



# **Fulgent Sun International (Holding) Co., Ltd.**

## **2019 Annual Shareholders' Meeting**

### **Meeting Agenda**

**Time: June 12, 2019 (Wednesday) at 9:00 am**

**Location: No.26, Kegong 2nd Rd., Douliu City, Yunlin County  
(Yunlin Technology-based Industrial Park Service Center)**

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# **Fulgent Sun International (Holding) Co., Ltd.**

## **2019 Annual Shareholders' Meeting Procedure**

I. Call the Meeting to Order

II. Report Items

III. Proposed Items

IV. Discussion Items

V. Election

VI. Other Matters

VII. Special Motions

VIII. Adjournment

# **Fulgent Sun International (Holding) Co., Ltd.**

## **2019 Annual Shareholders' Meeting Agenda**

Time: June 12, 2019 (Wednesday) at 9:00 am

Location: No.26, Kegong 2nd Rd., Douliu City, Yunlin County  
(Yunlin Technology-based Industrial Park Service Center)

I. Chairman to announce the commencement of meeting.

### II. Report Items

- (1) To report the business of 2018.
- (2) Audit Committee's review report of 2018.
- (3) To report 2018 employees' profit sharing bonus and directors' remuneration.
- (4) Report of Implementation Result of the Fourth Domestic Unsecured Convertible Corporate Bonds.
- (5) Report of Implementation Results of Distribution of the Company's Shares Bought Back to Employees.
- (6) Amendments to the Company's "Rules of Procedure for Board of Directors Meetings"

### III. Proposed Items

- (1) To accept 2018 Consolidated Financial Statements and Business Report.
- (2) To approve the proposal for distribution of 2018 earnings.

### IV. Discussion Items

- (1) Discussion of amendments to the Operational procedures for Acquisition and Disposal of Assets
- (2) Discussion of amendments to the Company's "Articles of Incorporation"
- (3) Amendment to the Operational Procedures for Making Endorsements/Guarantees and Governing Loaning of Funds

### V. Election

Re-election of Directors (including Independent Directors)

### VI. Other Matters

Proposal for deregulation of non-compete clause to newly-elected Directors and their representatives

### VII. Special Motions

### VIII. Adjournment

## Report Items

1. To report the business of 2018, please review.

Explanatory Notes: Please refer to Attachment 1 of this Manual for the business operation report of 2018 (Page9 to 11).

2. Audit Committee's review report of 2018, please review.

Explanatory Notes: Please refer to Attachment 2 of this Manual for the Audit Committee's review report of 2018 (Page 12).

3. To report 2018 employees' profit sharing bonus and directors' remuneration, please review.

Explanatory Notes: The Company had approved to distribute 10,000,000 NTD for employees and 10,000,000 NTD for directors as remuneration of 2018 by the Board of Directors on March 8, 2019, please refer to Appendix 3 of this Manual (Page13).

4. Report of Implementation Result of the Fourth Domestic Unsecured Convertible Corporate Bonds, please review.

Explanatory Notes: To repay bank loans and replenish working capital, the Company had issued the Fourth Domestic Unsecured Convertible Corporate Bonds of 2018 after the approval by the Board of Directors on August 6, 2018. The denomination value of each Bond was 100,000 NTD and the total value was 1 billion NTD. The Bonds were issued with the value at 100.6% of the denomination ones. All Corporate Bonds were successfully issued on October 2, 2018. Please refer to Attachment 4 (page 14) of the Manual for information of Domestic Convertible Corporate Bonds of 2018.

5. Report of Implementation Results of Distribution of the Company's Shares Bought Back to Employees, please review.

Explanatory Notes: According to Paragraph 1 of Article 28-2 of Securities and Exchange Act, the pocedures of buying back shares shall be conducted based on “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by Financial Supervisory Commission. Please refer to Attachment 5 (page 15) of the Manualfor implementation result of the Company’s treasury stocks.

6. Amendments to the Company’s “Rules of Procedure for Board of Directors Meetings,” please review.

Explanatory Notes: Comparison table for the Rules of Procedure for Board of Directors Meetings before and after revision, please refer to Attachment 6 of this Manual (Page 16-17).

#### Proposed Items:

1. To accept 2018 Consolidated Financial Statements and Business Report  
(Proposed by the Board of Directors).

Explanatory Notes :

- (1) The 2018 Consolidated Financial Statements of the Company is examined and prepared by CPA HUNG, SHU-HUA and CPA WANG, YU-CHUAN of PwC Taiwan, and the Business Report is examined by the Audit committee, which the examination report from the Audit committee is presented.
- (2) Please refer to Attachment 1 (Page 9 to 11) and Attachment 7 (Page 18 to 27) of this Manual for the Business Operation Report, Auditor Examination Report and Consolidated Financial Statements of 2018.
- (3) The approval from the annual shareholders’ meeting is asked.

Resolution :

2. To approve the proposal for distribution of 2018 earnings  
(Proposed by the Board of Directors).

Explanatory Notes :

- (1) The 2018 net income of the Company is 743,000,698 NTD, reduce retained earnings 9,721,560 NTD, the 10% legal reserve which is 74,300,070 NTD and reversal allowance special reserve 25,593,323 NTD are withdrawn as allowance, the distributable net income is 1,172,444,034 NTD, so it is planned to distribute 3.68 NTD per share as cash dividend. The additional remuneration for employees and directors are both 10,000,000 NTD, which would be distributed in cash.
- (2) The Board of Directors attempts to additionally set the cash dividend distribution date (Ex-Dividend Date) for the aforesaid distribution of cash dividend to distribute such dividend based on the amount of shares held by each shareholder who are listed on the Shareholders List on the Ex-Dividend Date as well as informing all the shareholders.
- (3) The Board of Directors attempts to conduct the distribution of remuneration for employees and directors based on legal regulations.
- (4) Please refer to attachment 8 of this Manual (page 28) for Earnings Distribution Proposal of 2018.
- (5) The approval from the annual shareholders' meeting is asked.

Resolution :

Discussion Items:

1. Amend partial article of “Procedures for the Acquisition or Disposal of Assets”  
(Proposed by the Board of Directors).

Explanatory Notes:

- (1) Amend based on the Order No. 1070341072 issued by Financial Supervisory Commission on November 26, 2018.
- (2) Please refer to the Attachment 9 (Pages 29-51) of the Manual for the Comparison Chart of “Procedures for the Acquisition or Disposal of Assets”.



(3) The approval from the annual shareholders' meeting is asked.

Resolution :

## 2. Amend partial article of "Articles of Incorporation."

(Proposed by the Board of Directors).

Explanatory Notes :

(1) The article is revised in accordance with the amendment of the Checklist or Protecting Shareholders of Foreign Issuers, it is proposed to revise the "Articles of Incorporation."

(2) Please refer to the Attachment 10 (Page 52 to 71) for the comparison table for the Articles of Incorporation before and after revision.

(3) The approval from the annual shareholders' meeting is asked.

Resolution :

## 3. Amend partial article of "Procedures for Making Endorsements/Guarantees" and "Procedures Governing Loaning of Funds" (Proposed by the Board of Directors).

Explanatory Notes:

(1) Amend based on the Order No. 1080304826 issued by Financial Supervisory Commission on March 7, 2019.

(2) Please refer to the Attachment 11 (Pages 72 to 74) of the Manual for the Comparison Charts of Procedures for Making Endorsements/Guarantees" and "Procedures Governing Loaning of Funds".

(3) The approval from the annual shareholders' meeting is asked.

Resolution :

Election:

Re-election of Directors (including Independent Directors). (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The terms of office for all current Directors (including Independent Directors) will expire on June 14, 2019, and the re-election of the 8 seats of Directors (in which there are 5 seats of Independent Directors) during the 2019 Shareholders' Meeting is required.
- (2) The newly-elected Directors and Independent Directors shall assume the positions immediately after being elected and their terms of office are three years (from June 12, 2019 to June 11, 2022).
- (3) Election of Directors and Independent Directors of the Company shall be conducted in accordance with the candidate nomination system and the nominated candidates shall be elected by shareholders. The list of candidates had been approved by the Board of Directors on May 2, 2019. The information (such as education and experience) of candidates is available at Attachment 12 (page 75 to 76) of the Manual.
- (4) Please approve and elect.

Result:

Other Matter:

Proposal for deregulation of non-compete clause to newly-elected Directors and their representatives. (Proposed by the Board of Directors).

Explanatory Notes:

- (1) Regulation of Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
- (2) It is proposed to deregulate the prohibition to any newly-elected Directors who invests or operates any other companies which has the same or similar business scope as the Company and act as its Director or manager. .

(3) The approval from the annual shareholders' meeting is asked.

Resolution :

Special Motions

Adjournment

## Fulgent Sun International (Holding) Co., Ltd.

### Business Operation Report of 2018

#### I. Preface

The sales of global market of sports and outdoor products continues to grow in 2018, further promoting the good operation performance of the major clients of the Company and new production lines are kept being expanded. Thanks to proactive upgrade to production efficiency and enhancement to managerial capacity of staff and line, the annual revenue of 2018 of the Company reaches 10,070,151 thousand NTD. The sales percentages of outdoor shoes, sports shoes and other products are 90.4%, 7.9% 1.7%, respectively. The production capacity deployment program for factories was initiated in 2018 and achieved excellent improvement for factory milestone production capacity from deployment program. With the stable improvement of employees' learning curves and the benefit of scale of economy being gradually harvested, the overall business operation of the Company has been significantly improved quarterly since the second quarter and reached the annual highest in the fourth quarter of 2018 (meanwhile, the gross margin also reached the highest (QoQ) among historic records). For 2018, the annual gross margin and operating profit margin achieved 18.0% and 8.3%, respectively. The operating expenses were merely 9.3% and the operating profit is 834,388 thousand NTD. The net income of attributable to the Parent Company is 743,001 thousand NTD, which is the second highest among historic records. In addition, EPS is 5.10 NTD, which achieved the record of EPS exceeding 5 NTD three years in row, indicating good financial management and business operation by the Company. The additional paid-in capital and retained earnings are sufficient, and the financial structure of the Company Group is healthy.

For the overview of 2019, the Company is optimistic toward the future of global market of sports and outdoor products thanks to the early potential boom of the 2020 Olympic Games. The Company will also dedicate to improving the automatic and smart production to optimize products portfolio and production synergy under the maintenance of balanced development quantitatively and in quality. The major production factories under the realm of the Group are all GORE-TEX certified factories, and the outstanding R&D and production teams of the Company will keep on joint development with international enterprises to manufacture adequate footwear products with craftsmanship to satisfy all kinds of demands from the clients. Under managerial goals and management of the units from staff and line based on their professional fields, the Group's production capacity will be gradually improved and extended to satisfy the growth strategies of brand clients with no expense of capacity of newly-built factories and efficient management and control to operating cost. The share of production values from our non-China based factories in Vietnam and Cambodia had been improved from 54% at the beginning of 2018 to 60% by the end of such year. The total production value from factory in Vietnam is also expected to surpass the one from China in 2019. In order to achieve production capacity improvement and flexibility, our middle-term goal is to adjust the share to production value from each factory in China, Vietnam and Cambodia to reach one-third of total value, respectively. Besides keeping cooperation with our more-than 40 brand clients, the Company will also keep on developing quality potential prospects to optimize the diversity of order sources and competitiveness of the Group. We will be dedicated to pursuing our goals as achieving the 10-15% annual growth rate, maintain and increase the Group's production value and deepen and stabilize our operation foundations.

## II. Description of Performance of Operating Plans for 2018 and Results

### 1. Performance of Operating Plans for 2018 and Results

Unit: 1000 NTD

Item/Year	Consolidated financial statements			
	2018	2017	Growth of amount	Percentage of growth
Operating net income	10,070,151	10,388,151	(318,000)	-3.06%
Operating cost	(8,257,132)	(8,333,008)	75,876	-0.91%
Operating gross income	1,813,019	2,055,143	(242,124)	-11.78%
Operating expenses	(978,631)	(924,293)	(54,338)	5.88%
Operating net revenue	834,388	1,130,850	(296,462)	-26.22%
Non-operating income and expenses	95,434	(111,027)	206,461	-185.96%
Pre-tax income	929,822	1,019,823	(90,001)	-8.83%
Income tax (expenses) benefit	(192,536)	(223,820)	31,284	-13.98%
Net profit of this period	737,286	796,003	(58,717)	-7.38%

### 2. Performance of Operating Plans for 2018 and Budgets

The Company does not disclose its financial forecast publicly in 2018, so there is no application.

### 3. Analysis of Profitability and Financial Revenue and Expenditure

Unit: 1000 NTD

Item/Year			Consolidated financial statements	
			2018	2017
1. Financial revenue and expenditure	Operating net income		10,070,151	10,388,151
	Operating gross income		1,813,019	2,055,143
	Net income		737,286	796,003
2. Profitability	ROA(%)		7.36	8.75
	ROE (%)		11.54	13.33
	OIK (%)	Operating income(loss)	57.04	77.35
		Pre-tax pure (loss) benefits	63.57	69.76
	Net profit margin (%)		7.32	7.66
	EPS (NTD)		5.10	5.65

### III. Conclusion

The revenue of the Group has been increased significantly and the business operation has been more stable since the listing of the Company in 2012. The net income of attributable to the Parent Company for the most recent three years is 702 million NTD, 803 million NTD and 743 million NTD, respectively. Our policy of distribution of high level of cash dividends could be maintained annually thanks to the efforts of all the shareholders and employees. The operation team believes that “corporate governance is the basis for business operation performance, even though the latter is viewed as the priority”. The Company will uphold its philosophy of “ethics, wisdom, diligence and dedication” and fundamental values of “integrity, instance, quality and innovation” to achieve better performance. We will improve our deployment of smart production while keeping introducing automatic manufacture equipment and expanding production capacity simultaneously. The fulfillment of corporate social responsibility to improve information transparency, optimize performance of the Board of Directors, maintenance of equal treatment to each shareholder will also be all enhanced to create more values pragmatically and precisely and guarantee the rights of all stakeholders. By doing so, it would be expected the Company can practically share the fruits of good business operation performance with all of its shareholders and employees.

Chairman : LIN, WEN-CHIH    Manager : LIAO, FANG-CHU    Accounting Manager : FAN, CHEN-HXIANG

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

The 2018 Financial Statements of the Company is examined and prepared by CPA HUNG, SHU-HUA and CPA WANG, YU-CHUAN of PwC Taiwan, and the Business Report is examined by the Audit Committee, which the examination report from the Audit committee is presented.

The aforesaid Business Operation Report, Consolidated Financial Statements and Proposal of Distribution of Earnings have been confirmed by the Audit Committee, so this Report is presented for review.

For

The 2019 Annual Shareholders' Meeting of Fulgent Sun  
International (Holding) Co., Ltd.

Coordinator of the Audit Committee  
CHANG, KUN-HSIEN  
March 8, 2019

## **Fulgent Sun International (Holding) Co., Ltd**

### **Related Information of Employees' Profit Sharing Bonus and Directors' Remuneration**

1. The related information of employees and directors' remuneration listed in Articles of Incorporation  
Based on the Articles of Incorporation of the Company, the Company shall, in accordance with the resolutions of the Board of Directors and the resolution of the surplus adopted by the resolution of the shareholders' meeting, (1) make up the annual loss on the annual net profit and obtain 10% of the remaining profits as the statutory surplus (2) in accordance with the rules of the public offering company or in accordance with the requirements of the competent authorities to provide special surplus reserve; (3) may not exceed the surplus of the surplus of the surplus; the amount of the accumulated surplus reserve is equivalent to the total capital of the Company; 3% as directors' remuneration and 3% of the remaining profits as employees of the Company and its employees.
  
2. The estimated basis of the amount of employees' remuneration and the amount of the remuneration of the directors, the basis for the calculation of the dividends of the stock dividends and the actual treatment amount when the difference is estimated:
  - (1) After the end of the business year, when there is a significant change in the amount of the resolution of the board of directors, the change will be adjusted for the annual expenses. At the date of the resolution of the shareholders' meeting, if the amount is still changed, it will be adjusted according to the accounting changes and shall be recorded in the annual resolution of the shareholders' meeting.
  - (2) If the amount of dividends paid by the shareholders' committee is determined by dividing the amount of the remuneration of the shares by the value of the stock market, the stock market value shall be the closing price of the day before the date of the resolution of the shareholders' After the impact) for the calculation basis.
  
3. The related information of proposed distribution of employees and directors' remuneration approved by the Board of Directors:  
Approve by the Board of Directors of the Company on March 8, 2019
  - (1) The proposed distribution of employees' profit sharing bonus and directors' remuneration are 10,000,000 NTD for each.
  - (2) There is no difference between the above assigned amount and the original remunerated remuneration for employee and the directors, which are 10,000,000 NTD for each.



## Fulgent Sun International (Holding) Co., Ltd.

## Implementation of Issuance of Convertible Corporate Bonds

Type of Corporate Bond	Fourth Domestic Unsecured Convertible Corporate Bonds
Reasons	Repayment for bank loans and replenishment for working capital
Issuance Date	October 2, 2018
Value of Each Bond	100,000 NTD
Total Value of Corporate Bonds	Total value was 1 billion NTD. The Bonds were issued with the value at 100.6% of the denomination ones
Interest Rate	Denomination annual rate is 0%
Duration	Three years, expires on October, 2021
Secured by	N/A
Trustee	Department of Trust, Taipei Fubon Commercial Bank Co., Ltd.
Underwritten by	Waterland Securities
Repayment Method	The bondholders may be repaid by converting possessed bonds to common stocks based on Article 14, or exercise the right of buying back based on Article 23 of the Regulations. The Company may conduct advance repurchase based on Article 22 of the Regulations, or the Company shall repay in the total unpaid denomination values except those already cancelled and bought back from the OTC markets by the Company.
Conversion Price During Issuance	54.5 NTD
Shares Converted to Common Stocks	2,892,751 shares
Capital Spent	1,006,000,000 NTD

Fulgent Sun International (Holding) Co., Ltd.  
Implementation Result of Transferring Repurchased Company Shares to  
Employees

Item	The second repurchase of treasury stocks
Date of Decision made by the Board of Directors	March 8, 2017
Purpose of the buying back	Transferring shares to employees
Actual period of shares bought back	March 15, 2017 to April 12, 2017
Price range of the buying back	60-70 NTD
Average price for buying back each share	65.65 NTD
Stock type and amount bought back	Common Stock 500,000 shares
Actual amount bought back	32,824 thousand NTD
Results	Shares were transferred to employees at the price lower than repurchase based on approval of the Shareholders' Meeting on June 8, 2017. All shares had been transferred on December 14, 2018.

## Fulgent Sun International (Holding) Co., Ltd.

Comparison Charts of Regulations Governing Management of Operation of  
Board Meeting

Before	After	Description
Article 4 Designating Secretary Units, and Preparing Meeting Notice and Meeting Materials	Article 4 Designating Secretary Units, and Preparing Meeting Notice and Meeting Materials	The Company has established the Corporate Governance Group, who is responsible for the preparation of preparation of meeting agenda, meeting minutes and other related administrative affairs.
The Board of Directors and its authorized units shall determine the determine the contents to be discussed in the meetings of the Board of Directors, and the <u>financial units</u> shall be responsible to the Board of Directors and arrange meetings' administrative affairs regarding preparation of meeting agenda, meeting minutes and other related ones. In at least 7 days prior to the convening, all Directors shall be notified of the convening of Board meetings in written and electronic letters in which the convene dates and locations shall be clearly specified and the agenda and meeting materials attached. However, the preceding requirements do not apply to any	Directors and its authorized units shall determine the determine the contents to be discussed in the meetings of the Board of Directors, and the <u>Corporate Governance Group</u> shall be responsible to the Board of Directors and arrange meetings' administrative affairs regarding preparation of meeting agenda, meeting minutes and other related ones. In at least 7 days prior to the convening, all Directors shall be notified of the convening of Board meetings in written and electronic letters in which the convene dates and locations shall be clearly specified and the agenda and meeting materials attached. However, the preceding requirements do not apply to any	

Before	After	Description
<p>meeting discussing emergency which at any time the Directors could be notified of its convening. Any Director may require the secretary units to supplement for any meeting materials if he/she considers the materials to be insufficient. Resolutions by the Board of Directors to postpone the discussion may be applicable if any Director considers the meeting materials to be insufficient during the meeting. The following key matters shall be included into the meeting agenda in advance except any occurrence of emergency and shall not be proposed during the Special Motion phase:</p>	<p>meeting discussing emergency which at any time the Directors could be notified of its convening. Any Director may require the secretary units to supplement for any meeting materials if he/she considers the materials to be insufficient. Resolutions by the Board of Directors to postpone the discussion may be applicable if any Director considers the meeting materials to be insufficient during the meeting. The following key matters shall be included into the meeting agenda in advance except any occurrence of emergency and shall not be proposed during the Special Motion phase:</p>	

## Independent Accountants' Audit Report

(108) Cai-Shen-Bao-Zi No. 18003738

To the Board of Directors and Shareholders of Fulgent Sun International (Holding) Co., Ltd

**Audit Opinion**

We have audited the consolidated balance sheets for the years as of December 31 of 2018 and 2017, as well as the consolidated income statements, consolidated statements of changes in equity, consolidated cash flow statements and notes to the consolidated financial statements (including summary of significant accounting policies) for the years then ended of Fulgent Sun International (Holding) Co., Ltd. and its subsidiaries (hereinafter referred to as Fulgent Sun Group).

In our opinion, all the significant aspects of the abovementioned consolidated financial statements have been established in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations recognized by the Financial Supervisory Commission. Therefore, they sufficiently express the consolidated financial status of Fulgent Sun Group on the years as of December 31 of 2018 and 2017 and the Group's consolidated financial performance and consolidated financial flow for the years then ended.

**Basis for Opinions**

We have performed the auditing work 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 this report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired sufficient and appropriate audit evidence to serve as the basis of our opinion.

**Key Audit Matters**

"Key audit matters" refer to those matters that, in our professional judgements, were of most significance in our audit of the consolidated financial statements of Fulgent Sun Group for 2018. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; hence, we do not express separate opinions on these matters.

Key audit matters of the consolidated financial statements of Fulgent Sun Group for 2018 are as follows:

**Sales Revenue Recognition**Matter Description

Refer to Note 4 (27) of the consolidated financial statements for the accounting policy on sales revenue. The revenue of Fulgent Sun Group from January 1 to December 31, 2018 was NT\$10,070,151 thousand.

Fulgent Sun Group produces and sells sports and outdoor shoes. When export goods are delivered to the forwarders designated by customers, the control of the goods transferred, and sales revenue will be recognized on the delivery date of the export goods.

Fulgent Sun Group recognizes sales revenue on the delivery date of the export goods. As the process

of recognition involves manual controls, which may result in the incorrect period of recognition of sales revenue. Therefore, we have identified the time of sales revenue recognition as a key audit matter for the year.

#### Corresponding Audit Procedures

The corresponding audit procedures we took for the specific aspects described in the above key audit matter are as follows:

1. Reviewed the procedures for sales transactions and internal control to evaluate whether the management controlled the time of sales revenue recognition effectively.
2. Evaluated whether sales revenue derived from transactions before/after a certain period of balance sheet date was recognized in the correct period, and whether the changes in inventories and costs of sales had been recorded in the proper period to evaluate the reasonableness of revenue recognition.
3. For the accounts receivable at the end of the year, we conducted the substantive tests of the balance, confirmed that accounts receivable and sales revenue were recorded in the correct period in line with the time of revenue recognition.

#### **Evaluation of the Allowance for Inventory Valuation Losses**

##### Matter Description

Refer to Note 4 (11) of the consolidated financial statements for the accounting policy on inventory valuation. For the uncertainties of accounting estimates and assumptions on inventory valuation, refer to Note 5 (2). For the description of allowance for inventory valuation losses, refer to Note 6 (4). The balance of Fulgent Sun Group's inventory as of December 31, 2018 was NT\$1,863,144 thousand; allowance for inventory valuation losses was NT\$84,752 thousand.

Fulgent Sun Group measures inventories over a certain period of age and those identified with impairments at cost or net realizable value, whichever is lower. The net realizable value used to value such inventories often involves subjective judgments. Considering the material impact of the allowance for inventory valuation losses on Fulgent Sun Group's financial statements, we have identified the evaluation of the allowance for inventory valuation losses as a key audit matter for the year.

#### Corresponding Audit Procedures

The corresponding audit procedures we took for the specific aspects described in the above audit matter are as follows:

1. Understood and evaluated the reasonableness of the subsequent inventory valuation and obsolescence loss for Fulgent Sun Group.
2. Reviewed the annual inventory plan and participated in the annual inventory check to assess the effectiveness of the management in differentiating and controlling obsolete inventories.
3. Obtained inventory report to verify the relevant supporting documents on the date of inventory change and confirmed the correctness of the inventory age groups and the compliance with its policy.
4. Acquired the statement of the net realizable value of various inventories to confirm the same computational logic is adopted; tested the estimated basis of the calculation of the net realizable value of various inventories, including the verification of the supporting documents of the sales price and inventory price; recalculated and evaluated the reasonableness of the allowance for falling price

loss.

## **Responsibilities of the Management and the Governing Units for the Financial Statements**

The responsibilities of the management were to prepare financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations recognized by the Financial Supervisory Commission to present fairly the Company's financial status and also to maintain necessary internal control with regard to the preparation of the consolidated financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When the consolidated financial statements are in the process of preparation, the responsibility of the management also includes the assessment of the capacity of Fulgent Sun Group as a going concern, the disclosure of related matters and the adoption of a going-concern basis, unless the management intends to liquidate or suspend the business of Fulgent Sun Group if there are no other practical options

The governing units of Fulgent Sun Group (including the Audit Committee) have the responsibility to oversee the procedures for financial reporting.

## **Responsibilities of the CPAs in Auditing the Consolidated Financial Statements**

Our objective when auditing the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements as a whole contain any false contents as a result of fraudulence or mistakes and whether they are reasonably reliable and to issue the independent auditors' report. Reasonable assurance means highly reliable. However, auditing work carried out in accordance with the Generally Accepted Auditing Standards of the Republic of China cannot guarantee detection of significant misstatements in the consolidated financial statements. Misstatements could be caused by fraud or error. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the consolidated financial statements, they will be deemed as material.

We conducted the auditing work according to the Generally Accepted Auditing Standards of the Republic of China and also exercised our profession judgments and remained professionally skeptical. We have also executed the following tasks:

1. Identify and evaluate risks of misstatements derived from false contents or error in the consolidated financial statements; design and execute proper counter measures against the risks identified, and also obtain sufficient and appropriate audit evidence to serve as the basis of the auditors' opinions. As fraudulence can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect misstatements resulting from fraudulence is higher than the risk of failing to identify those coming from errors.
2. Obtain necessary knowledge of internal controls that are closely related to auditing work and design the appropriate audit procedures without the intention to express any opinion about the validity of the internal controls of Fulgent Sun Group.
3. Evaluate the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures made accordingly.
4. Based on the audit evidence obtained, conclude whether there is any material uncertainty of the appropriateness for the management to adopt the going-concern basis and the events or circumstances that may lead to significant doubts about the capacity of the Fulgent Sun Group as a

going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusion was established according to the audit evidence obtained as of the date of the independent auditors' report. However, future events or circumstances may cause Fulgent Sun Group to no longer have the capacity to function as a going concern.

5. Evaluate the overall expression, structure and contents of the consolidated financial statements (including related notes) and whether the consolidated financial statements could appropriately express related transactions and events.
6. Obtain sufficient and appropriate audit evidence with regard to the finances of the individual entities in Fulgent Sun Group to establish our opinion about the consolidated financial statements. We are responsible for the guidance, supervision and implementation of Fulgent Sun Group's audit, and for forming the auditors' opinions on Fulgent Sun Group.

We communicated with the governing units about the planned audit scope and time and important audit findings (including significant internal control defects found during the audit process).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and also communicated with them about all relations and other matters (including related preventive measures) that could affect the independence of certified public accountants.

Based on the result of our discussion with the governing units, we determined the matters that are regarded as key audit matters when auditing the 2018 consolidated financial statements for Fulgent Sun Group. We have clearly described the said matters in the independent auditors' report except for certain matters which public disclosure is prohibited by law or certain matters which we decided not to mention under some extremely rare circumstances because disclosure of such matters can be reasonably expected to lead to negative effects that would be greater than the public good they might benefit.

PwC Taiwan

Hung Shu-Hua

Certified Public Accountants

Wang Yu-Chuan

Former Securities Commission, Ministry of Finance

Certificate No.: (1996) Tai-Cai-Cheng-(6) No.68701

Financial Supervisory Commission

Certificate No.: Jin-Guan-Cheng-Shen-Zi No.1020028992

March 8, 2019



Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

For the Years Ended December 31, 2018 and 2017

Unit: NT\$'000

Assets			December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 1,313,073	12	\$ 1,068,037	12
1110	Financial assets at fair value through profit or loss - current	12	-	-	1,284	-
1150	Net Notes receivable	6 (3)	-	-	9	-
1170	Net accounts receivable	6 (3)	2,140,291	19	1,874,185	20
1200	Other receivables		190,803	2	120,445	1
130X	Inventories	6 (4)	1,863,144	17	1,516,150	16
1410	Prepayments		77,949	-	74,364	1
1470	Other current assets		18,734	-	19,200	-
11XX	Total current assets		5,603,994	50	4,673,674	50
Non-current Assets						
1510	Financial assets at fair value through profit or loss - non-current	6 (2)	1,854	-	-	-
1523	Available-for-sale financial assets – non-current	12	-	-	2,908	-
1600	Property, Plant and Equipment	6 (5) and 8	4,930,269	44	4,319,269	46
1780	Intangible assets		16,970	-	18,581	-
1840	Deferred income tax assets	6 (22)	59,732	1	61,223	1
1900	Other non-current assets	6 (6) and 8	510,849	5	341,626	3
15XX	Total Non-Current Assets		5,519,674	50	4,743,607	50
1XXX	Total assets		\$ 11,123,668	100	\$ 9,417,281	100

(To be continued)

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

For the Years Ended December 31, 2018 and 2017

Unit: NT\$'000

	Liability and shareholder's equity	Notes	December 31, 2018		December 31, 2017	
			Amount	%	Amount	%
	<b>Current liabilities</b>					
2100	Short-term loans	6 (7) (27)	\$ 1,077,264	10	\$ 871,857	9
2130	Contract liabilities – current	6 (17)	27,619	-	-	-
2150	Notes payable		-	-	4,642	-
2170	Accounts payable		1,010,680	9	901,815	10
2200	Other payables	6 (8)	931,344	8	665,571	7
2230	Current income tax liabilities	6 (22)	77,513	1	114,564	1
2300	Other current liabilities	6 (9) (11)	250,158	2	276,961	3
21XX	<b>Total current liabilities</b>		<u>3,374,578</u>	<u>30</u>	<u>2,835,410</u>	<u>30</u>
	<b>Non-current Liabilities</b>					
2500	Financial liabilities at fair value through profit or loss - non-current	6 (2)	5,500	-	-	-
2530	Corporate bonds payable	6 (9)	971,025	9	-	-
2540	Long-term loans	6 (10)(27)	10,000	-	90,000	1
2570	Deferred income tax liabilities	6 (22)	945	-	16,336	-
2600	Other non-current liabilities	6 (11)	224,004	2	231,902	3
25XX	<b>Total non-current liabilities</b>		<u>1,211,474</u>	<u>11</u>	<u>338,238</u>	<u>4</u>
2XXX	<b>Total Liabilities</b>		<u>4,586,052</u>	<u>41</u>	<u>3,173,648</u>	<u>34</u>
	<b>Equity attributable to owners of parent company</b>					
	<b>Share Capital</b>	6 (14)				
3110	Capital of common stock		1,462,735	13	1,461,973	15
3140	Capital collected in advance		65,886	1	-	-
	<b>Capital surplus</b>	6 (15)				
3200	Capital surplus		3,377,120	31	3,336,445	35
	<b>Retained earnings</b>	6 (16)				
3310	Legal surplus reserve		346,855	3	266,544	3
3320	Special surplus reserve		446,134	4	244,368	3
3350	Undistributed earnings		1,221,151	11	1,369,501	15
	<b>Other equity</b>					
3400	Other equity		( 420,541)	( 4)	( 446,134)	( 5)
3500	<b>Treasury stocks</b>	6 (14)	<u>-</u>	<u>-</u>	<u>( 32,824)</u>	<u>-</u>
31XX	<b>Equity attributable to owners of parent company</b>		<u>6,499,340</u>	<u>59</u>	<u>6,199,873</u>	<u>66</u>
36XX	<b>Non-controlling Interests</b>		<u>38,276</u>	<u>-</u>	<u>43,760</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>6,537,616</u>	<u>59</u>	<u>6,243,633</u>	<u>66</u>
	<b>Significant Contingent Liabilities and Unrecognized Contractual Commitments</b>	9				
	<b>Significant subsequent events</b>	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 11,123,668</u>	<u>100</u>	<u>\$ 9,417,281</u>	<u>100</u>

The notes to the consolidated financial statements are part of the consolidated financial statements and should be read together.

Chairman: Lin, Wen-Chih

President: Liao, Fang-Chu

Accounting Manager: Fan, Chen-Hsiang

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2018 and 2017

Unit: NT\$'000

(exception: earnings per share are in NT\$)

Item	Notes	2018		2017	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	6 (17)	\$ 10,070,151	100	\$ 10,388,151	100
5000 <b>Operating cost</b>	6 (4)	( 8,257,132)	( 82)	( 8,333,008)	( 80)
5950 <b>Net gross profit</b>		<u>1,813,019</u>	<u>18</u>	<u>2,055,143</u>	<u>20</u>
<b>Operating expenses</b>	6 (21)				
6100 Marketing expense		( 182,479)	( 2)	( 197,443)	( 2)
6200 General and administrative expense		( 672,073)	( 7)	( 608,354)	( 6)
6300 Research and development expense		( 124,079)	( 1)	( 118,496)	( 1)
6000 <b>Total operational expenses</b>		( 978,631)	( 10)	( 924,293)	( 9)
6900 <b>Operating profit</b>		<u>834,388</u>	<u>8</u>	<u>1,130,850</u>	<u>11</u>
<b>Non-operating income and expenses</b>					
7010 Other income	6 (18)	57,092	-	69,252	1
7020 Other gains and losses	6 (19)	61,240	1	( 164,858)	( 2)
7050 Finance cost	6 (20)	( 22,898)	-	( 15,421)	-
7000 <b>Total non-operating income and expenses</b>		<u>95,434</u>	<u>1</u>	<u>( 111,027)</u>	<u>( 1)</u>
7900 <b>Income before tax</b>		<u>929,822</u>	<u>9</u>	<u>1,019,823</u>	<u>10</u>
7950 Income tax expense	6 (22)	( 192,536)	( 2)	( 223,820)	( 2)
8200 <b>Current net income</b>		<u>\$ 737,286</u>	<u>7</u>	<u>\$ 796,003</u>	<u>8</u>
<b>Other comprehensive income (net)</b>					
<b>Item that may be reclassified to profit or loss</b>					
8361 Foreign currency translation difference		\$ 26,246	-	( \$ 203,912)	( 2)
8362 Unrealized valuation gain (loss) on available-for-sale financial assets	12	<u>-</u>	<u>-</u>	<u>727</u>	<u>-</u>
8300 <b>Other comprehensive income (net)</b>		<u>\$ 26,246</u>	<u>-</u>	<u>( \$ 203,185)</u>	<u>( 2)</u>
8500 <b>Total comprehensive income</b>		<u>\$ 763,532</u>	<u>7</u>	<u>\$ 592,818</u>	<u>6</u>
<b>Net income attributable to:</b>					
8610 Owners of parent company		<u>\$ 743,001</u>	<u>7</u>	<u>\$ 803,113</u>	<u>8</u>
8620 Non-controlling interests		<u>( \$ 5,715)</u>	<u>-</u>	<u>( \$ 7,110)</u>	<u>-</u>
<b>Total comprehensive income attributable to:</b>					
8710 Owners of parent company		<u>\$ 769,016</u>	<u>7</u>	<u>\$ 601,347</u>	<u>6</u>
8720 Non-controlling interests		<u>( \$ 5,484)</u>	<u>-</u>	<u>( \$ 8,529)</u>	<u>-</u>
<b>Basic earnings per share</b>	6 (23)				
9750 <b>Total basic earnings per share</b>		<u>\$ 5.10</u>		<u>\$ 5.65</u>	
<b>Diluted earnings per share</b>					
9850 <b>Total diluted earnings per share</b>		<u>\$ 4.82</u>		<u>\$ 5.51</u>	

The footnotes to the consolidated financial statements are part of the consolidated financial statements and should be read

together. Chairman: Lin, Wen-Chih

President: Liao, Fang-Chu

Accounting Manager: Fan, Chen-Hsiang

**Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries**  
**Consolidated Statement of Changes in Equity**  
**For the Years Ended December 31, 2018 and 2017**

Unit: NT\$'000

	Notes	Equity attributable to owners of parent company												Non-controlling interests	Total equity
		Share capital			Retained earnings			Other equity			Treasury stocks	Total			
		Capital of common stock	Capital collected in advance	Capital surplus	Legal surplus reserve Reserves	Special surplus reserve Reserves	Undistributed earnings	Foreign currency translation difference	Available-for-sale finance Unrealized assets Profit or loss	Employee unearned remuneration					
2017															
Balance as of January 1, 2017		\$ 1,380,954	\$ -	\$ 2,990,516	\$ 196,318	\$ 210,604	\$ 1,134,403	(\$ 244,063)	(\$ 305)	(\$ 731)	\$ -	\$ 5,667,696	\$ 35,963	\$ 5,703,659	
Net income		-	-	-	-	-	803,113	-	-	-	-	803,113	( 7,110 )	796,003	
Other comprehensive income		-	-	-	-	-	-	( 202,493 )	727	-	-	( 201,766 )	( 1,419 )	( 203,185 )	
Total comprehensive income		-	-	-	-	-	803,113	( 202,493 )	727	-	-	601,347	( 8,529 )	592,818	
Distribution of earnings	6 (16)														
Allocation to legal surplus reserve		-	-	-	70,226	-	( 70,226 )	-	-	-	-	-	-	-	
Allocation to special surplus reserve		-	-	-	-	33,764	( 33,764 )	-	-	-	-	-	-	-	
Allocation of cash dividends		-	-	-	-	-	( 456,829 )	-	-	-	-	( 456,829 )	-	( 456,829 )	
Restricted employee shares compensation		-	-	( 110 )	-	-	-	-	-	731	-	621	-	621	
Cancellation of restricted employee shares compensation		( 42 )	-	42	-	-	-	-	-	-	-	-	-	-	
Common stock converted from convertible bonds		81,061	-	355,127	-	-	-	-	-	-	-	436,188	-	436,188	
Buyback of treasury stocks		-	-	-	-	-	-	-	-	-	( 32,824 )	( 32,824 )	-	( 32,824 )	
Recognized changes in ownership interests in subsidiaries		-	-	( 9,130 )	-	-	( 7,196 )	-	-	-	-	( 16,326 )	16,326	-	
Balance as of December 31, 2017		\$ 1,461,973	\$ -	\$ 3,336,445	\$ 266,544	\$ 244,368	\$ 1,369,501	(\$ 446,556)	\$ 422	\$ -	(\$ 32,824)	\$ 6,199,873	\$ 43,760	\$ 6,243,633	
2018															
Balance as of January 1, 2018		\$ 1,461,973	\$ -	\$ 3,336,445	\$ 266,544	\$ 244,368	\$ 1,369,501	(\$ 446,556)	\$ 422	\$ -	(\$ 32,824)	\$ 6,199,873	\$ 43,760	\$ 6,243,633	
Effects of retrospective application and retrospective restatement	12 (4)	-	-	-	-	-	422	-	( 422 )	-	-	-	-	-	
Adjusted balance as of January 1, 2018		1,461,973	-	3,336,445	266,544	244,368	1,369,923	( 446,556 )	-	-	( 32,824 )	6,199,873	43,760	6,243,633	
Net income		-	-	-	-	-	743,001	-	-	-	-	743,001	( 5,715 )	737,286	
Other comprehensive income		-	-	-	-	-	-	26,015	-	-	-	26,015	231	26,246	
Total comprehensive income		-	-	-	-	-	743,001	26,015	-	-	-	769,016	( 5,484 )	763,532	
Distribution of earnings	6 (16)														
Allocation to legal surplus reserve		-	-	-	80,311	-	( 80,311 )	-	-	-	-	-	-	-	
Allocation to special surplus reserve		-	-	-	-	201,766	( 201,766 )	-	-	-	-	-	-	-	
Allocation of cash dividends		-	-	-	-	-	( 599,554 )	-	-	-	-	( 599,554 )	-	( 599,554 )	
Capital increase by cash		-	65,886	7,731	-	-	-	-	-	-	-	73,617	-	73,617	
Recognized equity components due to the issuance of convertible bonds	6 (9)	-	-	29,674	-	-	-	-	-	-	-	29,674	-	29,674	
- stock options		-	-	-	-	-	-	-	-	-	-	-	-	-	
Common stock converted from convertible corporate bonds	6 (9)	762	-	3,270	-	-	-	-	-	-	-	4,032	-	4,032	
Transfer of treasury stocks to employee		-	-	-	-	-	( 10,142 )	-	-	-	32,824	22,682	-	22,682	
Balance as of December 31, 2018		\$ 1,462,735	\$ 65,886	\$ 3,377,120	\$ 346,855	\$ 446,134	\$ 1,221,151	(\$ 420,541)	\$ -	\$ -	\$ -	\$ 6,499,340	\$ 38,276	\$ 6,537,616	

The footnotes to the consolidated financial statements are part of the consolidated financial statements and should be read together

Chairman: Lin, Wen-Chih

President: Liao, Fang-Chu

Accounting Manager: Fan, Chen-Hsiang

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flows

For the Years Ended December 31, 2018 and 2017

Unit: NT\$'000

	<u>Notes</u>	<u>From January 1 to December 31, 2018</u>	<u>From January 1, 2017 to December 31, 2018</u>
<u>Cash flow from operating activities</u>			
Net income before tax		\$ 929,822	\$ 1,019,823
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	6 (2) (19)	2,701	( 2,572 )
Discount provision		-	( 448 )
Depreciation expense	6 (5) (21)	518,911	465,878
Amortization expense	6 (21)	29,872	27,299
Bad debts expense provision	12	-	2,125
Expected credit loss provision	12	802	-
Rent expense reclassified from long-term prepayment of rent	6 (6)	6,474	6,285
Loss on disposal of property, plant and equipment	6 (19)	40,867	955
Loss on disposal of intangible assets		206	-
Interest income	6 (18)	( 11,187 )	( 8,135 )
Interest expense	6 (20)	22,898	15,421
Share-based payment remuneration cost	6 (13)	12,391	621
Changes in assets and liabilities related to operating activities			
Net change in assets related to operating activities			
Financial assets (liabilities) at fair value through profit or loss		148	( 594 )
Notes receivable		9	( 9 )
Accounts receivable		( 217,623 )	( 586,044 )
Other receivables		( 68,497 )	( 9,875 )
Inventories		( 325,636 )	76,845
Prepayments		( 17,220 )	4,883
Other current assets		861	( 3,234 )
Net change in liabilities related to operating activities			
Contract liabilities		13,014	-
Notes payable		( 4,791 )	4,642
Accounts payable		108,391	178,009
Other payables		78,021	11,741
Other current liabilities		( 1,998 )	( 29,021 )
Other non-current liabilities		( 3,179 )	( 3,236 )
Cash inflow generated by operations		1,115,257	1,171,359
Interest received		11,008	8,432
Interest paid		( 22,962 )	( 9,058 )
Income tax paid		( 230,574 )	( 212,819 )
Net cash inflow generated by operating activities		<u>872,729</u>	<u>957,914</u>

(To be continued)

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Statement of Cash Flows  
As of December 31, 2018 and 2017

Unit: NT\$'000

	Notes	From January 1 to December 31, 2018	From January 1, 2017 to December 31, 2018
<u>Cash flows from investment activities</u>			
Decrease in other financial assets		\$ -	\$ 24,064
Acquisition of property, plant and equipment	6 (26)	( 965,385 )	( 703,594 )
Disposal of property, plant and equipment		35,198	14,025
Acquisition of intangible assets		( 1,851 )	( 303 )
Increase in other non-current assets		( 158,053 )	( 27,935 )
Decrease in refundable deposits		( 42 )	( 58 )
Net cash used in investing activities		( 1,090,133 )	( 693,801 )
<u>Cash flows from financing activities</u>			
Increase in short-term loans	6 (27)	177,167	213,274
Issuance of convertible bonds payable		1,006,000	-
Repayment of convertible bonds payable		( 9,865 )	-
Proceeds from long-term loans	6 (27)	151,418	129,044
Repayments of long-term loans	6 (27)	( 234,306 )	( 159,468 )
Cash dividends distribution	6 (16)	( 599,554 )	( 456,829 )
Cost of redemption of treasury stocks	6 (14)	-	( 32,824 )
Receipts in advance for cash capital increase		65,886	-
Employees' subscription to treasury stock		18,020	-
Net cash inflow (outflow) from financing activities		574,766	( 306,803 )
Exchange differences		( 112,326 )	80,225
Increase in cash and cash equivalents for the year		245,036	37,535
Cash and cash equivalents at beginning of year		1,068,037	1,030,502
Cash and cash equivalents at end of year		<u>\$ 1,313,073</u>	<u>\$ 1,068,037</u>

The notes to the consolidated financial statements are part of the consolidated financial statements and should be read together.

Chairman: Lin, Wen-Chih

President: Liao, Fang-Chu

Accounting Manager: Fan, Chen-Hsiang

Fulgent Sun International (Holding) Co., Ltd.  
Earnings Distribution Proposal of 2018

Unit: 1000 NTD

Item	Amount	
Undistributed earnings at the beginning of the period	487,871,643	
Increase: Net income of 2018	743,000,698	
Decrease: Retained earnings adjustments of 2018	(9,721,560)	
Subtotal	1,221,150,781	
Decrease: 10% of the legal reserve as the allowance	(74,300,070)	
Increase: Reversal of Special Reserve	25,593,323	
Distributable earnings		1,172,444,034
Distributed items :		
Shareholders' dividends- cash (Note 1)	588,177,797	
Total distributed amount		588,177,797
Undistributed earnings at the end of the period		584,266,237
Note :		
Remuneration for employees: 10,000,000 NTD		
Remuneration for directors: 10,000,000NTD		

Note 1 : The cash dividend for each share of the shareholders is 3.68NTD, it is asked for approval from the shareholders' meeting to authorize the Board of Directors to tackle the situations in which there is any occurring of transferring of convertible bonds or other legal regulations that may affect the amount of shares circulated outside the Company and cause the change of distribution yield for the shareholders.

## Fulgent Sun International (Holding) Co., Ltd.

## Comparison Charts of Procedures for the Acquisition or Disposal of Assets

After	Before	Description
<p>Article 2 The term "assets" as used in these Regulations includes the following:</p> <p>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>3. Memberships.</p> <p>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p><u>5. Right-touse assets.</u></p> <p><u>6.</u> Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p><u>7.</u> Derivatives.</p> <p><u>8.</u> Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p><u>9.</u> Other major assets.</p>	<p>Article 2 The term "assets" as used in these Regulations includes the following:</p> <p>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2. Real property (including land, houses and buildings, investment property, <u>land use right</u>, and construction enterprise inventory) and equipment.</p> <p>3. Memberships.</p> <p>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>6. Derivatives.</p> <p>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>8. Other major assets.</p>	<p>1. Add Subparagraph 5 to include right-to-use assets into the defined scope of “assets” by the Procedures according to regulations of IFRS 16, and move the term “land use right” at Subparaph 2 to Subpragraph 5.</p> <p>2. Subparagraphs 5 to 8 are renumbered as Subparagraphs 6 to 9.</p>



After	Before	Description
<p>Article 3 Terms used in these Regulations are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p>	<p>Article 3 Terms used in these Regulations are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from the asset, interest rate, foreign exchange rate, index of prices or rates or other variable; or hybrid contracts combining the above contracts.</p> <p>The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p>	<p>1. Amend the defined scope of "derivatives" specified in Subparagraph 1 of this Article according to IFRS9, and revise the wording.</p>
<p>9. Investment professional: Refers to <u>financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent</u></p>	N/A	<p>1. Newly-added. 2. Amed according to Administrative Order No. 1070341072 issued by Financial Supervisory Commission on November 26, 2018.</p>

After	Before	Description
<u>financial authorities of the jurisdiction where they are located.</u>		
10. <u>Securities exchange:</u> <u>"Domestic securities exchange"</u> <u>refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u>	N/A	1. Newly-added. 2. To clearly specify the definitions for the terms “domestic/foreign securities exchange” and “over-the-counter venue (OTC)” for facilitating compliance by the Company, Subparagraphs 10 and 11 are added according to Article 5 of Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities and Article 2 of Regulations Governing Securities Trading on the Taipei Exchange to clearly specify the scope of definitions for “domestic/foreign securities exchange” and “over-the-counter venue (OTC)”.
11. <u>Over-the-counter venue ("OTC venue", "OTC"):</u> <u>"Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u>	N/A	
<u>Article 4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</u>	Article 4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be the related party of any party to the transaction.	1. To simplify the content of regulations, Subparagraphs 1 to 3 of Paragraph 1 for clearly specifying negative factors for eligibilities of acting as relevant professional experts are added according to the regulations of notices of appointing professional appraisal institutions and the price appraiser, CPA, attorneys, or securities underwriters by
<u>1. May not have previously received a final and unappealable</u>	N/A	

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<u>sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime.</u> <u>However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u>		public companies specified in Point 4 of the Administrative Order No. 0920001151 issued by the former Securities and Futures Committee on March 21, 2003 are included into the Procedures. The negative factors of eligibilities of acting as a Director, a Supervisor, or a Manager specified in Subparagraph 4 of Article 53 of Securities and Exchange Act and the Principle of Integrity of Issuers and responsible personnel specified Subparagraph 15 of Paragraph 1 of Article 8 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers. The above-mentioned Administrative Order shall no longer apply.
<u>2. May not be a related party or de facto related party of any party to the transaction.</u>	N/A	
<u>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u>	N/A	
<u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u>	N/A	2. To clearly specify responsibilities of external professional experts, Paragraph 2 is added for regulating the required appraisal, examination and disclaimer of professional opinions by relevant professional experts specified in the procedures by taking reference to Article 9 of
<u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u>	N/A	
<u>2. When examining a case, they shall appropriately plan and</u>	N/A	

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execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.		Regulations Governing the Preparation of Financial Reports by Securities Issuers which regulates the appraisal, examination and disclaimer of the professional opinions of the price appraisal report for investment property.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.	N/A	
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.	N/A	
Article 6 Limits on amounts of investment to real property for non-business use and <u>right-of-use assets thereof</u> and securities	Article 6 Limits on amounts of investment to real property for non-business use and securities	1. Include the term “right-to-use assets” according to regulations of IFRS 16.
1. Limits on amounts of real property for non-business use and securities acquired by the Company are defined as the following:	1. Limits on amounts of real property for non-business use and securities acquired by the Company are defined as the following:	

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(1) The total amount for acquisition of real property for non-business use and <u>right-of-use assets thereof</u> shall not exceed 30% of the reported capital amount in the most recent financial statement or shareholders equities (the one with the higher amount shall prevail).	(1) The total amount for acquisition of real property for non-business use shall not exceed 30% of the reported capital amount in the most recent financial statement or shareholders equities (the one with the higher amount shall prevail).	
2. Limits on amounts of investment by the subsidiaries of the Company shall apply the following regulations:	2. Limits on amounts of investment by the subsidiaries of the Company shall apply the following regulations:	1. Include the term “right-to-use assets” according to regulations of IFRS 16.
(1) The total amount for purchasing real property for non-business use and <u>right-of-use assets thereof</u> by non-professional investor subsidiaries shall not exceed 30% of the reported capital amount in the most recent financial statement or shareholders equities (the one with the higher amount shall prevail); for purchasing securities, such limitation shall be 100% the reported capital amount in the most recent financial statement or shareholders equities (the one with the higher amount shall prevail); for purchasing individual security, such limitation shall be 100% the reported capital amount in the most recent financial statement or shareholders equities (the one with the higher amount shall prevail). (2) The total amount for purchasing real property for	(1) The total amount for purchasing real property for non-business use by non-professional investor subsidiaries shall not exceed 30% of the reported capital amount in the most recent financial statement or shareholders equities (the one with the higher amount shall prevail); for purchasing securities, such limitation shall be 100% the reported capital amount in the most recent financial statement or shareholders equities (the one with the higher amount shall prevail); for purchasing individual security, such limitation shall be 100% the reported capital amount in the most recent financial statement or shareholders equities (the one with the higher amount shall prevail). (2) The total amount for	

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non-business use and <u>right-of-use assets thereof</u> by professional investor subsidiaries shall not exceed 30% of the amount of total assets of such subsidiary; for purchasing securities, such limitation shall be 100% of the amount of total assets of such subsidiary; for purchasing individual security, such limitation shall be 100% of the amount of total assets of such subsidiary.	purchasing real property for non-business use by professional investor subsidiaries shall not exceed 30% of the amount of total assets of such subsidiary; for purchasing securities, such limitation shall be 100% of the amount of total assets of such subsidiary; for purchasing individual security, such limitation shall be 100% of the amount of total assets of such subsidiary.	
Article 9 Procedures for Acquiring or Disposing of Real Property, Equipment and <u>Right-to-Use Assets Thereof</u>	Article 9 Procedures for Acquiring or Disposing of Real Property <u>or</u> Equipment	
1. Procedures for Assessment  (1) Upon any investment to real property, equipment <u>or right-to-use assets thereof</u> by the Company, the Department of Financial Affairs or related units shall prudently estimate the investment effects and the risks by taking consideration to the current operational and financial status as well as development prospoects.	1. Procedures for Assessment  (1) Upon any investment to real property <u>and</u> equipment by the Company, the Department of Financial Affairs or related units shall prudently estimate the investment effects and the risks by taking consideration to the current operational and financial status as well as development prospoects.	
(2) The final price for acquiring or disposing of real property <u>or right-of-use asset thereof</u> shall be determined by taking reference to the its current value as well as assessed value, and actual transaction price of real property in the vicinity. The terms and conditions as well as the price of	(2) The final price for acquiring or disposing of real property shall be determined by taking reference to the its current value as well as assessed value, and actual transaction price of real property in the vicinity. The terms and conditions as well as the price of transaction may be compiled to	

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transaction may be compiled to produce the analysis report.	produce the analysis report.	
(3) The final price for acquiring or disposing of equipment or right-to-use assets thereof shall be determined via any of the approach of price inquiry, price comparison, price negotiation, or tendering.	(3) The final price for acquiring or disposing of equipment or right-to-use assets thereof shall be determined via any of the approach of price inquiry, price comparison, price negotiation, or tendering.	
<p>2. Appraisal Report for Real Property, Equipment <u>and Right-to-Use Assets Thereof</u></p> <p>In acquiring or disposing of real property, equipment, or <u>right-of-use assets thereof</u> where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof</u> held for business use, shall obtain an appraisal report (see Attachment 1 for details of statutory contents of such report) prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following regulations:</p>	<p>2. Appraisal Report for Real Property, Equipment</p> <p>In acquiring or disposing of real property <u>or</u> equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery equipment held for business use, shall obtain an appraisal report (see Attachment 1 for details of statutory contents of such report) prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following regulations:</p>	<p>1. Include the term “right-to-use assets” according to regulations of IFRS 16.</p> <p>2. The term “government agency” specified in Paragraph 1 shall be domestic central and local government agencies. The reasons for such definition are due to low potential risk of price manipulation to transaction between the Company and central or local government agencies since specific regulation of tendering and bidding are required. Therefore, professional opinions would not be necessary. On the other hand, there is higher potential risk to transaction between the Company and foreign government agencies since the regulations and mechanism for price negotiation may be rather ambiguous. Therefore, the scope of definition to the term “government agency” specified in Paragraph 1 is limited to</p>
(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a	(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a	

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reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; <u>the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u>	reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; <u>the same procedure shall also be followed whenever there is any change to the terms and conditions of the transaction in the future.</u>	domestic government agency.
<p>3. The Procedures for Determination of the Degree of Authority Delegated and Executive Units</p> <p>Prior to the acquisition or disposal of real property, equipment <u>or right-to-use assets thereof</u>, the specified or management departments shall submit and report related documents to the General Manager. The General Manager shall determine the approval of the preceding transaction with an amount equals to or below 10% of total capital amount of the Company. Further approval by the Board of Directors shall be obtained in order to execute the preceding transaction with an amount of 10% or more of total capital amount of the Company. In case of the impossibilities of prior review and approval due to time restraint, the Chairman shall be delegated to determine the approval of the preceding transaction (if any, the personnel delegated by the Chairman shall</p>	<p>3. The Procedures for Determination of the Degree of Authority Delegated and Executive Units</p> <p>Prior to the acquisition or disposal of real property <u>or</u> equipment, the specified or management departments shall submit and report related documents to the General Manager. The General Manager shall determine the approval of the preceding transaction with an amount equals to or below 10% of total capital amount of the Company. In case of the impossibilities of prior review and approval due to time restraint, the Chairman shall be delegated to determine the approval of the preceding transaction (if any, the personnel delegated by the Chairman shall determine the approval of the preceding transaction). However, the approved transaction shall be ratified by the nearest meeting of the Board of Directors after the execution of such transaction.</p>	1. Include the term “right-to-use assets” according to regulations of IFRS 16.



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determine the approval of the preceding transaction). However, the approved transaction shall be ratified by the nearest meeting of the Board of Directors after the execution of such transaction.		
Article 10 Procedures for Acquiring or Disposing of Intangible Assets <u>and</u> <u>Right-to-Use Assets Thereof</u> or Memberships	Article 10 Procedures for Acquiring or Disposing of Intangible Assets or Memberships	1. Include the term “right-to-use assets” according to regulations of IFRS 16.
1. Procedures for Appraisal and Operation (2) The price and terms and conditions of transaction for acquiring or disposing of intangible assets <u>or right-to-use assets thereof</u> shall be determined by taking reference to appraised price report by professional experts or fair market price, and the analysis report shall be produced and submitted to the Board of Directors. The General Manager shall determine the approval of the preceding transaction with an amount equals to or below 10% of total capital amount of the Company. Further approval by the Board of Directors shall be obtained in order to execute the preceding transaction with an amount of 10% or more of total capital amount of the Company. In case of the impossibilities of prior review and approval due to time	1. Procedures for Appraisal and Operation (2) The price and terms and conditions of transaction for acquiring or disposing of intangible assets shall be determined by taking reference to appraised price report by professional experts or fair market price, and the analysis report shall be produced and submitted to the Board of Directors. The General Manager shall determine the approval of the preceding transaction with an amount equals to or below 10% of total capital amount of the Company. Further approval by the Board of Directors shall be obtained in order to execute the preceding transaction with an amount of 10% or more of total capital amount of the Company. In case of the impossibilities of prior review and approval due to time restraint, the Chairman shall be	

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restraint, the Chairman shall be delegated to determine the approval of the preceding transaction (if any, the personnel delegated by the Chairman shall determine the approval of the preceding transaction). However, the approved transaction shall be ratified by the nearest meeting of the Board of Directors after the execution of such transaction.	delegated to determine the approval of the preceding transaction (if any, the personnel delegated by the Chairman shall determine the approval of the preceding transaction). However, the approved transaction shall be ratified by the nearest meeting of the Board of Directors after the execution of such transaction.	
2. Professional and Appraisal Opinions to Intangible Assets <u>or Right-to-Use Assets Thereof or Memberships</u>	2. Professional and Appraisal Opinions to Intangible Assets	1. Include the term “right-to-use assets” according to regulations of IFRS 16.
(1) Where the Company acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	(1) Where the Company acquires or disposes of intangible assets or memberships and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	
3. Executive Units Upon acquiring or disposing of intangible assets <u>or right-to-use assets thereof or memberships</u> by the Company, the Department of	3. Executive Units Upon acquiring or disposing of intangible assets by the Company, the Department of Financing Affairs shall execute such actions	

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Financing Affairs shall execute such actions after approving based on Paragraph 1 of this Article.	after approving based on Paragraph 1 of this Article.	
Article 12 Procedures for Transactions with Related Parties 2. When the Company intends to acquire or dispose of real property or <u>right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been initially approved by more than 50% of the members of the Audit Committee present at a meeting and by the Board of Directors later:	Article 12 Procedures for Transactions with Related Parties 2. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been initially approved by more than 50% of the members of the Audit Committee present at a meeting and by the Board of Directors later:	1. Include the term “right-to-use assets” according to regulations of IFRS 16. 2. The term “government bonds” shall be domestic government bonds. The reasons for such definition are due to the information of credit of the central and local government bonds is clear and easy to be inquired. Therefore, the procedures for obtaining approval from the Audit Committee and submitting to the Board of Directors for approval are not necessary. Such waiver is not applied to foreign government bonds since the credit of foreign governments may be rather ambiguous. Only procedures of transaction with domestic government agencies are waivable. 3. Amend Paragraph 3 in order to allow delegating the Chairman to conduct actions in advance for acquiring or disposing of right-to-use assets of equipment for business use or real property from transaction between a public company and its parent company or subsidiaries since there are actual demands for leasing offices, land, factories
(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the	(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the	

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<p>related party as the transaction counterparty.</p> <p>(3) With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) and (4) of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Paragraph 1 of this Article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p>	<p>related party as the transaction counterparty.</p> <p>(3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) and (4) of this Article.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Paragraph 1 of this Article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p>	<p>or equipment for further subleasing between the aforesaid entities based on their overall business plans. The wording is also revised.</p>
3. Transaction's Restrictive Terms and Conditions, and Other Major Covenants	3. Transaction's Restrictive Terms and Conditions, and Other Major Covenants	
(2) With respect to the types of transactions listed below, when to be conducted between the	(2) With respect to <u>the acquisition or disposal of equipment for business use</u> , when to be	

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<p>Company and its subsidiaries, the Board of Directors may pursuant to Subparagraph 3 of Paragraph 1 of Article 9 delegate the 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><u>A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p><u>B. Acquisition or disposal of real property right-of-use assets held for business use.</u></p>	<p>conducted between the Company and its subsidiaries, the Board of Directors may pursuant to Subparagraph 3 of Paragraph 1 of Article 9 delegate the 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>4. Appraisal to Reasonableness of Transaction Costs</p> <p>(1) When the Company acquires real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p>	<p>4. Appraisal to Reasonableness of Transaction Costs</p> <p>(1) When the Company acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p>	<p>1. Include the term "right-to-use assets" according to regulations of IFRS 16. 2. Add Subparagraph (4) of Paragraph 4 to exclude the requirements of appraisal to reasonableness of transaction costs since there are actual demands for leasing offices, land, factories or equipment for further subleasing between the aforesaid entities based on their overall business plans and relatively lower level of potential risks of occurrence of non arms-length transactions. In addition, regulations of Paragraph 5 (proofing reasonableness of transaction costs) and Paragraph 6 (requiring special reserve) are not applied to such transactions</p>
<p>(2) Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding Paragraph.</p>	<p>(2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding Paragraph.</p>	
<p>(3) When the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and appraises the cost of the real</p>	<p>(3) When the Company acquires real property from a related party and appraises the cost of the real property in accordance with the</p>	

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property <u>or right-of-use assets</u> thereof in accordance with the preceding two Paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.	preceding two Paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.	since this Article has been excluded.
(4) Where the Company acquires real property <u>or right-of-use assets</u> thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs 1 and 2 of this Article, and the preceding three Paragraphs do not apply: A. The related party acquired the real property <u>or right-of-use assets</u> thereof through inheritance or as a gift. B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets</u> thereof to the signing date for the current transaction. C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. D. <u>The real property right-of-use assets for business use are acquired by the Company with its subsidiaries.</u>	(4) Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs 1 and 2 of this Article, and the preceding three Paragraphs do not apply: A. The related party acquired the real property through inheritance or as a gift. B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.	
(5) When the results of the	(5) When the results of the	1. Due to actual practice of

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<p>Company's appraisal conducted in accordance with Items A and B of Subparagraph 4 of Paragraph 1 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Subparagraph 6 of Paragraph 1 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p>	<p>Company's appraisal conducted in accordance with Items A and B of Subparagraph 4 of Paragraph 1 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Subparagraph 6 of Paragraph 1 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p>	<p>leasing of real property such as factories, the assessment to reasonableness of the price for acquiring right-to-use assets of real property from related parties can be determined by taking reference to actual cases of leasing real property in the vicinity occurred in last one-year period. The leasing cases of merger or addition may also be the qualified transaction cases.</p>
<p>a. Where the undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin</p>	<p>a. Where the undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin</p>	

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for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. b. <u>Completed transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale <u>or leasing</u> practices.	for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. b. <u>Successful transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale practices.	
B. Where the Company acquiring real property, or <u>obtaining real property right-of-use assets through leasing</u> , from a related party provides evidence that the terms of the transaction are similar to the terms of <u>completed transactions</u> involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. The referred <u>completed transactions</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to	B. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of <u>successful transactions</u> involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. The referred <u>successful transactions</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for	1. Due to actual practiced of leasing of real property such as factories, the assessment to reasonableness of the price for acquiring right-to-use assets of real property from related parties can be determined by taking reference to actual cases of leasing real property in the vicinity occurred in last one-year period. The leasing cases of merger or addition may also be the qualified transaction cases.



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transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or</u> <u>obtainment of the right-of-use assets thereof.</u>	parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.	
(6) Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with the preceding five Subparagraphs are uniformly lower than the transaction price, the following steps shall be taken:	(6) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the preceding five Subparagraphs are uniformly lower than the transaction price, the following steps shall be taken:	1. Include right-to-use assets of real property acquired via leasing from related parties into the scope of requirements when the amount of appraisal cost is lower than the one transaction according to IFRS16.
A. A special reserve shall be set aside in accordance with Paragraph 1 of Article 41 of Securities and Exchange Act against the difference between the transaction price and the appraised cost of real property <u>or right-to-use assets thereof</u> , 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 the Company, then the special reserve called for under Paragraph 1 of Article 41 of Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public	A. A special reserve shall be set aside in accordance with Paragraph 1 of Article 41 of Securities and Exchange Act against the difference between the transaction price and the appraised cost of real property <u>or right-to-use assets thereof</u> , 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 the Company, then the special reserve called for under Paragraph 1 of Article 41 of Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the	2. Amend the “Supervisors” in Subparagraph 2 to “Independent Directors of the Audit Committee”.

After	Before	Description
company's equity stake in the other company. B. <u>Independent Directors of the Audit Committee</u> shall comply with Article 218 of the Company Act.	share of public company's equity stake in the other company. B. Supervisors shall comply with Article 218 of the Company Act.	
(7) The Company has set aside a special reserve under the preceding Paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, or the <u>leasing contract has been terminated</u> , or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.	(7) The Company has set aside a special reserve under the preceding Paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased 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 FSC has given its consent.	
(8) When the Company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with Subparagraphs (6) and (7) of this Article if there is any other evidence indicating that the acquisition was not an arms length transaction.	(8) When the Company obtains real property from a related party, it shall also comply with Subparagraphs (6) and (7) of this Article if there is any other evidence indicating that the acquisition was not an arms length transaction.	
Article 16 Procedures for Information Disclosure Statutory Matters Required to be Announced and Standards for Announcement and Reporting	Article 16 Procedures for Information Disclosure 1. Statutory Matters Required to be Announced and Standards for Announcement and Reporting	1. Amend the scope of definition of the term “government bonds” in Subparagraph 1 and Item A of Subparagraph 7 of Paragraph 1

After	Before	Description
(1) When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.	(1) When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.	due to the information of credit of the central and local government bonds is clear and easy to be inquired. Therefore, the announcement is not necessary. Such waiver is not applied to foreign government bonds since the credit of foreign governments may be rather ambiguous. Only procedures of domestic government bonds are waivable. 2. Include right-to-use assets of real property acquired via leasing from related parties into the scope of requireemnts when the amount of appraisal cost is loer than the one transaction according to IFRS16. 3. The Company is not the one with
(4) Where equipment <u>or right-of-use assets thereof</u> for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: A. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. B. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.	(4) Where equipment for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: A. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. B. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.	business item as construction. Therefore, Subparagraphs (5) of Paragraph 1 of this Article is deleted. 4. The reuirements to announcement of transaction with related parties and non-related parties have been clearly specified in Subparagraph (1) and (5) of Paragraph 1, respectively. Therefore, Subpragraph (5) of Paragraph 1 is amended to facilitate the compliance by the Company. 5. The Compnay is not theprofessional investor company. Therefore, Item B of Subpargraph (6) of Paragraph 1
<del>(5) Acquisition or disposal by a</del>	<del>(5) Acquisition or disposal by a</del>	

After	Before	Description
<del>public company in the construction business of real property or right of use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million.</del> (Deleted)	<u>public company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million.</u>	of this Article is deleted and Item Cof this Article is renumbered.
(5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</u>	(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.	
( <u>6</u> ) Where an asset transaction other than any of those referred to in the preceding <u>five</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: Trading of <u>domestic</u> government bonds.	(7) Where an asset transaction other than any of those referred to in the preceding <u>six</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A. Trading of government bonds.	
<del>B. Where done by professional</del>	<u>B. Where done by professional</u>	

After	Before	Description
<p><del>investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</del></p> <p>(Deleted)</p> <p><u>B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</u></p>	<p><u>investors—domestic and foreign trading of securities on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the domestic primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</u></p> <p><u>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</u></p>	
<p>(7) The amount of transactions above shall be calculated as follows: A. the amount of any individual transaction; B. the cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year; C. the cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and</p>	<p>(8) The amount of transactions above shall be calculated as follows: A. the amount of any individual transaction; B. the cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year; C. the cumulative transaction amount of acquisitions and disposals (cumulative</p>	<p>1. Amend the scope of definition of the term “government bonds” in Subparagraph 1 and Item A of Subparagraph 7 of Paragraph 1 due to the information of credit of the central and local government bonds is clear and easy to be inquired. Therefore, the announcement is not necessary. Such waiver is not applied to foreign government</p>

After	Before	Description
disposals, respectively) of real property <u>or right-of-use assets thereof</u> within the same development project within the preceding year; and D. he cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.	acquisitions and disposals, respectively) of real property within the same development project within the preceding year; and D. he cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.	bonds since the credit of foreign governments may be rather ambiguous. Only procedures of domestic government bonds are waivable. 2. Include right-to-use assets of real property acquired via leasing from related parties into the scope of requireemnts when the amount of appraisal cost is loer than the one transaction according to IFRS16. 3. The Company is not the one with business item as construction. Therefore, Subparagraphs (5) of Paragraoh 1 of this Article is deleted.4. The reuquirements to announcement of transaction with related parties and non-related parties have been clearly specified in Subparagraph (1) and (5) of Paragraph 1, respectively. Therefore, Subpragraph (5) of Paragraph 1 is amended to facilitate the compliance by the Company. 5. The Compnay is not theprofessional investor company. Therefore, Item B of Subpargraph (6) of Paragraph 1 of this Artcle is deleted and Item Cof this Article is renumbered.

**Fulgent Sun International (Holding) Co., Ltd.**  
**Comparison Table for the Articles of Incorporation**  
**Before and After Revision**

Article Number	Current Provisions	Proposed Amendment	Explanations
1.1	N/A	<u>"Book Closure Period" means a certain period of time that the Board closes the Register of Members for transfers as prescribed by the Applicable Public Company Rules for the purpose of ( i ) determining the Members entitled to receive notice(s) of, to attend at and to vote at any general meeting; ( ii ) determining the Members entitled to receive payment of any Dividend or other distribution; ( iii ) determining the Members for any other purpose.</u>	Add this interpretation to make the specifications of the Articles clearer.
12.4	12.4 Subject to the Statute and Article 12.5, the Company may from time to time by Supermajority Resolution: (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof; (b) effect any merger (other than a Cayman Merger), share swap or spin-off of the Company; (c) enter into, amend, or terminate any contract for lease of the Company's business in whole,	12.4 Subject to the Statute and Article 12.5, the Company may from time to time by Supermajority Resolution: (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof; (b) effect any merger (other than a Cayman Merger), share swap or spin-off of the Company; (c) enter into, amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of	This article is revised in accordance with the provisions in Article 209 of the Company Act.

Article Number	Current Provisions	Proposed Amendment	Explanations
	or for delegation of management of the Company's business to others, or for frequent joint operation with others; (d) transfer its business or assets, in whole or in any essential part; or (e) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.	the Company's business to others, or for frequent joint operation with others; (d) transfer its business or assets, in whole or in any essential part; <del>or</del> (e) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation; <u>or (f) ratify 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.</u>	
14.3	14.3 For so long as the Shares are listed on the TSE, unless otherwise provided by the Statute, the general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall seek approval from the TSE within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration matters of such general meeting (including but not	14.3 <del>For so long as the Shares are listed on the TSE, unless otherwise provided by the Statute, the general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall seek approval from the TSE within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration matters of such general meeting (including but not limited to the handling of the</del>	Adjust the position of the articles.



Article Number	Current Provisions	Proposed Amendment	Explanations
	limited to the handling of the voting of proxies submitted by any Members).	<del>voting of proxies submitted by any Members).</del> <u>All general meetings other than annual general meetings shall be called extraordinary general meetings.</u>	
14.4	14.4 The Board may call general meetings, and they shall on a Member's requisition forthwith proceed to convene an extraordinary general meeting of the Company.	14.4 <del>The Board may call general meetings, and they shall on a Member's requisition forthwith proceed to convene an extraordinary general meeting of the Company.</del> <u>For so long as the Shares are listed on the TSE, unless otherwise provided by the Statute, the general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall seek approval from the TSE within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration matters of such general meeting (including but not limited to the handling of the voting of proxies submitted by any Members).</u>	Adjust the position of the articles.
14.5	14.5 A Member's requisition set forth in Article 14.4 is a	14.5 <del>A Member's requisition set forth in Article 14.4 is a requisition of</del>	Adjust the position of the articles.

Article Number	Current Provisions	Proposed Amendment	Explanations
	requisition of Member(s) of the Company holding at the date of deposit of requisition not less than 3% of the total number of the outstanding Shares which as at that date have been held by such Member(s) for at least one year.	<del>Member(s) of the Company holding at the date of deposit of requisition not less than 3% of the total number of the outstanding Shares which as at that date have been held by such Member(s) for at least one year.</del> <u>The Board may convene general meetings.</u>	
14.6	14.6 The Member's 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.	14.6 <del>The Member's 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.</del> <u>Subject to the condition that the Board does not or is unable to convene a general meeting, the Independent Directors of the Audit Committee may, for the behalf of the Company, convene a general meeting when it is deemed necessary.</u>	1. Adjust the position of the articles. 2. The article is revised in accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Article 220 of the Company Act, and TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.
14.7	14.7 If the Board does not within fifteen days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an	14.7 <del>If the Board does not within fifteen days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an</del>	Adjust the position of the articles.

Article Number	Current Provisions	Proposed Amendment	Explanations
	extraordinary general meeting, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the TSE for its prior approval.	<del>extraordinary general meeting, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the TSE for its prior approval.</del> <u>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 the Board to convene an extraordinary general meeting, and the Board shall forthwith proceed to convene the meeting after receiving such request.</u>	
14.8	14.8 All general meetings other than annual general meetings shall be called extraordinary general meetings.	14.8 <del>All general meetings other than annual general meetings shall be called extraordinary general meetings.</del> <u>The Member's request must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requestor(s) and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requestors.</u>	Adjust the position of the articles.
14.9	14.9 An extraordinary general meeting convened as aforesaid by requisitionists shall be	14.9 <del>An extraordinary general meeting convened as aforesaid by requisitionists shall be</del>	Adjust the position of the articles.

Article Number	Current Provisions	Proposed Amendment	Explanations
	convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board.	<del>convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board.</del> <u>If the Board does not within fifteen days from the date of the deposit of the Member's request dispatch the notice of an extraordinary general meeting, the requestor(s) may himself/herself/itself convene an extraordinary general meeting.</u>	
14.10	<u>N/A</u>	<u>14.10</u> <u>Any Member(s) holding one half or more of the total number of the issued Shares of the Company for three (3) consecutive months or longer may himself/herself/itself convene an extraordinary general meeting. The calculation of the holding period and holding number of Shares shall be based on the holding at the time of share transfer suspension date.</u>	This article is established in accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Article 173-1 of the Company Act, and TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.
14.11		<u>14.11</u> <u>The extraordinary general meetings convened as aforesaid by the Member(s) or the Independent Director(s) of the Audit Committee shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board.</u>	Adjust the position of the articles.
15.7	15.7	15.7	This article is revised in

Article Number	Current Provisions	Proposed Amendment	Explanations
	<p>The following matters shall be stated in the notice of a general meeting, with a summary of the material content to be discussed, and shall not be proposed as an ad hoc motion.</p> <p>(a) election or discharge of Directors;</p> <p>(b) alteration of the Articles;</p> <p>(c) (i) dissolution, merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation;</p> <p>(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;</p> <p>(e) distribution of the whole</p>	<p>The following matters shall be stated in the notice of a general meeting, with a summary of the material content to be discussed, and shall not be proposed as an ad hoc motion; <u>the material content shall be posted on the website designated by the FSC, the TPEx, the TSE or the Company, and such website shall be indicated in the above notice.</u></p> <p>(a) election or discharge of Directors;</p> <p>(b) alteration of the Articles;</p> <p>(c) (i) dissolution, merger, <u>share swap</u> or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation;</p> <p>(d) ratification of an action by Director(s) who engage(s)</p>	<p>accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Paragraph 5 of Article 172 of the Company Act, the provisions in Article 26-1 and Article 43-6 of the Securities and Exchange Act, and TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.</p>

Article Number	Current Provisions	Proposed Amendment	Explanations
	<p>or part of the surplus profit of the Company in the form of new Shares, capitalization of statutory reserve, Capital Reserve and any other amount in accordance with Article 35, and</p> <p>(f) private placement of any equity-type securities issued by the Company.</p>	<p>in business for him/herself or on behalf of another person that is within the scope of the Company's business;</p> <p>(e) distribution of the whole or part of the surplus profit of the Company in the form of new Shares;<del> capitalization of statutory reserve, Capital Reserve and any other amount in accordance with Article 35, and</del></p> <p>(f) <u>capitalization of statutory reserve, Capital Reserve and any other amount in accordance with Article 35 by issuing new Shares or cash to its then Members in proportion to the number of the Shares being held by them;</u></p> <p>(g) private placement of any equity-type securities issued by the Company;</p> <p>(h) <u>reduction of capital; and</u></p> <p>(i) <u>application for the approval of ceasing the Company's status as a public company.</u></p>	
15.8	<p>15.8</p> <p>The Board 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</p>	<p>15.8</p> <p>The Board 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</p>	<p>This article is revised in accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Article 210 of the Company Act, and</p>

Article Number	Current Provisions	Proposed Amendment	Explanations
	registrar (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.	registrar (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/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 make its stock affairs agent to provide with the access.</u>	TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.
15.10	15.10 The Board may postpone any general meeting called in accordance with the Articles and a notice of postponement shall be given to each Member before the time scheduled for such meeting. A notice of the adjourned meeting shall be given as in the case of an original meeting.	15.10 <del>The Board may postpone any general meeting called in accordance with the Articles and a notice of postponement shall be given to each Member before the time scheduled for such meeting. A notice of the adjourned meeting shall be given as in the case of an original meeting.</del> <u>The Board or other authorized conveners of general meetings may require the Company or its stock affairs agent to provide with the Register of Members.</u>	1. Adjust the position of the articles. 2. This article is established in accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Article 210-1 of the Company Act, and TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.
15.11	15.11 The Directors of the Company shall be entitled to receive notice of, attend and be heard at the general meeting.	15.11 <del>The Directors of the Company shall be entitled to receive notice of, attend and be heard at the general meeting.</del> <u>The Board may</u>	Adjust the position of the articles.

Article Number	Current Provisions	Proposed Amendment	Explanations
		<u>postpone any general meeting called in accordance with the Articles and a notice of postponement shall be given to each Member before the time scheduled for such meeting. A notice of the adjourned meeting shall be given as in the case of an original meeting.</u>	
15.12		<u>15.12</u> <u>The Directors of the Company shall be entitled to receive notice of, attend and be heard at the general meeting.</u>	Adjust the position of the articles.
16.4	16.4 Nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court of first instance for adjudicating any disputes arising out of the foregoing. 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	16.4 Nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court of first instance for adjudicating any disputes arising out of the foregoing. Any Member(s) holding <del>three</del> <u>one</u> percent ( <del>31</del> %) or more of the total number of the issued Shares of the Company for <del>one</del> <u>six</u> ( <del>1</del> <u>6</u> ) consecutive <del>year</del> <u>months</u> or longer may request in writing any Independent Director of the	This article is revised in accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Article 214 of the Company Act, and TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.



Article Number	Current Provisions	Proposed Amendment	Explanations
	the Audit Committee to initiate proceedings against any Director or Directors on behalf of the Company with a competent court having proper jurisdiction, including the Taiwan Taipei District Court, ROC. 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 Taiwan Taipei District Court, ROC.	Audit Committee to initiate proceedings against any Director or Directors on behalf of the Company with a competent court having proper jurisdiction, including the Taiwan Taipei District Court, ROC. 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 Taiwan Taipei District Court, ROC.	
16.6	16.6 Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company a proposal for discussion at a general meeting in writing. Proposals shall not be included in the agenda of the general meeting where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) the matter of such proposal	16.6 Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant <del>B</del> book <del>C</del> elosure <del>P</del> period, during which the Company closed its Register of Members, may propose to the Company a proposal for discussion at a general meeting in writing <u>or by way of electronic transmission.</u> <u>Unless any of the following circumstances is satisfied, the Board shall include the proposal</u> <del>Proposals shall not be included</del> in the agenda of the general meeting where (a) the proposing	This article is revised in accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Articles 172-1 of the Company Act, and TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.

Article Number	Current Provisions	Proposed Amendment	Explanations
	may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).	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(s) has proposed more than one proposal; <del>or</del> (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s) ; or (e) <u>the proposal contains more than three hundred words. Provided that if the proposing Member(s) propose a proposal for urging the Company to promote public interests or fulfill its social responsibilities, the proposal may still be included in the agenda of the general meeting by the Board.</u>	
18.2	18.2 Subject to the Applicable Public Company Rules, except where a Member is appointing the chairman of a general meeting as his proxy through written ballot or electronic transmission pursuant to Article 17.4 or for trust enterprises organized under the laws of the ROC or a stock affairs agent approved pursuant to Applicable Public Company Rules, in the event a person acts as the proxy for two or	18.2 Subject to the Applicable Public Company Rules, except where a Member is appointing the chairman of a general meeting as his proxy through written ballot or electronic transmission pursuant to Article 17.4 or for trust enterprises organized under the laws of the ROC or a stock affairs 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	Adjust the wordings of the article.

Article Number	Current Provisions	Proposed Amendment	Explanations
	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, during which the Company closes its register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.	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 <del>B</del> ook <del>C</del> losed <del>P</del> period, during which the Company closes its register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.	
24.5	24.5 The Company may from time to time by Supermajority Resolution remove any Director from office before the expiration of his period of office notwithstanding anything in these Articles, and may elect another person to fill in the vacancy in accordance with Article 24.2; provided that the Company may remove all Directors and elect new Directors to fill the vacancies at the same time in accordance with this Article and Article 24.2 and unless the resolution approving such removal and election provides otherwise, the existing Directors' office shall be deemed discharged upon the passing of such resolution prior to the expiration of such Directors' applicable period of office.	24.5 The Company may from time to time by Supermajority Resolution remove any Director from office before the expiration of his/her/its period of office notwithstanding anything in these Articles, and may elect another person to fill in the vacancy in accordance with Article 24.2; provided that the Company may remove all Directors and elect new Directors to fill the vacancies at the same time in accordance with this Article and Article 24.2 <u>without having to pass a prior resolution regarding the re-election of all Directors by a general meeting</u> and unless the resolution approving such removal and election provides otherwise, the existing Directors' office shall be deemed discharged upon the passing of	This article is revised in accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Article 199-1 of the Company Act, and TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.

Article Number	Current Provisions	Proposed Amendment	Explanations
		such resolution prior to the expiration of such Directors' applicable period of office.	
25	<p>25 Vacation of Office of Director</p> <p>The office of a Director shall be vacated if the Director:</p> <p>(a) is removed from office pursuant to the Articles;</p> <p>(b) gives notice in writing to the Company that he resigns the office of Director;</p> <p>(c) dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;</p> <p>(d) is found to be or becomes of unsound mind;</p> <p>(e) 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 legal capacity is restricted according to the applicable laws;</p> <p>(f) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has</p>	<p>25 Vacation of Office of Director</p> <p>The office of a Director shall be vacated if the Director:</p> <p>(a) is removed from office pursuant to the Articles;</p> <p>(b) gives notice in writing to the Company that he/<u>she/it</u> resigns the office of Director;</p> <p>(c) dies, becomes bankrupt, <u>has been adjudicated of the commencement of liquidation process by the competent court</u> or makes any arrangement or composition with his creditors generally;</p> <p>(d) is found to be or becomes of unsound mind;</p> <p>(e) an order is made by any competent court or official on the grounds that he/<u>she</u> is or will be suffering from mental disorder or is otherwise incapable of managing his/<u>her</u> affairs, or his/<u>her</u> legal capacity is restricted according to the applicable laws;</p> <p>(f) <u>an order is made by any competent court or official on the grounds that he/she has been adjudicated of the commencement of</u></p>	<p>This article is revised in accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Paragraph 6 of Article 192 and Article 30 of the Company Act, the provisions in Paragraph 5 of Article 14-2 of the Securities and Exchange Act, and TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.</p>

Article Number	Current Provisions	Proposed Amendment	Explanations
	<p>served the full term of such sentence is less than five years;</p> <p>(g) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;</p> <p>(h) having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years; or</p> <p>(i) having been dishonoured for use of negotiable instruments, and the term of such sanction has not yet expired.</p> <p>In the event that any of the foregoing events described in clauses (c), (d), (e), (f), (g), (h) and (i) has occurred to a candidate election of Director, such person shall be disqualified from being elected as a Director.</p> <p>In the event that any Director,</p>	<p><u>assistantship and such assistantship has not been revoked yet;</u></p> <p>(g) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and <u>has not started serving the sentence, has not completed serving the sentence, or</u> the time elapsed after <del>he has served the full term of such sentence</del> <u>completion of serving the sentence, expiration of the probation, or pardon</u> is less than five years;</p> <p>(h) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of more than one year, and <u>has not started serving the sentence, has not completed serving the sentence, or</u> the time elapsed after <del>he has served the full term of such sentence</del> <u>completion of serving the sentence, expiration of the probation, or pardon</u> is less than two years;</p>	

Article Number	Current Provisions	Proposed Amendment	Explanations
	<p>during the term of office as a Director, transfers more than one half of the total number of the shares of the Company being held by him/her/it at the time he/she/it was elected, he/she/it shall, ipso facto, be discharged from his/her/its office of Director automatically.</p> <p>In the event that any Director, after being elected and before his/her/its inauguration of the office of Director, transfers more than one half of the total number of shares of the Company held by him/her/it at the time he/she was elected; or transfers more than one half of the total number of shares of the Company held by him/her/it within the book closure period prior to the convention of the shareholders' meeting, then his/her/its election as a Director shall be deemed invalid.</p>	<p>(i) <del>having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service</del> <u>committed an offence as specified in the Anti-corruption Act and subsequently adjudicated guilty by a final judgment, and has not started serving the sentence, has not completed serving the sentence, or the time elapsed after he has served the full term of such sentence completion of serving the sentence, expiration of the probation, or pardon</u> is less than two years; or</p> <p>(j) <del>having been dishonoured</del> <u>dishonored</u> for <u>unlawful</u> use of <del>negotiable</del> <u>credit</u> instruments, and the term of such sanction has not yet expired.</p> <p>In the event that any of the foregoing events described in clauses (c), (d), (e), (f), (g), (h) <del>and</del>, (i) <u>and</u> (j) has occurred to a candidate election of Director, such person shall be disqualified from being elected as a Director.</p> <p>In the event that any Director, during the term of office as a Director, transfers more than one half of the total number of the</p>	

Article Number	Current Provisions	Proposed Amendment	Explanations
		<p><u>S</u>shares of the Company being held by him/her/it at the time he/she/it was elected, he/she/it shall, ipso facto, be discharged from his/her/its office of Director automatically; <u>unless otherwise, he/she/it is the Independent Director.</u></p> <p>In the event that any Director, after being elected and before his/her/its inauguration of the office of Director, transfers more than one half of the total number of <u>S</u>shares of the Company held by him/her/it at the time he/she/<u>it</u> was elected; or transfers more than one half of the total number of <u>S</u>shares of the Company held by him/her/it within the <u>B</u>book <u>C</u>elosure <u>P</u>period prior to the convention of the <u>general—shareholders'</u> meeting, then his/her/its election as a Director shall be deemed invalid; <u>unless otherwise, he/she/it is the Independent Director.</u></p>	
27.7	<u>N/A</u>	<p><u>27.7</u></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 an interest in the matter under discussion at a meeting of Article 27.6, such Director shall be deemed to have</u></p>	<p>This article is established in accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Paragraph 3 of Article 206 of the Company Act, and TWSE's</p>

Article Number	Current Provisions	Proposed Amendment	Explanations
		<u>a personal interest in the matter.</u>	Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.
34.1	34.1 Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Company may declare dividends following the Board's recommendation in a distribution plan approved by the Board, with the sanction of Ordinary Resolution, resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. Considering that the Company is in an industry greatly affected by consumer market and business circle and cannot identify its development circle, after the close of a fiscal year, the Board shall provide the distribution plan according to the following requirements: the Company (i) after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of such profits as statutory reserve until the statutory reserve amounts to the authorized capital, (ii) may appropriate a portion of	34.1 Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Company may declare dividends following the Board's recommendation in a distribution plan approved by the Board, with the sanction of Ordinary Resolution, resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. Considering that the Company is in an industry greatly affected by consumer market and business circle and cannot identify its development circle, after the close of a fiscal year, the Board shall provide the distribution plan according to the following requirements: the Company (i) after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of such profits as statutory reserve until the statutory reserve amounts to the authorized capital, (ii) may appropriate a portion of such profits as special reserve	Amend this article to fulfill operational needs.



Article Number	Current Provisions	Proposed Amendment	Explanations
	such profits as special reserve required by Applicable Public Company Rules or government authorities, and (iii) of the remaining profits, may appropriate up to 3% as bonuses to the Directors and additional up to 3% of the remaining profits as employee bonus to the employees of the Company and Subsidiaries and (iv) having considered the financial, business and operational factors, any remaining profits which may be distributed as Dividends by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rata to the Members or any combination of both, or bonuses according to the Statute and Applicable Public Company Rules; provided, however, that the Dividends payable to the Members hereunder shall not be less than 2% of the balance of the profits after deduction of the amount set out in sub-clauses (i) and (ii), among which, cash dividends shall not be less than 10% of the total Dividends declared. The distribution of Dividends by cash will be rounded down to	required by Applicable Public Company Rules or government authorities, and (iii) of the remaining profits, may appropriate up to 3% as bonuses to the Directors and additional up to 3% of the remaining profits as employee bonus to the employees of the Company and Subsidiaries and (iv) having considered the financial, business and operational factors, any remaining profits which may be distributed as Dividends by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rata to the Members or any combination of both, or bonuses according to the Statute and Applicable Public Company Rules; provided, however, that the Dividends payable to the Members hereunder shall not be less than <u>20</u> % of the balance of the profits after deduction of the amount set out in sub-clauses (i) and (ii), among which, cash dividends shall not be less than <del>10</del> <u>20</u> % of the total Dividends declared. The distribution of Dividends by cash will be rounded down to New Taiwan dollars. The sum of aforesaid rounded-down amounts which are less than one New Taiwan	

Article Number	Current Provisions	Proposed Amendment	Explanations
	New Taiwan dollars. The sum of aforesaid rounded-down amounts which are less than one New Taiwan dollars (NT\$1.00) will be recognized as other non-operational income of the Company.	dollars (NT\$1.00) will be recognized as other non-operational income of the Company.	
37.3	<u>N/A</u>	<u>37.3 Independent Director of the Audit Committee shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, inspect, transcribe or make copies of the accounting books and documents, and request the Board or manager of the Company to make reports thereon.</u>	This article is established in accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Paragraph 1 of Article 218 of the Company Act, and TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.
44	<u>N/A</u>	<u>44 Corporate Social Responsibility The Company shall comply with the laws and regulations as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities when conducting its business.</u>	This article is established in accordance with the amendment of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Paragraph 2 of Article 1 of the Company Act, and TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1071703794.

## Fulgent Sun International (Holding) Co., Ltd.

## Comparison Charts of Procedures for Making Endorsements/Guarantees

Before	After	Description
7.4 Procedures Governing Endorsements/Guarantees:	7.4 Procedures Governing Endorsements/Guarantees:	Amendments according to Regulations
7.4.5 Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,” or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit such to all the members of the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.	7.4.5 Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of the “Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,” or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and <u>notify</u> all the members of the Audit Committee <u>in writing</u> of such plans, and shall complete the rectification according to the timeframe set out in the plan <u>and submit to the Audit Committee for review.</u>	Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies: 1. Upon any violation of Procedures Governing Making Endorsements/Guarantees, the financing and accounting units shall adopt rectification plans and notify all the members of the Audit Committee in writing of such plans, and submit to the Audit Committee for review.
7.7 Notices to Conducting Endorsement/Guarantee:	7.7 Notices to Conducting Endorsement/Guarantee:	2. Upon finding any material violation
7.7.1 The Company's internal auditors shall audit the Procedures for Making Endorsements/Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. Upon finding any material violation, they shall promptly notify all the members of the Audit Committee in writing.	7.7.1 The Company's internal auditors shall audit the Procedures for Making Endorsements/Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. Upon finding any material violation, they shall promptly notify all the members of the Audit Committee in writing <u>and submit to the Committee for review.</u>	during the internal auditing, they shall promptly notify all the members of the Audit Committee in writing and submit to the Committee for review.

<p>7.7.2 If, as a result of a change in circumstances, an entity who originally satisfies requirements for endorsement/guarantee does not meet the requirements of Article 7.1 of the Procedures anymore or the changes of calculation of loan balance exceeds the limit specified in Article 7.2 of the Procedures, the auditors shall urge the financing and accounting departments to set expiry dates for cancellation of endorsed/guaranteed amounts or exceeded amount of such entity or cancel the preceding amounts within a specific period. In addition, the rectification plans shall be submitted to all the members of the Audit Committee in writing, reported at the meeting of the Board of Directors, and completed according to the timeframe set out.</p>	<p>7.7.2 If, as a result of a change in circumstances, an entity who originally satisfies requirements for endorsement/guarantee does not meet the requirements of Article 7.1 of the Procedures anymore or the changes of calculation of loan balance exceeds the limit specified in Article 7.2 of the Procedures, the financing and accounting units shall adopt the rectification plans and notify all the members of the Audit Committee of such plans, complete such plans according to the timeframe set out, <u>submit such plans to the Audit Committee for review</u> and report such plans at the meeting of the Board of Directors.</p>	
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Fulgent Sun International (Holding) Co., Ltd.

Comparison Charts of Procedures Governing Loaning of Funds

Before	After	Description
7.13 Notices to Loaning of Funds to Others:	7.13 Notices to Loaning of Funds to Others:	Amendments made according to
7.13.2 The Company's internal auditors shall audit the Procedures for Loaning of Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. Upon finding any material violation, they shall promptly notify all the members of the Audit Committee in writing.	7.13.2 The Company's internal auditors shall audit the Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. Upon finding any material violation, they shall promptly notify all the members of the Audit Committee in writing and submit to the Committee for review.	Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies: 1. Upon any violation of Procedures Governing Loaning of Funds, the financing and accounting units shall adopt rectification
7.13.3 If, as a result of a change in circumstances, an entity who is no longer qualified for obtaining loans of funds or the loan balance exceeds the limit according to the Procedures, the auditors shall urge the financing and accounting departments to set expiry dates for the collecting exceeded amounts and funds, submit the rectification plans to all the members of the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan.	7.13.3 If, as a result of a change in circumstances, an entity who is no longer qualified for obtaining loans of funds or the loan balance exceeds the limit according to the Procedures, the <u>financing and accounting units</u> shall adopt rectification plans and <u>notify</u> all the members of the Audit Committee <u>in writing</u> of such plans, and shall complete the rectification according to the timeframe set out in the plan <u>and submit to the Audit Committee for review</u> .	plans and notify all the members of the Audit Committee in writing of such plans, and submit to the Audit Committee for review. 2. Upon finding any material violation during the internal auditing, they shall promptly notify all the members of the Audit Committee in writing and submit to the Committee for review.

## Fulgent Sun International (Holding) Co., Ltd.

## List of Candidates of Directors (including Independent Directors)

April 14, 2019; Unit: share

No.	Title	Name	Education	Experience	Current Position	Shares
1	Director	LIN, WEN-CHIH	Department of Chemical Engineering, Feng Chia University	General Manager, Fulgent Sun International (Holding) Co., Ltd.	Chairman of Board, Fulgent Sun International (Holding) Co., Ltd.	25,329,661 (Note1)
2	Director	LIAO, FANG-CHU	Department of International Trade, Chinese Culture University	Sales Deputy Manager, Fulgent Sun International (Holding) Co., Ltd.	General Manager, Fulgent Sun International (Holding) Co., Ltd.	21,408,018 (Note2)
3	Director	LIAO, CHIH-CHENG	Master, Department of Finance, National Yunlin University of Science	Sales Assistant Manager, First Commercial Bank	Executive Deputy Manager, Finance Director and Group Spokesman, Fulgent Sun International (Holding) Co., Ltd.	264,824
4	Independent Director	CHANG, KUN-HSIEN	Supplementary Open Junior College For Public Administration National Chengchi University	General Manager of Pei-Taichung Branch, Dou-Liu Branch, and Chung-Hsiao-Road Branch; Senior Assistant Manager and Director of Taichung Regional Center	Retired	0
5	Independent Director	HSU, AI-CHI	Doctor, Department of Economics, Michigan State University Master, Department of Economics, National Chengchi University Bachelor, Department of Economics, National Chengchi University	Teaching Assistant, Michigan State University Research Assistant, Chung-Hua Institution for Economic Research) Chair, Department of Finance, National Yunlin University of Science	Assistant Professor, Department of Finance, National Yunlin University of Science	0
6	Independent Director	HUANG, JIN-HUANG	Doctor, Department of Mechanical Engineering, Northwestern University Master, Department of Mechanical Engineering, The University of New Mexico Bachelor, Department of Mechanicas, Feng Chia	Reviewer, High-tech Equipment Development Program, Ministry of Science and Technology Chair, Department of Mechanical and Computer, Feng Chia University Dean, College of Engineering, Feng Chia University	Vice President, Director of Industry and University Cooperation, Lifetime Distinguished Professor. Feng Chia University Director, WINSON Machinery Casting Co., Ltd. Independent Director, China	

			University		FineBlanking Technology CO., LTD.	
7	Independent Director	LI, CHUN-AN	Doctor, MBA Program, National Chengchi University Master, Department and Graduate Institute of Business Administration, National Taiwan University Bachelor, Department of Physics, National Tsing Hua University	Dean, College of Finance and Banking, National Kaohsiung First University of Science and Technology Chair, Department of Finance, National Yunlin University of Science Certified Public Accountant	Professor Emeritus, Department of Finance, National Yunlin University of Science	
8	Independent Director	WU, CHUN-MING	Department of Accounting, Soochow University	Deputy General Manager, Department of Underwriting, Hua Nan Securities Deputy General Manager, Department of Underwriting, TAIWAN INTERNATIONAL SECURITIES CO., LTD. Senior Deputy President, Department of Corporate Banking, Capital Securities Corporation	Independnet Director, Tecstar Technology Co., Inc.	

Note:1. Including the 22,182,009 shares Chairman LIN, WEN-CHIH are held indirectly through the custodial account (LASPORTIVA INT'L CO., LTD.) used by CTBC Bank.

2. Including 19,760,372 shares Director LIAO, FANG-CHU are held indirectly through the custodial account (MEINDL INT'L CO., LTD.) used by CTBC Bank.

**Fulgent Sun International (Holding) Co., Ltd (the "Company")**  
**Rules and Procedures of Shareholders Meeting (the "Rules")**

Article 1 In order to establish a good governance system for the Company, improve the supervision function and strengthen the management function, the Company has set out these Rules and Procedures based on the regulations of Article 5 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies of the Republic of China.

Article 2 The Rules of Procedures of the shareholders' meeting of the Company shall, except as otherwise provided in the Act or the Articles of Incorporation, be conducted in accordance with these Rules.

The Shareholders' Meeting of the Company shall be convened by the Board of Directors besides there are regulations from the Articles of Incorporation of the Company or other Acts.

The Company shall, within 15 days prior to the meeting of the shareholders' meeting or 15 days before the shareholders' meeting, submit the notice of the shareholders' meeting, the power of attorney, the related proposals, the discussions, the election or the dismissal of the directors in electronic format to the Market Observation Post System official site. And send the electronic format of supplementary information of the meeting to the public Market Observation Post System 21 days before the shareholders' meeting or 15 days before the provisional shareholders' meeting the shareholders' meeting. The shareholders' meeting manuals shall be sufficiently prepared 15 days before the meeting for shareholders to obtain at any time, and display in its shareholders agency and in the Company, and shall distribute at the shareholders' meeting.

The notice and the announcement shall contain the reasons for the convening; the notice shall be made into electronic format by the consent of the relative person.

The following matters shall be enumerated in the convening of the matter and shall not be raised by extraordinary motions:

1. Election or dismissal of directors.
2. Amend the Articles of Incorporation.
3. (i) the dismissal, mergers and acquisitions or termination of the Company, (ii) conduct, amend or terminate the lease contract, the entrustment of the operating contract or the joint contract of operation, (iii) the granting of all or part of the business or property of the Company, and (iv) transfer or obtain all of the business or property of the Company that has significant impact on



the operation.

4. Authorize a director to act for itself or any other person within the business scope of the Company.
5. All or part of the surplus disbursed by the issuing new shares or allocating of APIC or other amount.
6. The Company issues the securities with the nature of equity privately.

Shareholders who hold more than one percent of the total number of issued shares will be able to submit a written notice to the Company to initiate the shareholders meeting. But it shall be limited to one proposal, and those more than one will are not included in the motion. The Board of Directors shall not be listed as one of the following cases in which the following shareholders are not included in the proposal as follows:

1. The shareholders of the Proposal have less than one percent of the total issued shares.
2. The proposal is not the conclusion of the shareholders' meeting.
3. The shareholders propose more than one proposal.
4. The proposal is made after the deadline for the acceptance of the notice.

The Company shall notify the acceptance of the proposal of shareholders made before the termination date of shares transferring of the shareholders' meeting, as well as the acceptance location and the period; the acceptance period shall not be less than ten days.

The proposals of the shareholders shall be written within 300 words and those exceeding 300 words shall not be included; the shareholders of the proposal should be present at the shareholders' meeting and participate in the discussion of the motion.

The Company shall notify the shareholders of the proposal the results of the processing before the notice of convening the Shareholders' Meeting and set out the notice of meeting in the meeting. In the case of a shareholder proposal not included in the proposal, the Board of Directors shall state the reasons for not being included in the shareholders' meeting.

Article 3 Shareholders are required by each attending of shareholders 'meeting, to present the power of attorney issued by the Company that set out the scope of authorization, entrusted agents to attend the shareholders' meeting.

A shareholder shall present one power of attorney, and shall entrust one person only, and deliver to the Company 5 days before the shareholders meeting, if the power of attorney is repeated in the contents, the first delivered shall be the effective subject. But the statements to revoke the former expression are not restricted by this regulation.

Upon the delivery of the power of attorney to the Company, the shareholders who

intend to attend the shareholders' meeting in person shall, at least 2 days before the shareholders' meeting, notify the Company in writing of the cancellation of the entrustment; the overdue revocation shall entitle the entrusted agent to attend the exercise of the voting right quasi.

Article 4 The location where the shareholders' meeting is convened shall be at the place where the Company is located or the Convenience Shareholder attends and is suitable for the convening of the shareholders' meeting. The meeting shall not be held earlier than 9:00 am or later than 3:00 pm, Should take full account of the views of independent directors.

Article 5 The Company shall set up a signature list for the attendance of the agents or shareholders entrusted by other shareholders (hereinafter referred to as the "Shareholders") or by submission of the attendance certificate to the proxies.

The Company shall deliver the proceedings manual, annual report, attendance certificate, statement of speech, vote and other meeting information to the shareholders present at the shareholders' meeting.

The shareholders shall attend the shareholders' meeting by attending the card, attend the attendance card or other attendance documents, and shall solicit the solicitor of the power of attorney and carry the ID documents for verification.

For the government or legal person is the shareholder, the representative of the shareholders' meeting is not limited to one person. When a legal person is entrusted to attend the shareholders' meeting, only one representative is present.

Article 6 Except as otherwise agreed by the shareholders present and voting, the chairman of the board of directors shall be the chairman of the shareholders' meeting if he is present. If it is not present, the chairman of the meeting shall be appointed or elected by the shareholders present and voting.

The Board of Directors convened by the board of directors shall be attended by a majority of the directors of the board of directors.

If the Chairman of the Board of Directors is convened by the convenor of the other convenees, the chairman of the meeting shall be held by the convenor, and if the convenor has more than two persons, one of them shall be recommended to be the Convenor.

The Company may appoint the appointed lawyer, accountant or related person to attend the shareholders' meeting.

Article 7 The Company shall record the video and audio of the whole process of the shareholders' meeting and reserve the recorded files for at least one year. But the shareholders of the Company, in accordance with the provisions of the Articles of Incorporation, and conduct the proceeding of revoke of the resolution of the meeting, shall be reserved until the end of the proceedings.

Article 8 The attendance of the shareholders' meeting shall be based on the shares. The number of shares to be attended by the number of shares in the written or electronic approach, based on the signature book or the attendance certificates, and plus the number of shares that exercise the voting right in writing or electronically.

If the chairman of the meeting has not been represented by a majority of the total number of shares to be issued, the chairman may announce a postponement of the meeting. The delay shall be limited to two times, and the delay shall not exceed 1 hour. In the event that shareholders with less than one third of the total number of issued shares are presented, the cancellation of the shareholders' meeting shall be announced by the Chairman.

Article 9 If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors. The meeting shall be conducted on the basis of the scheduled agenda and shall not be changed without the resolution of the shareholders' meeting.

If the shareholders are convened by the convenor other than the board of directors, the provisions of the preceding paragraph shall be applied.

The Chairman shall not adjudicate the adjournment without the resolution or before the discussion of the aforesaid 2 paragraphs (including extraordinary motions) are satisfied; for the Chairman that violating the Rules and Procedures, the members of the Board and other members shall promptly assist the shareholders in the proceedings in accordance with legal regulations, so that the Chairman of the Board of Directors may be elected via the method that a total of more than half of the shareholders voted to vote for one person to chair and continue the process of the meeting.

The Chairman shall give a full explanation and discussion of the proposed amendment or provisional motion in respect of the motion and the shareholders, and it shall declare that the discussion shall be adjourned and put to the vote when he reaches the point of voting.

Article 10 Before making statements by the attended shareholders, the applicant shall first fill in the application of statement to indicate the purpose of the statement, the number of shareholders (or attendance card number) and the name, by the chairman to speak the order.

Attended shareholders that only submit the application of statement but do not conduct one shall be viewed as not making statement. If the content of the statement and the application of the statement are inconsistency, the content of statement shall prevail.

Each shareholder of the same motion shall not make statement more than twice except being approved the Chairman and shall not exceed five minutes per once, but the Chairman shall cease the statement if the shareholder speaks violates the requirement or moves beyond the scope of the question.

At the time of the statement of the shareholders, the other shareholders shall not speak in any way except with the consent of the Chairman and the shareholders that makes the statement, otherwise the Chairman shall restrain such violation.

Where a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, the same motion shall only be made by one agent. After the statement of the shareholders, the Chairman may personally or designated the relevant personnel to reply.

Article 11 The vote of the shareholders' meeting shall be based on the shares.

The resolution of the shareholders' meeting shall not be the total number of shares of the non - voting shareholders.

- Shareholders are not allowed to vote for the matters of the meeting and have their own interests that are harmful to the interests of the Company and shall not act on behalf of his shareholders to exercise their voting rights.

The number of shares not allowed to be exercised in the preceding paragraph shall not be counted as the number of voting rights of the attended shareholders.

In the event that the shareholders of the shareholders' meeting are appointed by other shareholders in writing or in electronic form and the chairman of the shareholders' meeting is entrusted by the shareholders of the shareholders' meeting, the trust business or the stock agency approved by the securities authority, the voting rights of the agent shall not exceed The total number of issued shares is 3% of the total number of shares, and the voting rights exceeding the voting amount shall not be calculated.

Article 12 Shareholders have a voting right per share, but are limited or are not limited to those who have no voting rights under Article 179 (2) of the Company Act of the Republic of China.

During the shareholders 'meeting, it may exercise its written or electronic approach to practice its voting rights. When exercising its voting rights in writing or electronically, the method of exercise shall be set out in the notice of the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to have appointed the Chairman of the Shareholders 'Meeting to act as their agent at the Shareholders' Meeting in accordance with their instructions in writing or electronic documents, provided that such assignments shall not constitute a agency for the rules of the Companies agent. The Chairman of the Shareholders ' Meeting shall not be entitled to

exercise the voting rights of the Shareholders on the basis of the status of the Agent and the matters not stated in the written or electronic document and the amendments or interim motions of the original motion proposed by the Shareholders' Meeting. For the avoidance of doubt, the exercise by the Shareholders in writing or electronically shall be deemed to have waived the exercise of the voting rights in respect of the provisional motion and the original motion of the Shareholders' Meeting. If the chairman of the shareholders' meeting does not exercise the voting right on behalf of such shareholders, the number of shares shall not be counted as the number of voting rights in the shareholders who are present, but shall be counted as the number of shares at the minimum number of attendees.

Any person who practices the right to vote in writing or electronically in the aforesaid Paragraph shall express the intention to the Company 5 days before the the shareholders' meeting, and the means shall be repeated, whichever is first served. But the statements to revoke the former expression are not restricted by this regulation.

In the event of shareholders practice the voting right in written or electronic approach, any person who intends to attend the meeting in person shall, at least 2 days prior to the meeting of the shareholders, revoke the exercise of the voting rights in the same manner as the exercise of the voting rights; The voting rights of electronic means shall prevail. In the event that the voting rights are exercised in writing or electronically and the proxy is entrusted by the proxy to attend the shareholders' meeting, the voting rights entrusted to the agent shall prevail.

The voting result of the proposal shall be subject to the approval of the majority of the shareholders' voting rights, except as otherwise provided in the Company Act and the Articles of Incorporation of the Company. , The shareholders shall vote on a case-by-case basis on a case-by-case basis by the chairman or his designated person, and the shareholders 'consent, objection or abstention shall be entered into the public information observing station on the day after the shareholders' meeting.

In the case of an amendment or an alternative to the same motion, the chairman shall, in the same order as the original decision. If the other case has been passed, the other motions shall be deemed to have been vetoed.

The bill of directors of the motion and the counting of votes shall be designated by the Chairman, but the supervisors should have the identity as shareholders.

The counting of votes shall be made open to the shareholders' meeting and the result of the voting shall be reported and recorded.

Article 13 For the shareholders' meeting electing the directors, the Company's relevant selection rules shall be applied, and shall adequately announce the results of the election.

The electoral votes for the preceding election shall be sealed and signed by the supervisors and reserved for at least one year. But the shareholders of the Company in accordance with the provisions of the Articles of Association to revoke the shareholders of the resolution, should be saved until the end of the proceedings.

Article 14 The resolution of the shareholders' meeting shall be made into proceeding, and signed or sealed by the Chairman and distributed to the shareholders within 20 days after the meeting. The production and distribution of proceedings may electronically made.

The distribution of the former Proceedings shall be made by way of announcement.

The proceedings shall, in accordance with the terms, accurately record the year, the month, the date, the location, the name of the Chairman, the method of resolution, the merits of the proceedings and the results of the proceedings, and reserved permanently during the existence of the Company.

Article 15 For the number of shares to be solicited by the solicitors and the number of shares held by the agent, the Company shall, at the date of the meeting of the shareholders' meeting, be compiled in accordance with the prescribed form and be clearly disclosed at the shareholders' meeting place.

In the case of a resolution of the shareholders' meeting, the Company shall transmit the contents to the Market Observation Post System within the prescribed time if there is any major information specified in the laws or regulations or the provisions of the Taiwan Stock Exchange.

Article 16 The staff member of the shareholders' meeting shall wear a certificate or armband. The chairman has commanded the captain or security officer to assist in maintaining the order of the venue. When the captain or the security officer is present to assist in maintaining the order, an armband titled "SECURITY" or identification should be worn.

Shareholders who violate these Rules are not subject to the Chairman's correction and prevent the conduct of the meeting from being stopped. The Chairman shall direct the the security officer to drive them out of the meeting venue.

Article 17 At the time of the meeting, the Chairman may, at its discretion, declare a rest, temporarily postpone the meeting due to the occurrence of force majeure, then announce the time for the further meeting agenda.

The agenda of the shareholders' meeting before the meeting (including the provisional motion) is not terminated, the venue of the meeting will not be able to continue to use, and the shareholders' meeting will continue to meet.

Shareholders will be in accordance with the provisions of the Articles of Incorporation of the Company, to conduct the resolution of the extension or renewal of the meeting.

Article 18 These Rules and Procedures shall be implemented after the approval of the shareholders' meeting and shall be identical when being amended.

**THE COMPANIES LAW (AS AMENDED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION  
OF  
FULGENT SUN INTERNATIONAL (HOLDING) CO., LTD.**

(adopted by a special resolution passed on June 8, 2018)

1. The name of the Company is **Fulgent Sun International (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 Board 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 (as amended) 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 share capital of the Company is New Taiwan Dollars 2,000,000,000 divided into 200,000,000 shares of a par value of New Taiwan Dollars 10.00 each.
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.



THE COMPANIES LAW (AS AMENDED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES

**AMENDED AND RESTATED ARTICLES OF ASSOCIATION**  
OF  
FULGENT SUN INTERNATIONAL (HOLDING) CO., LTD.  
(adopted by a special resolution passed on June 8, 2018)

**1 Interpretation**

1.1 In these 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:

**"Applicable Public Company Rules"** means the ROC laws, rules and regulations (including, without limitation, the Company Law, the Securities and Exchange Law, the rules and regulations promulgated by the FSC, and the rules and regulations promulgated by the TSE, as amended from time to time) affecting public companies or companies listed on any ROC stock exchange or securities market that from time to time are required by the relevant regulator as applicable to the Company.

**"Articles"** means these articles of association of the Company.

**"Audit Committee"** means the audit committee under the Board, which shall comprise solely of Independent Directors of the Company.

**"Board"** means the board of directors appointed or elected pursuant to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles.

**"Capital Redemption Reserve"** means a reserve established by the Company for the purpose of section 37(4) of the Statute which shall comprise of, inter alia, (i) where Shares of the Company are redeemed or purchased wholly out of the Company's profits, amounts by which the Company's issued share capital is diminished in accordance with section 37(3)(g) of the Statute on cancellation of the Shares redeemed or purchased; (ii) where Shares of the Company are redeemed or purchased wholly or partly out of the proceeds of a fresh issue and the aggregate amount of those proceeds is less than the aggregate nominal value of the Shares redeemed or purchased, the amount of such difference, unless section 37(4)(c) of the Statute applies; (iii) where Shares of the Company are redeemed or purchased out of capital and the

	capital payment for Shares redeemed or purchased and cancelled is less than their nominal amount, the amount of such difference, subject to section 37(5)(f) of the Statute; subject to any reduction in accordance with section 37(5)(e) of the Statute and other provisions of the Statute.
<b>"Capital Reserve"</b>	means the premium paid on the issuance of any Share and income from endowments received by the Company.
<b>"Cayman Merger"</b>	means the merger or consolidation as defined in the Statute.
<b>"Chairman"</b>	means the Director elected amongst all the Directors as the chairman of the Board.
<b>"Company"</b>	means the above named company.
<b>"Compensation Committee"</b>	means the compensation committee to be established by the Board, which shall comprise of professional individuals and have the functions prescribed by the Applicable Public Company Rules.
<b>"Directors"</b>	means the directors for the time being of the Company and shall include any and all Independent Director(s).
<b>"Dividend"</b>	means any dividend (whether interim or final) resolved to be paid on Shares pursuant to the Articles.
<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 ROC.
<b>"Independent Directors"</b>	means the Directors who are elected as "Independent Directors" for the purpose of the Applicable Public Company Rules.
<b>"Listed Company"</b>	means the public company whose shares are listed on TSE for trading.
<b>"Member"</b>	has the same meaning as in the Statute.
<b>"Memorandum"</b>	means the memorandum of association of the Company.
<b>"Market Observation Post System"</b>	means the public company reporting system maintained by the TSE.
<b>"Ordinary Resolution"</b>	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
<b>"OTC Company"</b>	means the public company whose shares are listed on TPEx for

	trading.
<b>"Register of Members"</b>	means the register of members 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>"ROC"</b>	means Taiwan, 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>"Special Resolution"</b>	has the same meaning as in the Statute.
<b>"Statute"</b>	means the Companies Law (as amended) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force.
<b>"Subsidiary"</b>	means, with respect to any company, (i) the entity, more than one half of whose total number of the outstanding voting shares or the total amount of the capital stock are directly or indirectly held by such company; (ii) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (iii) the entity, one half or more of whose executive shareholders or board directors are concurrently acting as the executive shareholders or board directors of such company; and (iv) the entity, one half or more of whose total number of outstanding voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company.
<b>"Supermajority Resolution"</b>	means a resolution passed by a majority vote of the Members at a general meeting attended by Members who represent two-thirds or more of the total outstanding Shares or, if the total number of Shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding Shares, but more than one half of the total outstanding Shares, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting.
<b>"TDCC"</b>	means the Taiwan Depository & Clearing Corporation.
<b>"TPEx"</b>	means the Taipei Exchange.
<b>"Treasury Shares"</b>	means a Share held in the name of the Company as a treasury share in accordance with the Statute.
<b>"TSE"</b>	means the Taiwan Stock Exchange.

1.2 In these 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 these 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 of the Company as the Board shall see fit.
- 2.2 The Board 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 Memorandum (and to any direction that may be given by the Company in general meeting) and these Articles, and without prejudice to any rights attached to any existing Shares, the Board 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 or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute and the Articles) vary such rights; provided that no Share shall be issued at a discount except in accordance with the Statute.
- 3.2 The issue of new Shares shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and shall at all times be subject to the sufficiency of the authorized share capital of the Company.
- 3.3 Where the Company increases its issued share capital by issuing new Shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the

new Shares to be issued, for public offering in the ROC, unless it is deemed as either unnecessary or inappropriate by the FSC or TSE for the Company to conduct the aforementioned public offering. Any percentage higher than the aforementioned 10% as resolved by a general meeting for public offering in the ROC shall prevail. The Company may also reserve up to 15% of the total amount of such newly issued Shares for subscription by the employees of the Company and its Subsidiaries.

3.4 Unless otherwise resolved by the Members at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion in Article 3.3) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe his/her/its pro rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to subscribe such newly-issued Shares. In the event that the number of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued Share, Shares held by several Members may be calculated together for joint subscription of newly-issued Shares or for subscription of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such Shares into the public offering tranche or offer any un-subscribed new Shares to a specific person or persons according to the Applicable Public Company Rules.

3.5 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 3.3 and Article 3.4 hereof shall not apply. For so long as the Shares are listed on the TSE, the terms of issue of Restricted Shares, including but not limited to the number, issue price, issue conditions and other related matters, shall comply with the Applicable Public Company Rules.

3.6 The pre-emptive right of Members under Article 3.4 shall not apply in the event that new Shares are issued:

in connection with a merger, spin-off, or pursuant to any reorganization of the Company;

in connection with meeting the Company's obligations under share subscription warrants and/or options, including those issued under in Article 3.8 and Article 3.10 hereof;

in connection with the issue of Restricted Shares in accordance with Article 3.5 hereof;

in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to subscribe for Shares;

in connection with meeting the Company's obligations under preferred shares vested with rights to subscribe for Shares; or

in connection with private placement of the securities issued by the Company.

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

3.8 Notwithstanding Article 3.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries.

3.9 Options, warrants or other similar instruments issued in accordance with Article 3.8 above are not transferable save by inheritance.

3.10 The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 3.8 above, whereby employees may subscribe, within a specific period, a specific number of the Shares. The terms and conditions of such agreements shall be no less restrictive on relevant employee than the terms specified in the applicable incentive programme.

3.11 The Company shall not issue Shares to bearer.

3.12 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 Directors and with the approval of a Special Resolution. Prior to the issuance of any Preferred Shares approved pursuant to this Article, 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 the 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 the holders of Preferred Shares;
- (d) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
- (e) other matters concerning rights and obligations incidental to Preferred Shares.

3.13 Subject to the Statute and Applicable Public Company Rules, any proposal to issue employee stock options to any employee of the Company and its Subsidiaries by the Company, with the exercise price lower than the closing price of the Shares listed on the TSE as of the issuing date of such options, 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 outstanding Shares as at the date of such general meeting, which may be offered in different tranches within one year of the date of the general meeting approving such issuance. The handbook of the general meeting shall specify the following matters, which may not be made by an ad hoc motion:

- (a) the total number of employee stock options to be issued, the number of Shares subscribable per stock option, and the number of new Shares to be issued to cover exercise of the options or the number of the Treasury Shares to be repurchased in accordance with the provisions of the Applicable Public Company Rules;
- (b) the basis and reasonableness of the determined exercise price;
- (c) the number, purpose and reasonableness of the share transfer;
- (d) conditions for and number of Shares to be subscribed by relevant employees; and
- (e) any effect on the Members' rights, including:
  - (i) the amount which may be recorded as expenses and any dilution on retained earnings per Share; and
  - (ii) any financial burden on the Company where issued Shares will be used to cover the exercise of employee stock options.

#### **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 Registered 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 listed on the TSE, title to such listed Shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the TSE that are or shall be applicable to such listed Shares and the Register of Members maintained by the Company in respect of such listed Shares may be kept by recording the particulars required by section 40 of the Statute in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the TSE that are or shall be applicable to such listed Shares.

## **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 other distribution, or in order to make a determination of Members for any other purpose, the Board may provide that the Register of Members shall be closed for transfers for a stated period as prescribed by the Applicable Public Company Rules.
- 5.2 In lieu of, or apart from, closing the Register of Members, the Board may fix in advance or arrears 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 other distribution, or in order to make a determination of Members for any other purpose.
- 5.3 If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend or other distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Board resolving to pay such Dividend or other distribution is passed, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

## **6 Certificates for Shares**



- 6.1 Subject to the provisions of the Statute, the Company shall issue shares without printing share certificates for the Shares issued. So long as the Shares are listed on the TSE, notwithstanding anything contained in these Articles and subject always to the law of the Cayman Islands, the details regarding such issue of shares shall be recorded by TDCC in accordance with the Applicable Public Company Rules, and the Company shall recognize as a Member each person identified as a holder of a Share in the records provided by the TDCC to the Company and such records shall form part of the Register of Members. A Member shall only be entitled to a share certificate if the Board resolves that share certificates shall be issued. Share certificates representing Shares, if any, shall be in such form as the Board may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Board. The Board may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and subject to these Articles no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.
- 6.2 The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
- 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 Board may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.
- 6.4 Every share certificate sent in accordance with the Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.
- 6.5 In the event that the Board resolves share certificate shall be issued, the Company shall deliver the share certificates to the subscribers within thirty days from the date such Shares may be issued pursuant to the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificate pursuant to the Applicable Public Company Rules.

## **7 Transfer of Shares**

- 7.1 Subject to Article 3.1, Shares are transferable.
- 7.2 The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Board so requires, signed by or on behalf of

the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

- 7.3 Notwithstanding the foregoing, transfers of Shares which are listed on the TSE may be effected by any method of transferring or dealing securities permitted by the TSE which is in accordance with the Applicable Public Company Rules and which has been approved by the Board for such purpose.

## **8 Redemption and Repurchase of Shares**

- 8.1 Subject to the provisions of the Statute, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner as the Company may, by Special Resolution, determine before the issue of the Shares.
- 8.2 Subject to the provisions of the Statute, these 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, purchase its own Shares (including any redeemable Shares) provided that the Members shall have approved the manner of purchase by Ordinary Resolution or the manner of purchase shall be in accordance with Article 8.4 hereof.
- 8.3 In the event that the Company proposes to purchase any Share listed on the TSE pursuant to the preceding 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 TSE for any reason.
- 8.4 For so long as the Shares are listed on the TSE, the Company is authorised to purchase any Share listed on the TSE in accordance with the following manner of purchase:
- (a) the total price of the Shares purchased by the Company shall not exceed the sum of retained earnings minus earnings distribution resolved by the Board or the general meeting, plus the following realized capital reserve:
    - (i) the premium received from the disposal of assets that has not been booked as retained earnings;
    - (ii) the premium received from the issuance of any Share and income from endowments received by the Company;
  - (b) the maximum number of Shares purchased by the Company shall not exceed ten percent of the total number of issued and outstanding Shares of the

Company; and

- (c) the purchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in its sole discretion provided however that:

- (i) such purchase transactions shall be in accordance with the Applicable Public Company Rules; and

- (ii) such purchase transactions shall be in accordance with the Statute.

8.5 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.

8.6 Subject to the Statute and Applicable Public Company Rules, the Company may by Ordinary Resolution redeem or purchase its own Shares by reducing and making payment out of its share capital. Any such redemption or purchase and the payment out of share capital must be made to all Members pro rata based on the percentage of shareholdings of the Members, unless otherwise provided for in the Statute or the Applicable Public Company Rules. Prior to the passing of the Ordinary Resolution in accordance with this Article 8.6, the Company shall (i) prepare a balance sheet and an inventory of its property; (ii) give notice of the proposed resolution to each creditor of the Company and make a public announcement in respect of the proposed resolution; and (iii) fix a period of not less than thirty days within which the creditors of the Company may raise their objections, if any, to such resolution. Upon approval by Ordinary Resolution, the Company may make payments to any Member in proportion to their respective shareholdings in the Company either by cash or by distribution of specific assets of the Company, provided however, that where assets other than cash are distributed to the Members, the type of assets, the value of the assets and the corresponding amount of such substitutive distribution shall be (a) assessed by an ROC certified public accountant before being submitted to the Members for approval; (b) approved by the Members by Ordinary Resolution and (c) agreed to by the Member who will receive such assets.

8.7 The Company may accept the surrender for no consideration of any fully paid Share.

8.8 The Board may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.

8.9 Subject to the provisions of the Statute, these 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 the Board think proper (including, without limitation, for nil consideration).

8.10 After the Company purchases the Shares listed on the TSE, 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 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 outstanding Shares at the most recent general meeting. The handbook of the general meeting shall specify the following matters, which may not be made by an ad hoc motion:

- (a) the basis and reasonableness of the determined transfer price, discount ratio and calculation;
- (b) the number, purpose and reasonableness of the share transfer;
- (c) conditions for and volume of share to be purchased by relevant employees; and
- (d) any effect on the shareholders' rights, including:
  - (i) the amount which may be recorded as expenses and any dilution on retained earnings per Share; and
  - (ii) any financial burden on the Company caused by such transfer of Treasury Shares to relevant employees at a price lower than the average repurchase price paid by the Company.

8.11 The aggregate number of Treasury Shares that may be transferred to relevant employees as approved by the Members at various general meetings shall not exceed five percent of the total outstanding Shares, and the aggregate number of Treasury Shares that may be purchased by each employee shall not exceed 0.5 percent of the total outstanding Shares. The Company may impose restrictions on the transfer of such Shares by the employees for a period of no more than two years.

## **9 Variation of Rights of Shares**

9.1 If at any time the share capital of the Company is divided into different classes of Shares, all or any of 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 passed by a Special Resolution and shall also be passed by a Special Resolution passed at a separate meeting of Members of that class of Shares. To any such meeting all the provisions of these Articles relating to general meetings shall apply *mutatis mutandis*.

9.2 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.

## **10 Non Recognition of Trusts**

The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder.

## **11 Transmission of Shares**

- 11.1 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 Shares. 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.
- 11.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Board, 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 but the Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution, as the case may be.
- 11.3 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of such Share. However, he shall not, before becoming a Member in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company and the Board may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him become the holder of the Share (but the Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution or any other case than by transfer, as the case may be). If the notice is not complied with within ninety days the Board may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

## **12 Amendments of Memorandum and Articles of Association and Alteration of Capital**

### **12.1 The Company may by Ordinary Resolution:**

- (a) increase the share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination; and
- (d) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorized share capital by the amount of the Shares so cancelled.

### **12.2 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to transfer, transmission and otherwise as the Shares in the original share capital.**

### **12.3 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; and
- (d) reduce its share capital and any Capital Redemption Reserve.

### **12.4 Subject to the Statute and Article 12.5, the Company may from time to time by Supermajority Resolution:**

- (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;
- (b) effect any merger (other than a Cayman Merger), share swap or spin-off of the Company;
- (c) enter into, amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for frequent joint operation with others;
- (d) transfer its business or assets, in whole or in any essential part; or
- (e) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.

- 12.4.1 Subject to the Statute, the resolution of the general meeting shall be adopted by two-thirds or more of the votes of the shareholders who represent the total number of issued shares of the Company:
- (a) if the Company participates in the merger/consolidation and is dissolved thereafter while the surviving company is not a listed or OTC company;
  - (b) if the trading of shares on TSE market is terminated because the Company carries on the general transfer so that the transferee company is not a listed or OTC company anymore;
  - (c) if the trading of shares on TSE market is terminated because the Company is acquired by any other surviving or newly incorporated company as a 100% held subsidiary company by means of share exchange while the surviving or newly incorporated company is not a listed or OTC company; or
  - (d) if the company carries on a division and the trading of the shares then traded on TSE market shall be terminated while the surviving or newly incorporated transferee company after the division is not a listed or OTC company.
- 12.5 Subject to the Statute, with regard to the dissolution procedure of the Company, the Company shall pass:
- (a) an Ordinary Resolution, in the event that the Company resolves that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
  - (b) a Special Resolution, in the event that the Company resolves that it be wound up voluntarily for reasons other than set out in Article 12.5(a) above.
- 12.6 Subject to the Statute, the Company may, with the approval of Members at a general meeting who represent two-thirds or more of the total number of Shares entitled to vote thereat, issue equity-linked securities, including options, warrants and convertible bonds to the following qualified specific persons by way of private placement in the ROC, in accordance with Applicable Public Company Rules:
- (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other legal entities or institutions approved by the competent securities authority in the ROC;
  - (b) natural person, legal entities or funds meeting the qualifications set forth by the competent securities authority in the ROC; and
  - (c) directors, supervisors or managers of the Company or its Subsidiaries;
- provided that the total number of the qualified subscribers under paragraphs (b) and (c) shall not exceed 35 persons provided further that the Company shall provide its financial, business or other information in connection with the private placement upon the reasonable request made by the qualified persons under paragraph (b) before the completion of such private placement.

- 12.7 The resolution to approve the issue of equity-linked securities through a private placement in accordance with Article 12.6 shall not be proposed as an ad hoc motion, and the notice of the general meeting where such a resolution is proposed shall contain the following information:
- (a) the basis and the reasonableness of the pricing of the equity-linked securities to be issued;
  - (b) the manner of selection of qualified specific persons. If such specific persons have been selected by the Company, the Company shall also specify the relationships between such specific persons and the Company; and
  - (c) the necessity and the reasons for the proposed private placement.
- 12.8 The equity-linked securities to be issued through private placement by the Company in accordance with the Articles and the Applicable Public Company Rules may be offered in different tranches within one year of the date of the general meeting approving such private placement.

### **13 Offices and Places of Business**

Subject to the provisions of the Statute, the Company may by resolution of the Board change the location of its Registered Office. The Company may, in addition to its Registered Office, maintain such offices or places of business as the Board may determine.

### **14 General Meetings**

- 14.1 The Company shall hold a general meeting as its annual general meeting within six months following the end of each financial year.
- 14.2 The Company shall hold an annual general meeting every year.
- 14.3 For so long as the Shares are listed on the TSE, unless otherwise provided by the Statute, the general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall seek approval from the TSE within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration matters of such general meeting (including but not limited to the handling of the voting of proxies submitted by any Members).
- 14.4 The Board may call general meetings, and they shall on a Member's requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- 14.5 A Member's requisition set forth in Article 14.4 is a requisition of Member(s) of the Company holding at the date of deposit of requisition not less than 3% of the total number of the outstanding Shares which as at that date have been held by such Member(s) for at least one year.



- 14.6 The Member's 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.
- 14.7 If the Board does not within fifteen days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the TSE for its prior approval.
- 14.8 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 14.9 An extraordinary general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board.

## **15 Notice of General Meetings**

- 15.1 At least thirty days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat. The notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at such meeting.
- 15.2 At least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat. The notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at such meeting.
- 15.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly but, unless so fixed, as regards the entitlement to receive notice of a meeting or notice of any other matter, the record date shall be the date of despatch of the notice and, as regards the entitlement to vote at a meeting, and any adjournment thereof, the record date shall be the date of the original meeting.
- 15.4 A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in the Articles, be deemed to have been properly called if it is so agreed by all the Members entitled to attend an annual general meeting or an extraordinary general meeting (as the case may be).
- 15.5 The accidental omission to give notice of a general meeting to, or the non receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.

- 15.6 For so long as the Shares are listed on the TSE, the Company shall, at least thirty days prior to an annual general meeting or fifteen days prior to an extraordinary general meeting, make a public announcement publishing the notice of the general meeting, the proxy instrument, agendas and materials relating to matters for approval, matters for discussion, and election or discharge of Directors to be discussed in the general meeting 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 Board 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.
- 15.7 The following matters shall be stated in the notice of a general meeting, with a summary of the material content to be discussed, and shall not be proposed as an ad hoc motion.
- (a) election or discharge of Directors;
  - (b) alteration of the Articles;
  - (c) (i) dissolution, merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation;
  - (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 part of the surplus profit of the Company in the form of new Shares, capitalization of statutory reserve, Capital Reserve and any other amount in accordance with Article 35, and
  - (f) private placement of any equity-type securities issued by the Company.
- 15.8 The Board 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 stock affairs agent located in the ROC. 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.

- 15.9 The Company shall make available all statements and records prepared by the Board and the report prepared by the Audit Committee, which will be submitted to the Members at the annual general meeting, at the office of its registrar (if applicable) and its stock affairs agent located in the ROC ten days prior to such annual general meeting in accordance with Applicable Public Company Rules. Members may inspect and review the foregoing documents from time to time and may be accompanied by their lawyers or certified public accountants for the purpose of such inspection and review.
- 15.10 The Board may postpone any general meeting called in accordance with the Articles and a notice of postponement shall be given to each Member before the time scheduled for such meeting. A notice of the adjourned meeting shall be given as in the case of an original meeting.
- 15.11 The Directors of the Company shall be entitled to receive notice of, attend and be heard at the general meeting.

## **16 Proceedings at General Meetings**

- 16.1 No resolution shall be made at any general meeting unless a quorum is present. Unless otherwise provided for 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.
- 16.2 The Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members as required by the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board 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 allocation of losses, to each Member.
- 16.3 Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll. No resolution put to the vote shall be decided by a show of hands.
- 16.4 Nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court of first instance for adjudicating any disputes arising out of the foregoing. 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 Director or Directors on behalf of the Company with a competent court having proper jurisdiction, including the Taiwan Taipei District Court, ROC. 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 Taiwan Taipei District Court, ROC.

- 16.5 Unless otherwise expressly required by the Statute, the Memorandum or the Articles, any matter which has been presented for resolutions, approval, confirmation or adoption by the Members at any general meeting may be passed by Ordinary Resolution.
- 16.6 Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company a proposal for discussion at a general meeting in writing. Proposals shall not be included in the agenda of the general meeting 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(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).
- 16.7 Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman shall act as chairman at all general meetings at which such person is present. In his absence a chairman shall be appointed or elected by the Members present at the meeting and entitled to vote.
- 16.8 The rules and procedures of general meetings shall be established by the Board and approved by an Ordinary Resolution, and such rules and procedures shall be in accordance with the Articles and the Applicable Public Company Rules.

## **17 Votes of Members**

- 17.1 Subject to any rights or restrictions attached to any Shares, every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorized representative or by proxy, each Member present in any such manner 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 otherwise provided by the Applicable Public Company Rules, in which case the casting of votes shall comply with the Applicable Public Company Rules.
- 17.2 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 monies then payable by him in respect of Shares have been paid.

- 17.3 Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.
- 17.4 The Board may determine that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission provided that the Board shall allow the voting power of a Member at a general meeting to be exercised by way of a written ballot or by way of electronic transmission if the size of the Company, number and types of Members or other matters comply with the requirements set forth in the Applicable Public Company Rules; provided, however, further that if a general meeting is to be held outside of the ROC, the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. A Member who exercises his/her/its voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to exercise his/her/its voting right at such general meeting in accordance with the instructions stipulated in the written ballot or electronic transmission; 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 ballot or electronic transmission, nor exercise any voting right in respect of any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting. For the purposes of clarification, such Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting. 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.
- 17.5 Any Member intending to exercise his/her/its voting power by way of a written ballot or electronic transmission shall serve the Company with his declaration of intention to do so at least two days prior to the general meeting. If a Member serves the

Company with more than one declaration of intention to exercise his/her/its voting power by way of a written ballot or electronic transmission, the first declaration shall prevail, unless an explicit written statement is made thereafter by such Member to revoke the previous declaration of intention in the same manner as previously used in exercising his/her/its voting power.

- 17.6 In the event any Member who has served the Company with his declaration of intention to exercise his voting power by way of a written ballot or electronic transmission pursuant to Article 17.5 hereof later intends to attend the general meetings in person, he shall, at least two days prior to the date of such general meeting, serve a separate declaration of intention to revoke his/her/its previous declaration of intention in the same manner as previously used in exercising his voting power. Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke the declaration of intention before the prescribed time.

## **18 Proxies**

- 18.1 The instrument of proxy shall be in the form approved by the Board from time to time and be expressed to be for a particular meeting only. 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.
- 18.2 Subject to the Applicable Public Company Rules, except where a Member is appointing the chairman of a general meeting as his proxy through written ballot or electronic transmission pursuant to Article 17.4 or for trust enterprises organized under the laws of the ROC or a stock affairs 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, during which the Company closes its register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.
- 18.3 In the event that a Member exercises his/her/its voting power by way of a written ballot or 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. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two days prior to such general meeting, serve the Company with a separate

notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.

- 18.4 The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company no 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 are received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.
- 18.5 For so long as the shares are listed on the TSE, the use and solicitation of proxies shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

## **19 Corporate Members**

Any corporation or other non-natural person 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 corporation which he represents as the corporation could exercise if it were an individual Member. In case of a corporate Member, its authorised representative may also be elected as Director of the Company in accordance with these Articles. If there are more than one authorized representatives, each of them may be so elected.

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

- 20.1 In the event any of the following resolutions is adopted at a general meeting, any Member who has notified the Company in writing of his/her/its objection to such matter prior to the meeting and has raised again his/her/its objection at the meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price:
- (a) the Company enters into, amends, or terminates 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;

- (b) the Company transfers 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
- (c) the Company acquires or assumes the transfer of the whole business or assets of another person, which has a material effect on the Company's operations.

20.2 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/her/its right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price.

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

21.1 Shares held as set out below shall not carry any voting rights and be counted in the total number of outstanding Shares at any given time:

- (a) beneficially owned by the Company itself;
- (b) by any entity in which the Company owns, legally or beneficially, more than 50% of its issued and voting share capital or equity capital; or
- (c) by an entity in which the Company, together with (i) the holding company of the Company and/or (ii) any subsidiary of (a) the holding company of the Company or (b) the Company owns, legally or beneficially, directly or indirectly, more than 50% of its issued and voting share capital or equity capital.

21.2 For so long as the shares are listed on the TSE, 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.

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



## **22 Directors**

- 22.1 There shall be a Board consisting of five to nine persons, each of whom shall serve for a three-year term of office, provided that in the event the expiration of the term of office of such Directors would otherwise leave the Company with no Directors, the term of office of such Directors shall be extended automatically to the date of the general meeting next following the expiration of such term, at which new Directors will be elected to assume office. Directors may be eligible for re-election. The Company may from time to time by Special Resolution increase or reduce the limits in the number of Directors set forth in this Article, provided that the requirements by relevant laws and regulations (including but not limited to any listing requirements) are met.
- 22.2 Unless otherwise approved by the TSE, the number of Directors having a spousal relationship or familial relationship within the second degree of kinship with any other Directors shall be less than half of the total number of Directors.
- 22.3 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 22.2 hereof, the non-qualifying Director(s) who was elected with the fewest number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 22.2 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall vacate his/her/its position of Director automatically.
- 22.4 Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three Independent Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the ROC and at least one of the same shall have accounting or financial expertise.
- 22.5 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. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be governed by the Applicable Public Company Rules.

## **23 Powers of Directors**

- 23.1 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by a resolution of Members adopted in accordance with the Articles, the business of the Company shall be managed by the Board 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 Board which would have been valid if that alteration had not been made or that direction had not been given. A duly

convened meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

- 23.2 Subject to the Articles, the Board 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.

## **24 Appointment and Removal of Directors**

- 24.1 The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 24.2 below. 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.
- 24.2 Directors shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors to be elected (“Special Ballot Votes”), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the number of the Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors elected. For so long as the Shares are listed on the TSE, (a) the Company shall adopt a candidate nomination mechanism for the election of the Directors which is in compliance with the Applicable Public Company Rules; and (b) such candidate nomination mechanism in compliance with the Applicable Public Company Rules shall also be used for the election of Independent Directors. The rules and procedures for the candidate nomination shall be in accordance with policies established by the Board 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.
- 24.3 If the number of Independent Directors is less than three persons due to the resignation or removal of any of the Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.
- 24.4 If the number of Directors is less than five persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next

following general meeting. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Directors to fill in the vacancies.

24.5 The Company may from time to time by Supermajority Resolution remove any Director from office before the expiration of his period of office notwithstanding anything in these Articles, and may elect another person to fill in the vacancy in accordance with Article 24.2; provided that the Company may remove all Directors and elect new Directors to fill the vacancies at the same time in accordance with this Article and Article 24.2 and unless the resolution approving such removal and election provides otherwise, the existing Directors' office shall be deemed discharged upon the passing of such resolution prior to the expiration of such Directors' applicable period of office.

24.6 Where a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or in significant violation of applicable laws, regulations or/and the Articles, but not removed by Supermajority Resolution, the Member(s) holding 3% or more of the total outstanding Shares may, within thirty days after that general meeting, institute a lawsuit in the competent court for a judgment to remove such Director from office. The Taiwan Taipei District Court, ROC, may be the court of first instance for this matter.

## **25 Vacation of Office of Director**

The office of a Director shall be vacated if the Director:

- (a) is removed from office pursuant to the Articles;
- (b) gives notice in writing to the Company that he resigns the office of Director;
- (c) dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (d) is found to be or becomes of unsound mind;
- (e) 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 legal capacity is restricted according to the applicable laws;
- (f) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of such sentence is less than five years;
- (g) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;

- (h) having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years; or
- (i) having been dishonoured for use of negotiable instruments, and the term of such sanction has not yet expired.

In the event that any of the foregoing events described in clauses (c), (d), (e), (f), (g), (h) and (i) has occurred to a candidate election of Director, such person shall be disqualified from being elected as a Director.

In the event that any Director, during the term of office as a Director, transfers more than one half of the total number of the shares of the Company being held by him/her/it at the time he/she/it was elected, he/she/it shall, ipso facto, be discharged from his/her/its office of Director automatically.

In the event that any Director, after being elected and before his/her/its inauguration of the office of Director, transfers more than one half of the total number of shares of the Company held by him/her/it at the time he/she was elected; or transfers more than one half of the total number of shares of the Company held by him/her/it within the book closure period prior to the convention of the shareholders' meeting, then his/her/its election as a Director shall be deemed invalid.

## **26 Proceedings of the Board**

- 26.1 The Board may meet (either within or outside of the Cayman Islands) for the transaction of business, adjourn and otherwise regulate its meetings as it thinks fit before the Shares are listed on the TSE. For so long as the Shares are listed on the TSE, at least seven days' prior notice shall be given for any meeting of the Board provided that in the case of urgent circumstances as agreed by a majority of the Directors, a meeting of the Board may be convened on short notice, or be held any time after notice have been given to every directors or be convened without prior notice if all directors agree. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and no resolution shall be passed in the case of an equality of votes.
- 26.2 The quorum for the transaction of the business of the Board may be fixed by the Board, and unless so fixed at any other number, shall be a majority of the Board. A person who holds office as an alternate Director shall, if his appointor is not present, be counted in the quorum. A Director who also acts as an alternate Director shall, if his appointor is not present, count twice towards the quorum.
- 26.3 A Director may participate in a meeting of the Board or committee of Directors by video conference or other communications facilities by means of which all the persons participating in the meeting can see and communicate with each other at the

same time. Participation by a Director in a meeting in this manner is treated as presence in person at that meeting.

- 26.4 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 these Articles and the Applicable Public Company Rules as the necessary quorum of Directors the continuing Directors may act for the purpose of increasing the number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose.
- 26.5 The rules and procedures of the meeting of the Board shall be established by the Board in accordance with the Articles and the Applicable Public Company Rules.
- 26.6 All acts done by any meeting of the Board or of a committee of the Directors (including any person acting as an alternate Director) shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not qualified to be a Director or alternate Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.
- 26.7 A Director but not an alternate Director may be represented at any meetings of the Board 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.

## **27 Directors Interests**

- 27.1 A Director or alternate Director may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Board may determine.
- 27.2 A Director or alternate Director may act by himself or by, through or on behalf of his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
- 27.3 Unless otherwise provided in the Articles, a Director or alternate Director may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a shareholder, a contacting party, or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.

- 27.4 Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Statute, a Director shall assume a duty to act honestly and loyally to the Company and exercise the care as a good administration when performing his duties. A Director shall be liable to the Company if he breaches the above duties. If a Director's breach of duties is for the benefit of the Director or third party, the Company may, with the sanction of an Ordinary Resolution, demand the Director to disgorge any profit so realized by the Director as if such misconduct is done for the benefit of the Company within one year of the Director's breach of duties. A Director shall be liable jointly with the Company for any loss or damage incurred by any third party if such loss or damage is incurred as a result of a Directors' breach of laws or regulations in the course of performing his duties.
- 27.5 A Director or alternate Director who is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall declare the nature of such interest to the Company as required by relevant laws and regulations.
- 27.6 Notwithstanding anything to the contrary contained in this Article 27, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall disclose the material information regarding such conflict of interests at such meeting of the Board. A Director who has a personal interest in the matter under discussion at a meeting of the Board, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the meeting of the Board.

## **28 Minutes**

The Board shall cause minutes to be made in books kept for the purpose of:

- (a) all appointments of officers made by the Board; and
- (b) all proceedings and resolutions at meetings of the Members or the holders of any class of Shares and of the Board, and of committees of the Directors including the names of the Directors or alternate Directors present at each meeting.

## **29 Delegation of Directors' Powers**

- 29.1 The Board may delegate any of its powers, authorities and discretions, including the power to sub-delegate, 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, authorities and discretions as they consider desirable to be exercised by him provided that an alternate Director may not act as

managing director and 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 Board may impose, and either collaterally with or to the exclusion of their own powers and any such delegation and may be revoked or altered by the Board. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of the Board, so far as they are capable of applying.

- 29.2 The Board may establish any committees or appoint any person to be a manager or agent for managing the affairs of the Company. Any such appointment may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and any such appointment and may be revoked or altered by the Board. Subject to any such conditions, the proceedings of any such committee shall be governed by the Articles regulating the proceedings of the Board, so far as they are capable of applying.
- 29.3 The Board may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Board may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Board at any time.
- 29.4 The Board may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be the attorney or authorized 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 these 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 Board 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.
- 29.5 The Board may appoint such officers of the Company (including, for the avoidance of doubt and without limitation, any secretary) 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 Board may think fit. Unless otherwise specified in the terms of his appointment an officer of the Company may be removed by resolution of the Board or Members. An officer of the Company may vacate this office at any time if he gives notice in writing to the Company that he resigns his office. The officers, in the course of performing their duties to the Company, shall assume responsibilities identical to that of the Directors.
- 29.6 For so long as the Shares are listed on the TSE, the Board shall, in accordance with the Applicable Public Company Rules, establish a Compensation Committee

comprised of at least three members, one of which shall be the Independent Director. The professional qualifications of the members of the Compensation Committee, the responsibilities, powers and other related matters of the Compensation Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Compensation Committee, the Board shall, by a resolution, adopt a charter for the Compensation Committee in accordance with these Articles and the Applicable Public Company Rules.

- 29.7 The compensation to be proposed by the Compensation Committee referred in the preceding Article shall include the compensation, stock options and other incentive payments payable to Directors and managers of the Company.

### **30 Alternate Directors**

- 30.1 Any Director (but not an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him.
- 30.2 An alternate Director shall be entitled to receive notice of all meetings of the Board and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence, save that he may not himself appoint an alternate director or proxy.
- 30.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.
- 30.4 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Board.
- 30.5 An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

### **31 Tender Offer**

- 31.1 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 shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:
- (a) the types and number of the Shares held by the Directors and the Members holding more than 10% of the outstanding Shares in their own names or in the names of other persons.



- (b) recommendations to the Members on the tender offer with respect to the status of verification of the identity and financial condition of the Offeror, fairness of the tender offer conditions, and reasonableness of the sources of the tender offer funds and the specific assenting and dissenting opinions of the directors and the reason(s) therefor.
- (c) 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.
- (d) the types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the outstanding Shares held in their own names or in the name of other persons.

31.2 The Board must fully disclose the verification measures adopted and the related procedures with respect to the verification conducted under Article 31.1(b) and if an expert is engaged to issue a written opinion, it shall be made public along with the disclosure.

## **32 Remuneration of Directors**

The remuneration of the Directors may only be paid in cash. The remuneration of the Directors shall be decided by the Board by reference to the standard generally adopted by other enterprises in the same industry, and shall be paid regardless whether the Company has profits or suffers losses. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to distribution of profits of the Company in accordance with the Statute, the Applicable Public Company Rules, the service agreement or other similar contract that he/she has entered into with the Company.

## **33 Seal**

- 33.1 The Company may, if the Board so determine, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of the Directors authorised by the Board. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer of the Company or other person appointed by the Board for the purpose.
- 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, if the Board so determine, with the addition on its face of the name of every place where it is to be used.

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

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

- 34.1 Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Company may declare dividends following the Board's recommendation in a distribution plan approved by the Board, with the sanction of Ordinary Resolution, resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. Considering that the Company is in an industry greatly affected by consumer market and business circle and cannot identify its development circle, after the close of a fiscal year, the Board shall provide the distribution plan according to the following requirements: the Company (i) after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of such profits as statutory reserve until the statutory reserve amounts to the authorized capital, (ii) may appropriate a portion of such profits as special reserve required by Applicable Public Company Rules or government authorities, and (iii) of the remaining profits, may appropriate up to 3% as bonuses to the Directors and additional up to 3% of the remaining profits as employee bonus to the employees of the Company and Subsidiaries and (iv) having considered the financial, business and operational factors, any remaining profits which may be distributed as Dividends by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rata to the Members or any combination of both, or bonuses according to the Statute and Applicable Public Company Rules; provided, however, that the Dividends payable to the Members hereunder shall not be less than 2% of the balance of the profits after deduction of the amount set out in sub-clauses (i) and (ii), among which, cash dividends shall not be less than 10% of the total Dividends declared. The distribution of Dividends by cash will be rounded down to New Taiwan dollars. The sum of aforesaid rounded-down amounts which are less than one New Taiwan dollars (NT\$1.00) will be recognized as other non-operational income of the Company.
- 34.2 No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or any reserve, fund, or account as otherwise permitted by the Statute, provided, however, that such distribution shall only be paid out of the statutory reserve if the amount of the statutory reserve exceeds 25% of the Company's paid-in capital and that the maximum amount to be paid out of the statutory reserve is limited to the amount by

which the statutory reserve exceeds 25% of the Company's paid-in capital. Except as otherwise provided by the rights attached to any Shares, all Dividends and other distributions shall be paid according to the number of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.

- 34.3 The Board may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company for any reason.
- 34.4 The Board may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution 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 Board may settle the same as they think expedient and in particular may 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 in such manner as may seem expedient to the Board.
- 34.5 The Board may, before resolving to pay any Dividend or other distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, at the discretion of the Directors, be employed in the business of the Company.
- 34.6 Any Dividend, other 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 or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.
- 34.7 No Dividend or other distribution shall bear interest against the Company.
- 34.8 The Board shall fix any date as the record date for determining the Members entitled to receive any Dividend or other distribution. The Register of Members shall be closed for a period of five days before the relevant fixed record date or such other period as may be required by the Applicable Public Company Rules or the Statute.
- 34.9 Any Dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable 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 or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

### **35 Capitalisation**

Unless otherwise provided for in the Articles, subject to the Statute, the Board may, with the authority of a Supermajority Resolution, at any time capitalise any sum standing to the credit of any of the Company's reserve accounts of funds (including the share premium account and Capital Redemption Reserve) 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 such Members had the same been a distribution of profits by way of Dividend or other distributions and 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 given to the Directors to make such provisions as they think fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). 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 or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

### **36 Books of Account**

- 36.1 The Board 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 of account 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.
- 36.2 The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant laws and regulations shall be kept for at least one year; provided, however, that if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements

and/or information, they shall be kept until the conclusion of the lawsuit if the lawsuit period is longer than one year.

**37      Audit Committee**

37.1      The Company shall establish an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and the number of committee members shall not be less than three. One of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members. The rules and procedures of meeting of the Audit Committee shall be adopted by the Board in accordance with the Articles and the Applicable Public Company Rules.

37.2      Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the Board for resolution:

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

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

**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 to such other address given for such purpose or by means of public announcement.
- 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 in the Cayman Islands) 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 these 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 authorised by the Articles to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members 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 where the Member 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 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, subject to the rights attached to any Shares and with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in proportion to the number of the Shares held by them in kind the whole or any part of the assets of the Company (whether such assets 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 Indemnity and Insurance**

- 40.1 Unless otherwise provided in these Articles, every Director and officer of the Company, together with every former Director and former officer of the Company (each an "Indemnified Person") shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default or breach of their duties as referred to in Article 27.4 or 29.5. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud or wilful default or breach of their duties as referred to in Article 27.4 or 29.5 of such Indemnified Person. No person shall be found to have committed actual fraud or wilful default or breach of their duties as referred to in Article 27.4 or 29.5 under this Article unless or until a court of competent jurisdiction shall have made a finding to that effect.
- 40.2 The Company shall advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which

indemnity will or could be sought. In connection with any advance of any expenses hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person.

- 40.3 The Board, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

**41 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.

**42 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.

**43 Appointment of Litigious and Non-litigious Agent**

So long as the Shares are listed on the TSE, the Company shall, by a resolution of the Directors, appoint or remove a litigious and non-litigious agent pursuant to the Applicable Public Company Rules to act as the Company's responsible person in the ROC to handle matters stipulated in the ROC Securities and Exchange Act and the relevant rules and regulations thereto.



**Fulgent Sun International (Holding) Co., Ltd (the "Company")**  
**Regulations for Election of Directors and Supervisors**

Date : 2016.06.15 ( Amended )

- Article 1 To ensure a just, fair, and open election of directors, these Regulations are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Regulations.
- Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:
- A. Basic requirements and values: Gender, age, nationality, and culture.
  - B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

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

- 1 The ability to make judgments about operations.
- 2 Accounting and financial analysis ability.
- 3 Business management ability.
- 4 Crisis management ability.
- 5 Knowledge of the industry.
- 6 An international market perspective.
- 7 Leadership ability.
- 8 Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

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

- Article 4 The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 5 Elections of both directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected.
- Article 6 The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 7 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 8 The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

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

Article 10 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 11 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 12 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be

sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 13 The board of directors of this Corporation shall issue notifications to the persons elected as directors.

Article 14 These Regulations, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

## Fulgent Sun International (Holding) Co., Ltd

### Shareholdings of All Directors

Date of Termination of Stocks Transfer: April 14, 2019

Positions	Names	Shares held	Percentage
Chairman	LIN, WEN-CHIH (Note3)	25,329,661	15.85%
Director	LIAO, FANG-CHU (Note4)	21,408,018	13.39%
Director	YU, MIN-SHENG	4,561,617	2.85%
Director	LIAO, CHIH-CHENG	264,824	0.17%
Independent director	CHANG, KUN-HSIEN	-	-
Independent director	HSU, AI-CHI	-	-
Independent director	KUO, SHAO-LUNG	-	-
<b>Total shares held by the Directors</b>		51,564,120	32.26%

The Company has issued 159,830,923 shares as in April 14, 2019.

Note : 1. No regulations of Article 26 of Securities and Exchange Act are applied to the Company.

2. The audit committee is set for the Company, so there is no held amount of shares of supervisors.

3. Including the 22,182,009 shares Chairman LIN, WEN-CHIH indirectly holds from LASPORTIVA INT'L CO., LTD

4. Including 19,760,372 shares Director LIAO, FANG-CHU indirectly holds from MEINDL INT'L CO., LTD.