cards or intangible assets, it shall be made in accordance with the delegation of authorization. If the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except for transacting with government institutions, the Company shall, prior to the date of occurrence of the event, engage a certified public accountant to render an opinion on the reasonableness of the transaction price in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation and submit it to the Board of Directors for prior approval.
  - 3.7.2. The transaction amount referred to in Article 3.7.1 shall be calculated in accordance with Article 3.11.2, and the term “within one year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a certified public accountant’s opinion has been obtained need not be counted in the transaction amount.
- 3.8.** Where the Company or the Subsidiary 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.
- 3.9.** The Company’s acquisition or disposal of derivatives shall follow the Procedures for Engaging in Derivatives Transactions.
- 3.10. Operating procedure for Mergers, Demergers, Acquisitions, and Transfer of Shares**
- 3.10.1. To conduct a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors meeting to resolve the matter, the

Company shall engage a CPA, attorney-at-law, 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 discussion and resolution. Provided, however, for a merger conducted by the Company with any of its subsidiaries wholly owned by the Company, an opinion on the reasonableness from any of the abovementioned counsel is not required.

- 3.10.2. The Company shall prepare a public report to shareholders detailing the important contractual contents 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 the notification of a shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Notwithstanding, this shall not apply where any other laws exempt the Company or the Subsidiary from convening a shareholders meeting to approve the merger, demerger, or acquisition. Where it is impossible to convene the shareholders meeting or to pass a resolution due to lack of a quorum, insufficient votes, or other legal restrictions, or the motion is rejected by the shareholders meeting, the Company or the Subsidiary shall immediately publicly explain the reasons, the follow-up measures, and the date scheduled for next shareholders meeting.

- 3.10.3. 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 otherwise provided in any other laws or the Competent Authority is notified in advance of extraordinary circumstances and grants consent.

Unless otherwise provided by law or subject to special factors prior to the approval of the relevant competent authority, the Company and the company participating in the transfer of shares shall convene a Board of Directors meeting on the same day.

The Company shall prepare a fully written record of the following information and retain it for five years for reference:

- (1) 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 shares prior to disclosure of the information;

- (2) Dates of material events: Including the conclusion 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;
- (3) 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;

According to the relevant laws and regulations, the Company shall, within two days from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs (1) and (2) of the Article 3.10.3 to the Competent Authority for records.

- 3.10.4. Every person participating in or knowing the plan for the merger, demerger, acquisition, or transfer of shares by the Company shall issue a written undertaking of confidentiality and may not disclose the contents 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 securities of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- 3.10.5. In the event the Company participates in a merger, demerger, acquisition, or transfer of shares, it may not arbitrarily alter the share swap ratio or acquisition price unless under any of the following circumstances exists, and shall define the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
  - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities;
  - (2) An action, such as a disposal of major assets, that affects the Company's financial operations;
  - (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price;

- (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company buys back treasury stock;
- (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares;
- (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

3.10.6. The contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations of the Company, and shall also record the following:

- (1) Actions against breach of contract;
- (2) Principles for the handling of equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged;
- (3) The amount of treasury stock the Company is permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof;
- (4) The manner of handling changes in the number of participating entities or companies;
- (5) Preliminary progress schedule for plan execution, and anticipated completion date;
- (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

3.10.7. After public disclosure of the information, if the Company intends to further carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall re-carry out the procedures or legal actions that had originally been completed in regards to the merger, demerger, acquisition, or transfer of shares; except that where the number of participating companies is decreased and the shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, it may be exempted from calling another shareholders meeting to resolve on the matter anew.

3.10.8. 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 it and the Articles 3.10.3, 3.10.4 and 3.10.7 shall apply.

### **3.11. Procedure for public disclosure of information**

3.11.1. Under any of the following circumstances, the Company shall publicly announce and report the relevant information on the Competent Authority's designated website in the appropriate format as prescribed by regulations within two days from day of occurrence of the event:

- (1) The acquisition or disposal of real property from a related party, or acquisition or disposal of any assets other than a real property from a related party and the transaction amount is 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets, or NT\$300 million or more; provided that this shall not apply to trading of government bonds or bonds under repurchase and resale agreements or subscription or repurchase of domestic money market funds issued by the Securities Investment Trust Enterprises:
- (2) Merger, demerger, acquisition, or transfer of shares;
- (3) Where the type of asset acquired or disposed of is equipment/machinery for operational use, the trading counterpart is not a related party, and the transaction amount has reached one of the following:
  - (A) Where the Company's paid-in capital has not reached NT \$ 10 billion and the transaction amount is not less than NT\$500 million.
  - (B) Where the Company's paid-in capital has reached NT \$ 10 billion and the transaction amount is not less than NT\$1 billion.
- (4) Where land is acquired under an arrangement for commissioned construction on self-owned land or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the transaction amount is not less than NT\$500 million. (Subject to the amount the Company expects to invest in)

(5) Where an asset transaction other than any of (1)~(4) referred to in the preceding subparagraphs, or a disposal of receivables by a financial institution, or investment in the Mainland Area, reaches 20 percent or more of paid-in capital or NT\$300 million. Except for the following circumstances:

(A) Trading of government bonds

(B) Bonds under repurchase and resale agreements or subscription or repurchase of domestic money market funds issued by the Securities Investment Trust Enterprises.

3.11.2. The transaction amount referred to in the preceding paragraph shall be calculated in the following manners:

(1) The amount of any individual transaction;

(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterpart within one year;

(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year;

(4) The cumulative transaction amount of the same securities acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year;

3.11.3. Within one year as used in Article 3.11.2 refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be entered.

3.11.4. The Company shall, on a monthly basis, in accordance with the relevant laws and regulations, input the assets acquired or disposed of by the Company and its related parties by the end of last month into the information declaration website designated by the relevant competent authority before the end of each month in accordance with the prescribed format.

3.11.5. 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 within two days after any of them is aware of such error or omission, all the items shall be again publicly announced and

reported in their entirety.

- 3.11.6. To acquire or dispose of assets, the Company shall keep at the Company all relevant contracts, meeting minutes, log books, appraisal reports, and the written opinion issued by a CPA, attorney-at-law, or securities underwriter. Such records shall be retained for five years unless otherwise provided in laws.
- 3.11.7. 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 Article 3.11, a public report of relevant information shall be made on the information reporting website designated by the Competent Authority within two days from the day of occurrence of event pursuant to laws:
  - (A) Change, termination, or rescission of a contract signed in regard to the original transaction.
  - (B) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - (C) Change to the content of previous public announcement.

### **3.12. Management of subsidiaries**

- 3.12.1. The Company shall, when urging its subsidiaries to acquire or dispose of assets, stipulate the subsidiaries' procedures in accordance with these Procedures.
- 3.12.2. The Company shall supervise the subsidiaries to check whether the prescribed procedures for acquiring or disposing of assets comply with the relevant laws and regulations and whether the prescribed procedures for acquiring or disposing of assets are followed.
- 3.12.3. The internal auditors shall, in accordance with the provisions of the law, review the implementation of assets acquired or disposed of by the subsidiaries themselves.
- 3.12.4. Information required to be reported in accordance with the criteria for public announcement on acquisitions and disposals of assets by any subsidiary of the Company in which the Company directly, or indirectly through a subsidiary, holds more than 50 percent of the issued voting shares or percentages, and that is not a public company, shall be published, reported and distributed by the Company. If there is any mistake or

omission in the announcement and it should be corrected, the Company shall, within two days from the date of receipt of the notice, announce and declare all the items again to be announced again on behalf of the its subsidiaries.

**3.13.** In the case of any relevant personnel in violation of these Procedures and the relevant laws, the Company will render discipline including a warning, demerit, degrade, suspension, salary cut or any other discipline subject to the severity of the case, and also conduct an internal discussion.

**3.14.** Any matters not provided herein shall be handled in accordance with the relevant laws and the Company's relevant regulations.

**3.15. Enforcement and amendments**

3.15.1 If the Company has established the Audit Committee, any enactment or amendment to the Procedures for the Acquisition of Disposal of Assets shall be approved by a majority of all incumbent members of the Audit Committee and submitted to the Board of Directors for approval. If the enactment or amendment has not been approved by a majority of all incumbent members of the Audit Committee, such enactment or amendment may be approved by no less than two-thirds of all incumbent members of the Board of Directors and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors. All members of the audit committee and all directors referred to in this article shall be the actual incumbents.

3.15.2. When the Company submits these Procedures to the Board of Directors for discussion in accordance with the preceding paragraph, each independent director's opinion shall be fully considered. If the independent directors have objections or reservations, they shall present them in the Board of Directors and record them in the minutes of the Board of Directors.

3.15.3. These Procedures and any amendment hereto shall be put into enforcement after being submitted to the Audit Committee and the Board of Directors, reported to and approved by the shareholders' meeting. If there is any change to the applicable laws and regulations after the enactment of these Procedures, these Procedures shall be amended accordingly.



3.15.4 These Procedures were enacted and approved by the 2<sup>nd</sup> shareholders' meeting held on January 8, 2010.

The first amendment was approved by the shareholders' meeting held on April 13, 2010.

The second amendment was approved by the shareholders' meeting held on June 9, 2011.

The third amendment was approved by the shareholders' meeting held on May 16, 2012.

The fourth amendment was approved by the shareholders' meeting held on May 29, 2014.

The fifth amendment was approved by the shareholders' meeting held on May 16, 2017.

The sixth amendment was approved by the shareholders' meeting held on May 29, 2018.

#### **4. Regulations for reference:**

4.1. Regulations Governing the Acquisition and Disposal of Assets by Public Companies

#### **5. Forms used**

5.1. Petition for approval.

### Procedures of Engaging in Derivatives Transactions

#### 1. Objectives:

These Regulations are duly enacted in an effort to safeguard TPK's assets, assure firm implementation of full-disclosure of information. Any matters insufficiently provided for herein shall be subject to laws and ordinances concerned.

#### 2. Scope:

**2.1.** The term "derivatives" as set forth herein denotes forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.

**2.2.** The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

#### 3. Operating procedures:

##### 3.1. Principles and policies of transaction:

**3.1.1.** The derivatives transactions that TPK engages in are, by attributes of transaction, categorized into "hedging-oriented derivatives" and "transaction-oriented derivatives" (hedging-oriented transaction is also known as write-off transaction). The two categories are to be applicable to restrictions of different risk positions, restriction of compulsory "cut-loss" and principles of account handling.

**3.1.2.** TPK engages in derivatives transactions only in an attempt to assure it attains the operating profit, to hedge risks which might be incurred by exchange rates, interest rates or asset price fluctuations instead of an attempt to seek speculative profits.

**3.1.3.** Any actions of derivatives transactions aiming at purposes other than hedging shall not be taken until approved by the Board of Directors. Amounts of foreign currencies shall be duly calculated based on the

exchange rates quoted by various foreign currency centers as promulgated by the Financial Department for the month. In case of a major derivatives transaction, TPK shall not engage in such transaction until it acquires the consent of the Audit Committee through a majority vote and final resolution by the Board of Directors.

**3.1.4.** The total contract amount of derivatives transactions taken by TPK shall not exceed 50% of the Company's total net worth. The total loss in a single individual derivatives transaction shall not exceed 10% of the total contract amount. Regarding the contents of the contract, the Board of Directors authorizes the high ranking supervisory executives to approve.

**3.1.5.** Where inside the Company's department in charge of derivatives transactions, all transaction personnel shall launch transactions with the counterparts based on the transaction strategies which are established based on the approved contents of transaction. After the transaction proves successful, all transaction vouchers shall be submitted to the settlement personnel to proceed with the settlement procedures. The settlement personnel shall, for the contents of transaction, duly execute contracts, open accounts, and proceed with settlement and closing accounts with the transaction counterparts.

**3.1.6.** Where TPK is engaged in derivatives transactions, the department in charge of drafting the managerial systems should set up sound and comprehensive systems to indicate balances of positions of the entire Company, profit and loss analyses to facilitate risk control and to assure reflection of abnormalities forthwith, if any.

### **3.2. Powers & responsibilities:**

#### **3.2.1 Financial Department:**

(1) Collect market update, analyze and judge the potential trends and risks, get familiar with the financial products and the laws and ordinances concerned and the operating skills. Launch transactions in the positions exactly as instructed by the powers & responsibilities

supervisors to hedge risks in price fluctuations in the markets.

- (2) Assess the position of implementation and the profit & loss status on a regular basis to make sure the transactions are consistent with the requirements for the total amount and the maximum limit of loss set forth in Article 3.1.4.

**3.2.2 Accounting Department:**

- (1) Provide information regarding exposure to risk.
- (2) Measure, superintend and control the transaction risks.

**3.3. The credit line for derivatives transactions:**

- 3.3.1.** The stop loss limit should be duly established based on the average prices of the already executed derivative contracts. In the event of a case beyond the specified stop loss limit, all people concerned should be called upon to discuss and study the countermeasures through a brainstorm meeting.
- 3.3.2.** In case of a hedge-oriented derivatives transactions, the maximum limits of tolerable loss under the total amount of contracts are enumerated below

	Percentage taken by hedge-oriented derivatives transaction to the operating revenues of the latest quarter
Aggregate of the total contract amount	100%
Maximum limit of the total contract loss	10%
Maximum limit of the individual contract loss	10%

- 3.3.3.** The “hedge-oriented” derivatives transactions shall not be conducted until the proposal of the transaction is submitted to the responsible supervisor through the specified powers for approval and shall be reported to the Board of Directors retrospectively.
- 3.3.4.** The “transaction-oriented” derivatives transactions shall not be conducted

until the proposal of the transaction is resolved by the Board of Directors, duly submitted and approved.

**3.3.5.** The profit, loss and the relevant updates of the derivatives transactions shall be reported to the Board of Directors as specified under 3.3.3 and 3.3.4

**3.4.** The procedures to operate derivatives:

**3.4.1.** Ascertain transaction positions.

**3.4.2.** Analyze and judge the future trends concerned.

**3.4.3.** Resolve the concrete means for hedge.

- (1) Transaction targets.
- (2) Transaction positions.
- (3) Target prices and segmentation regions.
- (4) Transaction strategies and style.

**3.4.4.** Approval obtained for desired transaction

**3.4.5.** Implementation of transaction:

- (1) Transaction counterparts: To be confined to those lawfully established domestic and foreign financial institutions accredited by the government.
- (2) Transaction personnel: Here at TPK, the personnel in charge of derivatives transactions shall first be reported to the Financial Department and Accounting Department to be approved by the department heads there before such personnel are revealed to the financial institutions which are in business transactions with TPK. No personnel except such duly reported personnel may engage in derivatives transactions.
- (3) Transaction confirmation: After the transaction personnel engage in transactions, such personnel in charge of derivatives transactions shall fill out the transaction vouchers where the confirming personnel shall check and verify whether the transaction terms prove consistent with the transaction vouchers and shall then submit them to the responsible department head(s) for approval.

- (4) Settlement: After a transaction is checked and verified, the Financial Department shall have the personnel in charge prepare payment and relevant vouchers to proceed with settlement at the prices determined through negotiations.

**3.4.6.** The Accounting Department shall enter the transactions into account.

**3.5. Accounting handling:**

**3.5.1.** The accounting affairs for derivatives transactions shall be duly handled in accordance with the generally accepted accounting principles and Statement of Financial Accounting Standards (SFAS) promulgated by the Accounting Research and Development Foundation.

**3.5.2.** Work out periodical financial statements (including annual, semiannual, quarterly financial reports and consolidated financial statements). As required under #34 of “Financial Product Accounting Handling” and under #36 “Presentation and Disclosure of Financial Products” of the Statement of Financial Accounting Standards (SFAS) promulgated by the Accounting Research and Development Foundation, such facts shall be remarked into the financial statements, to be duly disclosed based on the general practice rules for derivatives.

**3.5.3.** In case of “transaction-oriented” derivatives transactions, other than general disclosures, the net profit and loss shall be duly disclosed based on the categories of the commodities and the position of expression through the income statement.

**3.5.4.** On “hedge-oriented” derivatives, the additional disclosures as enumerated below shall be made in addition to general disclosures:

- (1) Where the assets or liabilities already held on hand, to hedge risks as the purposes:
- (A) The amounts of assets or liabilities being taken into hedge, and the categories of the derivatives to be taken for hedge purposes.
  - (B) Amounts of the hedge gain, loss in hedge which have been recognized and which have been expressly deferred.

- (2) Hedge-oriented derivatives transaction upon anticipated transaction (including the future transactions with confirmed commitment and transactions not in commitment but anticipated to take place in the future):
  - (A) Descriptions of the contents anticipated from the transaction
  - (B) Descriptions of the categories, contents of the derivatives.
  - (C) The gain, loss amounts of hedge which has been expressly deferred.

### **3.6. Internal control system:**

3.6.1. Risk management measures: Where variables and changes in the markets tend to bring up risks in our derivatives transaction. We should, therefore, assure sound and strict risk management in the market through the following principles:

- (1) Credit management risks:
  - (A) Transaction counterparts: Only those renowned and reputable financial institutions in Taiwan and in other countries.
  - (B) Commodities for transaction: Confined only to the products provided by those renowned and reputable financial institutions in Taiwan and in other countries.
  - (C) Amounts of the derivatives transactions: The maximum amount of hedge with the same transaction counterpart shall not exceed 10% of the authorized total amount.
- (2) Market risk management: TPK will primarily transact in the open foreign exchange markets provided by banks and will not transact in the futures market for the time being.
- (3) Liquidity risk management: To assure sound liquidity, TPK will primarily choose such financial products that are higher in liquidity (which could be leveled in the market at any moment). The financial institutions consigned to proceed with the transaction must be those which have adequate information sources ready to proceed with

transactions at any moment in the markets. Prior to the start of the transaction, TPK's personnel in charge should check and verify the credit lines for transactions to assure no liquidity inadequacy will occur at any time.

- (4) Cash liquidity risk management: To assure sound and secured working capital at TPK, we use owned working capital as the only and sole sources for derivatives transactions. In the amount taken into the operation, we seriously take into account the working capital need based on three-month cash input and output.
- (5) Operating risk management:
  - (A) All TPK personnel shall faithfully comply with the credit lines authorized and operating procedures which should be covered in the internal audit to prevent a potential operating risk.
  - (B) The personnel in charge of checking and verification of personnel engaged in the derivatives transaction, and personnel in charge of settlement shall not inter-serve such posts concurrently.
  - (C) Given the need to measure risks, the personnel in charge of superintendence and control and the personnel in charge of business affairs set under the preceding paragraph shall come from different departments. Those personnel shall report to the Board of Directors or the high ranking supervisors who are not required to assume the responsibility for transaction or policymaking process for the positions.
  - (D) Commodity risk management: The internal personnel in charge of transaction shall be those having been equipped with integral and accurate expertise and technology & know-how. Such personnel shall request that the banks disclose potential risks in full to prevent a potential misuse of financial products.
  - (E) Legal risk management: Any and all documents which will be signed with banks must not be signed until having satisfactorily



passed the review process by the Legal Affairs Department.

Such efforts will prevent potential risks in law.

**3.7. Assessment either on a regular basis or on a nonscheduled basis:**

**3.7.1.** The Board of Directors shall designate the heads of the Financial Department and Accounting Department to be watchful over superintendence and control about potential risks of derivatives transactions exactly in accordance with the internal control systems. They shall appraise performance on a regular basis to check and verify whether they live up to the established policies and whether the risks they bear are within the tolerable scope.

Whenever abnormalities are noticed during the process to oversee the transaction and the gain & loss status, countermeasures shall be taken forthwith and a report shall be submitted to the Board of Directors forthwith. Where TPK has established independent directors, the board of directors meeting shall be attended by those participants, independent director(s) inclusive, to voice their opinions.

**3.7.2.** The position held for transaction oriented derivatives shall be assessed at least once per week. The position held for hedge-oriented derivatives in line with business needs shall be assessed at least twice per month. The assessment reports shall be submitted to the high ranking supervisor(s) as duly authorized by the Board of Directors.

**3.7.3.** The heads of the Financial Department and Accounting Department shall conduct assessments on a regular basis to make sure the risk managerial procedures currently adopted are appropriate and have been duly implemented.

**3.7.4.** In case of abnormalities found in the market rate appraisal report, which are believed likely to lead to major or probable losses, the Financial Department shall report to the Board of Directors forthwith and shall, meanwhile, take countermeasures. If TPK has independent director(s), the Board of Directors meeting shall be attended by participants with the

independent director(s) inclusive who should voice opinions in the event.

- 3.8.** TPK shall, when engaging in derivatives transactions, set up memorandum books. Such facts of the categories, amounts of the derivatives transactions, dates, procedures and issues resolved in the Board of Directors meeting shall be detailed in the memorandum books.
- 3.9.** If the Subsidiary is a public company, the Board of Directors of said subsidiary shall perform the superintendence and control of the derivatives transactions, and the Company shall report on the summary of the derivatives performance to the audit committee/Board of Directors.

**3.10 Internal audit:**

- 3.10.1.** The internal auditors shall look into the derivatives transactions on a regular basis to check and verify the appropriateness of internal control, and shall conduct audit analysis and transaction resolving on a monthly basis, work out audit reports and submit them to the high ranking supervisors authorized by the Board of Directors. In case of a critical violation, a notice shall be served to the Audit Committee and the violators shall be duly penalized in accordance with TPK's Personnel Rules as the actual situations may justify.
- 3.10.2.** Exactly in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies," TPK shall declare the audit reports and corrective actions completed against abnormalities to the competent authorities for their information.

**3.11. Promulgation and declaration:**

- 3.11.1.** At the specified formula, the contents of derivatives transactions conducted by TPK and its subsidiaries in the preceding month shall be promulgated and declared by TPK on or before the 5<sup>th</sup> day every month.
- 3.11.2.** In the event a subsidiary undergoes a loss up to 10% of the contract amount limit, or where the contract(s) involved in the transaction have been changed, terminated or rescinded, such relevant information shall be provided to TPK at the specified formula within the date ensuing

occurrence of the event. TPK will conduct promulgation and declaration instead.

**3.11.3.** In the event that the contents which TPK should promulgate are found to be left out, erroneous and thus must be made or corrected, all such contents shall be provided to TPK based on 3.11.1. and 3.11.2. for declaration anew.

**3.12.** Penalty clauses:

Where TPK's managerial officers and personnel in charge are found to be in violation of these Regulations, such officers and personnel shall be duly rated for their performance and shall be imposed with penalties as the actual requirements may justify.

**3.13.** Enforcement and amendment:

**3.13.1.** These Procedures and any amendment hereto shall be, after being duly approved by the Audit Committee and the Board of Directors and submitted to the shareholders' meeting for approval. If there is any change to the applicable laws and regulations after the enactment of these Regulations, these Regulations shall be amended accordingly.

**3.13.2.** If TPK has independent director(s), when the contents of these Procedures are submitted to the Board of Directors meeting for discussions, the opinions of the independent director(s) shall be put into adequate discussion. Their definite opinions and reasons for agreement and objection, shall be put into the meeting minutes of the Board of Directors.

**3.13.3.** Where TPK has established the Audit Committee, enactment or amendment of the Procedures for the Acquisition or Disposition of Assets shall require consent by a (one half) majority vote of all Audit Committee members (to be calculated based on the incumbent ones) and shall be submitted to the Board of Directors for final decision. In the event that the Procedures fail to be endorsed with consent by a (one half) majority vote of all Audit Committee members, consent by two-thirds majority of all directors (to be calculated based on the incumbent ones) is required instead. The decision resolved in the Audit Committee shall be expressly remarked in the

meeting minutes of the Board of Directors.

**3.13.4.** These Regulations were enacted and approved by the 2<sup>nd</sup> shareholders' meeting held on January 8, 2010.

The first amendment was approved by the shareholders' meeting held on April 13, 2010.

The second amendment was approved by the shareholders' meeting held on June 9, 2011.

**4. Highlights of management:**

- 4.1.** Whether these Procedures are implemented only after being officially resolved by the Board of Directors, submitted to the Audit Committee and approved by the shareholders' meeting.
- 4.2.** Whether the amount of derivatives transaction is within the maximum limit approved by the Board of Directors.
- 4.3.** Whether a transaction of non-hedging derivatives is approved by the Board of Directors beforehand.
- 4.4.** Whether derivatives transaction information has been input into the specified website for information declaration.
- 4.5.** Whether the information of derivatives transactions has been duly registered into the Memorandum Book of Derivatives Transaction.
- 4.6.** Whether the internal auditor(s) has(have) audited derivatives transaction performance at least on a quarterly basis and duly worked out the audit report in writing.
- 4.7.** Whether TPK's subsidiaries have duly enacted "Procedures Governing Derivatives Transactions Procedure" if they implement derivatives transaction.
- 4.8.** Whether the Board of Directors has assigned superintendent(s) to oversee the derivatives transaction.

**5. Regulations for reference:**

- 5.1.** Procedures in Acquisition or Disposal of Assets by Public Companies

**6. Forms used:**

- 6.1.** Memorandum Book for Derivatives Transaction.

**Information on Director Remuneration**

The Company's proposed distribution of earnings for 2018 in the form of directors' compensation as approved by the Board of Directors is set forth as follows:

- A. Proposed directors' remuneration: No.
- B. The reason of differences between the estimated amount of the expense for the recognition year remuneration proposed by the Board of Directors: No

**Relevant Information on Proposals Made by Shareholders Who Hold 1% or More of the Total Issued Shares of the Company**

- A. In accordance with Article 18.9 of the Amended and Restated Memorandum of Association and Articles of Association of the Company, the proposal accepting period of 2019 annual general shareholders' meeting is from March 8, 2019 to March 18, 2019.
- B. No proposals are raised by shareholders holding 1% or more of the total number of issued shares of the Company during the above period.

## Appendix 7

### TPK Holding Co., Ltd. Shareholdings of All Directors

Record Date: March 18, 2019

Title	Name	Date Elected	Shareholding when Elected		Current Shareholding		
			Shares		Shares		%
Chairman	Michael Chao-Juei Chiang	5/27/2016	Common shares	17,720,401	Common shares	17,720,401	4.36
Vice Chairman	Foster Chiang	5/27/2016	Common shares	0	Common shares	0	0
Director	Capable Way Investments Limited Representative: Li-Chien Hsieh	5/27/2016	Common shares	23,139,855	Common shares	23,139,855	5.69
Director	Max Gain Management Limited Representative: Chang, Heng-Yao	5/27/2016	Common shares	25,222,643	Common shares	25,222,643	6.20
Director	High Focus Holdings Limited Representative: Tsai, Tsung-Liang	5/27/2016	Common shares	13,273,610	Common shares	13,273,610	3.26
Director	Global Yield International Co., Ltd. Representative: Liu, Shih-Ming	5/27/2016	Common shares	1,114,000	Common shares	1,114,000	0.27
Independent Director	Chang, Horng-Yan	5/27/2016	Common shares	0	Common shares	0	0
Independent Director	Chiang, Fong-Nien	5/27/2016	Common shares	0	Common shares	0	0
Independent Director	Weng, Ming-Jeng	5/27/2016	Common shares	323	Common shares	323	0

Total shares issued as of 3/18/2019: 406,663,759 Common Shares.

Note1. Article 26 of the Securities and Exchange Act is not applicable to TPKH.

Note2. Due to the establishment of the Audit Committee, the shareholding requirement for the supervisors is not applicable.

Note3. As of March 18, 2019, TPKH's Directors together held 80,470,832 TPKH shares.