

Stock Code : 2726



## **Yummy Town (Cayman) Holdings Corporation**

### 2021 Annual General Shareholders' Meeting Meeting Handbook

June 17, 2021

**DISCLAIMER:**

**THIS ENGLISH HANDBOOK FOR 2021 ANNUAL GENERAL MEETING OF  
MEMBERS IS TRANSLATED FROM THE CHINESE VERSION.**

**IT IS INTENDED FOR REFERENCE ONLY.**

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## **I . Meeting Procedures**

1. Opening announcement
2. Chairman's remarks
3. Report Matters
4. Acknowledgement Matters
5. Proposals and Discussions
6. Election Matters
7. Other Matters
8. Extempore Motion
9. Adjournment

## II. Meeting Agenda

Time: 9am, June 17, 2021

Venue: 2F, No. 327, Section 1, Tiding Boulevard, Neihu District, Taipei City  
Announcement of the total number of shares held by attending shareholders or by proxy Meeting commencement

Chairman's remarks

### 1. Report Matters:

- (1) 2020 Business Report.
- (2) Audit Committee's review report on the 2020 financial statements.
- (3) To report 2020 employees' profit sharing bonus and directors' compensation.
- (4) To report 2020 distribution of dividends and bonuses.
- (5) To report 2nd time Issuing of Domestic Unsecured Corporate Bonds.
- (6) Amendment to the "Rules of Procedure for Board of Directors Meetings".

### 2. Acknowledgement Matters:

- (1) Adoption of the 2020 Business Report and Financial Statements.
- (2) Adoption of the Proposal for Distribution of 2020 Profits.

### 3. Discussion items:

- (1) Amendment to the Rules of Procedure for Shareholder Meetings.
- (2) Amendment to the Operational Procedures for Loaning of Company Funds, Endorsements and Guarantees.
- (3) Proposal for a cash offering by private placement (adopted by a special resolution)

### 4. Election Matters: The 4<sup>th</sup> Election of Directors (included independent directors).

### 5. Other Matters: Relief of Directors from Non-competition Restrictions (adopted by a supermajority resolution)

### 6. Questions and Motions

### 7. Adjournment

## 1. Report Matters

- (1). 2020 Business Report. Please refer to Appendix 1 (pages 9~page 10).
- (2). 2020 Audit Report by Audit Committee. Please refer to Appendix 2 (pages 11).
- (3). 2020 Remunerations to Employees and Directors.  
The board decided on March 19, 2021 that the company will not distribute 2020 bonuses to employees or directors.
- (4). To Report on the Cash Dividend of 2020 Earnings Distribution.  
According to Article 98 of Article of Incorporation, the cash dividends, the board of directors is authorized to resolve the distribution and report to the shareholders' meeting.  
  
The board of directors distribute NT\$17,838,608 for cash dividends, NT\$0.5 per share. The earnings distributions per share are affected by repurchased shares or other factors, board have authorized Chairman to adjust on a pro-rata basis the number of shares outstanding on the basis date for cash dividends. After adjusted, this is NT\$0.50004204 per share , and this will be issued on June 18. 2021.
- (5). To Report on 2<sup>nd</sup> Time Issuing of Domestic Secured Convertible Bonds.  
In order to Board of Directors Meetings on September 30, 2020, the board had proceeded the issue of domestic secured convertible bonds for no more than 2,000,000 shares, it was categorized into 3 years. Then, Board of Directors Meetings on March 19, 2021, to amendment the method from self-imposed rule to inquiry bidding auction. Currently in the process of handling related issuance matters.
- (6). Amendment to the “Rules of Procedure for Board of Directors Meetings”.  
Please refer to Appendix 3 (pages 12).

## 2. Acknowledgement Matters

**Proposal 1** by the Board

**Subject:** Please kindly rectify the 2020 Business Report and Consolidated Financial Statements.

**Explanations:**

1. The 2020 Consolidated Financial Statements approved by the board, along with the audit report issued by CPA Ker-Chang Wu and Yi-Min Huang, Deloitte & Touche and the business report, all passed the review by Audit Committee.
2. Please refer to Appendix 4 (pages 13 ~ pages 21) for the abovementioned business report, audit report issued by CPAs and consolidated financial statements.
3. Please kindly rectify the abovementioned documents.

**Resolution:**

**Proposal 2** by the Board

**Subject:** Please kindly rectify the proposal for 2020 earnings distribution.

**Explanations:**

1. Please kindly find the following table for 2020 earnings distribution.
2. Please kindly rectify this matter.

**Resolution:**

Yummy Town (Cayman) Holdings Corporation  
**Table of 2020 Earnings Distribution**  
**Expressed in Thousands of New Taiwan Dollars**

<b>Item</b>	<b>Amount</b>	<b>Remark</b>
<b>Retained earnings at the beginning of the period</b>	<b>\$ 22,320,706</b>	
Add: net incomes during the period	38,871,120	
<b>Earnings available for distribution</b>	<b>61,191,826</b>	
Less: allocation to capital surplus (10%)	(3,887,112)	
Less: allocation to special retained earnings	(6,977,208)	Currency translation
<b>Distribution:</b>		
<b>Cash dividends</b>	<b>(17,838,608)</b>	<b>NT\$0.5 per share</b>
<b>Retained earnings at the end of the period</b>	<b>\$ 32,488,898</b>	

**Note 1: As of February 29, 2020, the total number of shares outstanding was 36,557,412 (excluding 831,000 treasury shares; 3,000 restricted shares for cancelation and 46,196 to-be-vested restricted shares)**

Chairman: Po-chao Wu

President: Miao-ling Chang

Accountant Supervisor: Che-Chi Lin

### 3. Proposals and Discussions

#### Proposal 1

by the Board

**Subject:** Please kindly cast your votes for Amendment of the “Rules of Procedure for Shareholders Meetings”.

**Explanations:**

1. Please refer to Appendix 5 (pages 22) for the comparison of the original version and the amended version of the Rules of Procedure for Shareholders Meetings.
2. Please kindly discuss and cast your votes.

**Resolution:**

#### Proposal 2

by the Board

**Subject:** Please kindly cast your votes for the Amendment of the “Operational Procedures for Loaning Funds and Making Endorsements / Guarantees”.

**Explanations:**

1. Please refer to Appendix 6 (pages 23 ~ pages 30) for the comparison of the original version and the amended version of the Operational Procedures for Loaning Funds and Making Endorsements / Guarantees.
2. Please kindly discuss and cast your votes.

**Resolution:**

#### Proposal 3

by the Board

**Subject:** Please kindly cast your votes for a cash offering by private placement of common shares. (adopted by a special resolution)

**Explanations:**

1. To meet the Company's future funding needs in long-term marketing development and increase shareholders' equity, to improve the financial structure to strengthen the competitiveness of the Company. The number of common shares to be privately placed for cash capital increase ("Privately Placed Shares") shall be up to 5,000,000 shares (par value = NT\$10). It is proposed to the shareholders' meeting to authorize the Board of Directors to conduct cash capital increase by way of private placement of common shares for cash at appropriate times depending on the then financial market conditions and the Company's capital needs.
2. (1) In accordance with relevant laws and regulations and the following principles. Details are as follows: (A) The basis and reasonableness of pricing for the private placement: (x) the simple arithmetical average closing price of the common shares on one, three or five trading days prior to the pricing date, after adjustment for bonus shares issued as stock dividends and cash dividends and the shares cancelled in connection with capital reduction, and (y) the simple arithmetical average closing price of the Company's common shares during the period of 30 consecutive trading days prior to the pricing date, after adjustment for bonus shares issued as stock dividends and cash dividends and the shares cancelled in connection with capital reduction. The price of the common shares to be privately placed should be no less than 80% of the above (x) or (y) price whichever is higher. (B) It is proposed to the shareholders' meeting, to authorize the Board of Directors to determine the actual pricing date and actual price for the Privately Placed Shares in accordance with laws and

regulations, and to determine the actual price which is no less than the price determined based on the above-mentioned pricing principle and within no less than the range resolved by the shareholders' meeting, depending on the then market conditions and the Company's circumstances.

(2) The private placement Method and objectives: (A) The selection of placee shall be conducted in accordance with Article 43-6 of the Securities and Exchange Act of the former Securities and Futures Commission of the Ministry of Finance. The objective of selecting the placee is to invite strategic investors and/or financial investors. (B) The specific person who has been invited: (x) the invitation of such person would have positive effects on the long-term planning and development of the Company in terms of the expansion of its market. (y) Necessity - The objective of selecting the placee is to invite strategic investors and/or financial investors. It is proposed to the shareholders' meeting to resolve to authorize the Board of Directors to select the placees. For selecting the placees to meet the Company's operational needs by having placees to provide the Company with assistance in strengthening the Company's competitiveness and improving the operational efficiency and long-term development. (z) Anticipated benefits - The objective of selecting the placee is to invite strategic investors and/or financial investors. It is necessary to select placees to meet the Company's operational needs by having placees to provide the Company with assistance in strengthening the Company's competitiveness and improving the operational efficiency and long term development.

Explanations:

(3) Necessity of conducting private placement, use of proceeds, and anticipated benefits: (A) Reasons for conducting non-public offering: To support the Company's future business development and the plan to invite strategic investors and/or financial investors, and in consideration of time efficiency, convenience, issue costs and stability of shareholding attributed to private placement, and that the privately placed securities are prohibited from free transfer under the Securities and Exchange Act, thus ensuring a long-term partnership between the Company and its strategic investors and/or financial investors, the Company proposes to conduct a private placement. (B) Maximum amount of the private placement: The number of Privately Placed Shares shall be up to 5,000,000 shares. The shareholders' meeting may authorize the Board of Directors to issue the Privately Placed Shares one or several times within one year from the date on which the shareholders' meeting resolves to conduct this Private Placement. (C) Use of proceeds and anticipated benefits: (x) Use of Proceeds - Augmenting working capital and It is anticipated to strengthen the Company's position in the industry, enhance long-term competitiveness of the Company, and/or improve the financial structure of the Company or reduce interest expense, which will have a positive impact on shareholders' interests. (y) Anticipated Benefits - Improving the financial structure, reducing interest expense, providing the funds needed for future development of the Company and enhancing market competitiveness of the Company.

3. After three years have elapsed following the delivery date of the Privately Placed Shares, the Board of Directors is authorized to apply for an approval letter issued by the Taipei Exchange ("TPEX"), which acknowledges that the common shares to be privately placed, and is



authorized to submit the application with the Financial Supervisory Commission for make-up public offering of such shares and the application with the TPEX for listing such shares on TPEX.

4. It is proposed to the shareholders' meeting to authorize the Board of Directors to handle in its sole discretion if the Privatel Placed plan is required to be changed or amended in accordance with changes to the laws and regulations, the instruction by the competent authorities, changes in market conditions, operational assessment or business environment assessment.
5. In order to complete subsequent procedures of this Private Placement, it is proposed to the shareholders meeting to authorize the Chairman of the Board of Directors and his designated persons by a special resolution to execute relevant agreements and documents and handle all the relevant matters in the subsequent procedures on behalf of and for the Company.
6. Please kindly discuss and cast your votes.

Resolution

#### 4. Election Matters :

Proposal 1
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by the Board

Subject: The 4<sup>th</sup> Election of Directors (included independent directors).

Explanations: 1. The 4<sup>th</sup> team of the office of Directors expired on June 23, 2021. All directors (including Independent Directors) will be elected at this shareholders' meeting.

According to Article, there shall be a Board of Directors consisting of no less than seven persons and no more than nine persons, with a term of office of three years. The Company's Directors (including and no less than three Independent Directors) will be elected by the candidate nomination mechanism, the shareholders shall elect from the candidate list. Each of independent directors shall be appoint to the member of Audit Committee.

Seven directors (including three Independent Directors) will be elected at this shareholders' meeting. The Company's Directors (including three Independent Directors) will be elected by the candidate nomination list. Information regarding the candidates is attached as refer to Appendix 7 (pages 31).

2. Please kindly discuss and cast your votes.

Election Result:

#### 5. Other Matters :

Proposal 1
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by the Board

Subject: Relief of Directors from Non-competition restrictions.

Explanations: 1. Article 209, Paragraph 1 of the Company Law stipulates that "the directors shall explain the important content of their actions for themselves or others for actions within the business scope of the company and obtain their permission" . It is proposed to release the

newly-elected Directors from any restrictions on their participation in the matters within or similar to the scope of the Company's business for himself or on behalf of others since the date of the appointment as Directors.

2. Please see the attached Appendix 8 (pages 32) for the list of companies in which the newly-elected Directors' participation will be considered for non-competition restrictions.
3. Please kindly discuss and cast your votes.

Resolution:

6. Extempore Motion

7. Adjournment

### III. Appendixes:

#### Appendix 1

#### 2020 Business Report

Expressed in Thousands of New Taiwan Dollars

ITEM	2020	2019	Growth Rate
Consolidated revenue	1,580,237	2,217,112	-28.73%
Consolidated Profit (Note)	38,871	129,368	-69.95%
EPS (after Tax)	1.09	3.62	-69.89%

Note: It is the net profit of the current period attributable to the company

Consolidated revenue declined by 28.73% in 2020, mainly due to the impact of the COVID-19 epidemic. In the first half of the year, many of the company's stores around the world were unable to operate normally, resulting in a decline in revenue and a reduction in profits. The company was active during the epidemic. The implementation of internal process optimization and cost-saving results have resulted in a reduction in various costs and expenses. In addition, the multi-faceted development strategy has achieved results. In the second half of the year, it will reverse the trend and make profits. There will still be consolidated net profits in 2020, but compared with last year during the same period, it declined by 69.95%, and its earnings per share also declined by 69.89%.

#### **Operation Direction and Outlook For 2021**

In 2021, Yummy-Town Group will continue to support the Happy Lemon brand. The mainland market will expand and accelerate its promotion to third- and fourth-tier cities. The overseas market will focus more on North America, Japan, and ASEAN to accelerate exhibition stores, and multiple brands will also accumulate. Strength pursuit profitable business model. Under the consensus of promoting the development of the brand and accumulating the assets of the brand consumer group, all departments of the group are committed to improving the efficiency of systems and personnel, which has become the largest support force for the group to enter the period of rapid development.

Happy Lemon separates, enters, and cooperates to form an alliance and step out of the new pattern of tea drinking.

In 2021, the third and fourth-tier cities in the Happy Lemon Mainland area will expand the layout of exhibition stores, and adopt the strategy of continuing the sinking expansion in 2020, splitting and cooperating to open stores, and integrating the business model of new channels to break the fixed old fashioned beverage industry The development path of the brand, out of the new pattern of tea.

The advance campus store project has made more substantial progress. It will be the first to open stores in Shanghai International Studies University in Songjiang District, Shanghai in 2021, and more campus stores will be put into operation in the future. The cross-industry alliance and cooperation model will also be realized through more channels; About 「Happy Lemon Tetra Pak Products」, the product line will reach the consumer group more deeply, and provide customers with faster and more convenient ways to purchase; For 「Milk Tea Solution」, in which Happy Lemon has a powerful The product R&D and excellent operation management team make good use of this advantage and provide it to other catering companies. In 2021, there will be more brand micro-stores, which will be put into operation in multiple cross-industry cooperation offline channels across the country; Therefore, 「Brand IP multiple placement project」, Aiming at the characteristics of Happy Lemon's target young customers who like fun, fresh and

innovative marketing methods, Yummy-Town Group have also diversified the brand's IP in authorized ways to expand the brand exposure to the target customer group.

### **RBT Brand Upgrade and return strongly**

After the upgrade of the RBT brand in 2020, the simple and strong slogan, which is "naturally delicious", opened a pop-up store in Shanghai Huaihai TX Young Power Center. "The fairy trail forest is back" detonated many fairy fans in Shanghai's good memories of the brand. The stylish and modern decoration concept of the store, as well as the product design incorporating innovative flavors, attracted many entrepreneurial investors during the operation of the pop-up store ask. In 2021, it is expected to open brand-new directly-operated stores and franchise stores in Shanghai. In areas outside of Shanghai, regional agency cooperation will be adopted to exhibit stores. The brand will continue to emphasize the new image of brand fashion and launch pop-up stores with different themes every quarter.

### **Deeply ploughing into the US market and APEC market**

Despite the impact of the COVID-19, the Yummy-Town Group's 2021 overseas exhibition plan will continue its 2020 planning direction: For the both two main development markets in North American market and ASEAN market, through "Joint venture", "Alliance", And "Cooperation" Those three models to develop each market.

The U.S. market is still the top priority in overseas markets. Yummy-Town Group has been cultivating in the U.S. for many years. At present, the company will use U.S. subsidiaries, joint ventures, and major partner elite programs, and combine the local resources and Manpower, form Seattle, Portland, San Francisco, Los Angeles, San Diego, Las Vegas, Denver, Chicago, and then to Texas and Arizona and other large cities. Inaddition, to the opening of direct stores and open regional sigle-store franchising, it would also to expand the tea market share of Happy Lemon in the North American.

In the ASEAN market, the Malaysian joint venture company has performed well under the epidemic this year. It has opened four stores in less than half a year since its establishment. In 2021, in addition to continuing to invest in accelerating exhibition stores, it will also expand the partners that intend to form alliances with ASEAN countries. Cooperate to facilitate the layout of the ASEAN economic region. At present, agents in the Philippines, Indonesia, Australia and other markets are also actively participating and joining the expansion plan.

### **Digital Empowerment Management System Construction in the Internet Era**

In 2021, Yummy-Town Group will initiate the introduction, optimization and upgrading of a number of major system projects, and make careful deployment of digital and intelligent management. In 2021, Yummy-Twon Group will establish a digital intelligence marketing headquarters. In the future, it will combine the capabilities of different talents in the above two fields to realize the brand operation. At the same time, a financial sharing center was established to build a digital operation platform with a new model of "one core, two systems", and link the various tasks of brand operation with the work of supply chain, finance and other departments through the system connection , Forming a closed loop of operations, in which a number of tasks are automatically completed by the system, without manual operations, to achieve streamlined organizational manpower and scientific management of digital empowerment.

In 2021, Yummy-Town Group will continue to expand the vision of becoming the best global tea business platform, through the diversified business strategy of "Expansion of Stores", "Investment and M&A", and "International Alliance". At the same time, it will introduce digital management System and system, the two complement each other to strengthen the group's brand global development capabilities.

Chairman: Po-chao Wu

President: Miao-ling Chang

Accountant Supervisor: Che-Chi Lin

## Appendix 2

### **2. 2020 Audit Report by Audit Committee**

#### Audit Committee's Report

The Board of Directors has prepared the Company's 2020 Business Report, consolidated Financial Statements and proposal for allocation of profits. The CPA firm of Deloitte & Touche was retained to audit the consolidated Financial Statements and has issued an audit report relating to the consolidated Financial Statements. The Business Report, consolidated Financial Statements and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Yummy Town (Cayman) Holdings Corporation

Chairman of the Audit Committee: Hsu, Yi Fang

Appendix 3

**3. “Comparison Table of Amendment of the Regulations Governing Procedure for Board of Directors Meetings”**

Pre-amendment contents	Post-amendment contents	Explanation of amendment
<p>Article 10 Where a meeting of directors is called by the chairperson of the board. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders’ meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose on person by and from among themselves to chair the meeting.</p> <p>When the chairperson of the board is on leave or for an reason is unable to exercise the powers of the chairperson, directors elected by and from among themselves.</p>	<p>Article 10 Where a meeting of the board of director is chairperson of called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the firs meeting of each newly elected board of directors is called by the director who received vote representing the largest portion of voting rights at the shareholders’ meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</p> <p>When the chairperson of the board is on leave or for an reason is unable to exercise the powers of the chairperson, <u>by a director designated thereby, or, if the chairperson does not make such a designation, by a directors elected by and from among themselves.</u></p>	<p>According to “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” Article</p>
<p>Article 22 These Regulations were enacted on July 11, 2012 1<sup>st</sup> amendment was made on March 31, 2013. 2<sup>nd</sup> amendment was made on November 9, 2017. 3<sup>rd</sup> amendment was made on August 12, 2019. 4<sup>th</sup> amendment was made on March 26, 2020.</p>	<p>Article 22 These Regulations were enacted on July 11, 2012 1<sup>st</sup> amendment was made on March 31, 2013. 2<sup>nd</sup> amendment was made on November 9, 2017. 3<sup>rd</sup> amendment was made on August 12, 2019. 4<sup>th</sup> amendment was made on March 26, 2020. <u>5<sup>th</sup> amendment was made on August 12, 2020.</u></p>	<p>Addition of date of amendment.</p>

## **4. Annual Report and Financial Statements Audited by the Independent Auditor**

To Yummy Town (Cayman) Holdings Corporation:

### **Audit Opinion**

We have audited the consolidated balance sheets of Yummy Town (Cayman) Holdings Corporation and subsidiaries (hereinafter referred to as the "Yummy Town Group and subsidiaries") as of December 31, 2020 and 2019, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to consolidated financial statements (including the Summary of Significant Accounting Policies).

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial status of Yummy Town Group as of December 31, 2020 and 2019, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission (FSC).

### **Basis for Audit Opinion**

In 2020, we conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Guan-Zheng-Shen-Zi No. 1090360805 issued on February 25, 2020 by FSC and auditing standards generally accepted in the Republic of China. In 2019, we conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards is further described in the section titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements". We are independent of Yummy Town Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

### **Key Audit Matters**

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of Yummy Town Group for the year ended December 31, 2020 based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the consolidated financial statements of Yummy Town Group and subsidiaries for the year ended December 31, 2020 are stated as follows:

Recognition of brand revenue NT\$1,580,237,000.

Transaction type of Yummy Town Group and subsidiaries' brand revenue is separated into franchise fee and royalty revenue based on the franchise consideration collected pursuant to the contracts. Of which, the franchise fee is recognized only when obligations are performed. Royalty revenue, however, is recognized using straight-line basis over the franchise period. For details, please refer to Notes IV (XIII) and V. As the timing and amount for recognizing these types of revenue must be judged according to the contracts, it is considered a key audit

matter in the audit of consolidated financial report for the year ended December 31, 2020. For the aforementioned transaction type, we learned of the internal control procedures for the brand revenue recognition of Yummy Town Group and subsidiaries and performed tests on the effectiveness of internal controls related to the operation cycles of franchisee selection and franchise revenue recognition. In addition, we checked the franchise contracts and related information to confirm the performance status of contractual obligations, evaluated whether the franchise fees were recognized when obligations were fulfilled, and obtained the royalty revenue allocation table prepared by the management to verify the accuracy of contracts' franchise periods and calculate the revenue to be recognized during the franchise periods.

### **Responsibilities of Management and Governing Bodies for the Consolidated Financial Statements**

The responsibilities of management are to prepare the consolidated financial statements with a fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed by the FSC with effective dates, and maintain necessary internal controls associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of Yummy Town Group and subsidiaries in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the Yummy Town Group and subsidiaries or cease the operations, or has no realistic alternative but to do so.

The governance bodies of Yummy Town Group and subsidiaries (including Audit Committee) are responsible for supervising the financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statements users, they are considered material.

We have utilized our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute counter-measures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.

Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Yummy Town Group and subsidiaries' internal control.

Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or



conditions that may cast significant doubts on Yummy Town Group and subsidiaries' ability to continue 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 in the notes to those statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Yummy Town Group and subsidiaries to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately represent the underlying transactions and events.

Obtain sufficient and appropriate audit evidence concerning the financial information of entities within Yummy Town Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on the Group.

Matters communicated between us and the governance bodies include the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide governance bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with governance bodies, we determine the key audit matters within the audit of Yummy Town Group and subsidiaries' consolidated financial statements for the year ended December 31, 2020. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte & Touche

CPA I-min Huang

Financial Supervisory Commission Approval

Document No.

Jin-Guan-Zheng-Shen-Zi

No. 1030024438

CPA Ke-chang Wu

Financial Supervisory Commission Approval

Document No.

Jin-Guan-Zheng-Shen-Zi

No. 1000028068

Notice to Readers

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

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

Yummy Town (Cayman) Holdings Corporation and Subsidiaries Consolidated Balance Sheets  
December 31, 2020 and 2019

In Thousands of New Taiwan

Dollars

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents (Notes IV and VI)	\$ 400,358	22	\$ 333,507	18
1110	Financial assets at fair value through profit or loss - current (Notes IV, VII and XXX)	127,209	7	462,590	26
1136	Financial assets at amortized cost - current (Notes IV, VI, VIII and XXX)	208,192	12	48,296	3
1170	Accounts receivable (Notes IV and IX)	35,879	2	47,407	3
1180	Accounts receivables - related parties (Notes IV, IX, and XXIX)	57	-	143	-
1200	Other receivables	34,200	2	32,952	2
130X	Inventories (Notes IV and X)	85,180	5	101,279	5
1479	Other current assets - others (Notes VI and XXX)	72,566	4	90,697	5
11XX	Total Current Assets	<u>963,641</u>	<u>62</u>	<u>1,116,871</u>	<u>62</u>
<b>NON-CURRENT ASSETS</b>					
1535	Financial assets at amortized cost - non-current (Notes IV and VIII)	118,179	7	43,050	2
1551	Investments accounted for using equity method (Notes IV and XII)	121,708	7	14,859	1
1600	Property, plant & equipment (Notes IV, XIII, and XXX)	146,618	8	161,492	9
1755	Right-of-use assets (Notes IV and XIV)	292,754	16	358,394	20
1780	Intangible assets (Notes IV and XV)	32,929	2	7,486	1
1840	Deferred income tax assets (Notes IV and XXIII)	29,156	2	24,619	1
1920	Refundable deposits (Note XIV)	71,990	4	74,990	4
15XX	Total Non-current Assets	<u>813,053</u>	<u>46</u>	<u>684,890</u>	<u>38</u>
1XXX	Total Assets	<u>\$ 1,776,694</u>	<u>100</u>	<u>\$ 1,801,761</u>	<u>100</u>
<b>Liabilities and Equity</b>					
<b>CURRENT LIABILITIES</b>					
2100	Short-term loans (Note XVI)	\$ 282,447	16	\$ 232,749	13
2170	Accounts payable	93,968	5	118,224	7
2180	Accounts payable - related parties (Note XXIX)	226	-	-	-
2219	Other payables (Note XVIII)	111,779	6	107,747	6
2230	Income tax liabilities for the period (Notes IV and XXIII)	6,971	1	9,218	-
2280	Lease liabilities - current (Notes IV and XIV)	165,022	9	196,608	11
2399	Other current liabilities	49,895	3	42,948	2
21XX	Total Current Liabilities	<u>710,308</u>	<u>40</u>	<u>707,494</u>	<u>39</u>
<b>NON-CURRENT LIABILITIES</b>					
2527	Contract liabilities - non-current (Notes IV, XXI and XXIX)	26,380	2	34,656	2
2570	Deferred income tax liabilities (Notes IV and XXIII)	53,258	3	-	-
2570	Deferred income tax liabilities (Notes IV and XXIII)	7,444	-	6,283	10
2580	Lease liabilities - non-current (Notes IV and XIV)	147,313	8	172,989	9
2645	Guarantee deposits received	143,497	8	154,562	21
25XX	Total Non-current Liabilities	<u>377,892</u>	<u>21</u>	<u>368,490</u>	<u>60</u>
2XXX	Total Liabilities	<u>1,088,200</u>	<u>61</u>	<u>1,075,984</u>	<u>60</u>
<b>Equity attributable to shareholders of the parent (Note 19)</b>					
<b>Share capital</b>					
3110	Common stock	365,544	21	349,085	19
<b>Capital reserve</b>					
3210	Share premium	218,612	12	218,612	12
3220	Treasury stock trade	3,050	-	3,050	-
3273	Employee restricted stocks	13,520	1	12,938	1
3200	Total Capital Reserve	<u>235,182</u>	<u>13</u>	<u>234,600</u>	<u>13</u>
<b>Retained earnings</b>					
3310	Legal reserve	64,306	4	51,369	3
3320	Special reserve	75,253	4	50,361	3
3350	Unappropriated earnings	61,191	3	162,393	9
3300	Total Retained Earnings	<u>200,750</u>	<u>11</u>	<u>264,123</u>	<u>15</u>
<b>Other equity</b>					

3410	Exchange differences on translation of foreign operations	(82,230)	(5)	(75,253)	(4)
3490	Unearned employee benefits	(699)	-	(3,635)	(1)
3400	Total Other Equity	(82,929)	(5)	(78,888)	(5)
3500	Treasury stock	(64,037)	(3)	(57,279)	(3)
31XX	Total Equity Attributable to Shareholders of the Parent	654,510	37	711,641	39
36XX	NON-CONTROLLING INTERESTS	33,984	2	14,136	1
3XXX	Total Equity	<b>688,494</b>	<b>39</b>	<b>725,777</b>	<b>40</b>
	Total Liabilities and Equity	<b>1,776,694</b>	<b>100</b>	<b>1,801,761</b>	<b>100</b>

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

Chairman: Po-chao Wu

President: Miao-ling Chang

Accountant Supervisor: Che-Chi Lin

**Yummy Town (Cayman) Holdings Corporation and Subsidiaries Consolidated Statements of  
Comprehensive Income For the Years Ended December 31, 2020 and 2019**

In Thousands of New Taiwan Dollars, except for earnings per share which is in New Taiwan

Dollars

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Notes IV, V, XXI and XXIX)	\$ 1,580,237	100	\$ 2,217,112	100
5000	Operating costs (Notes X, XXII and XXIX)	788,275	50	1,070,817	48
5900	Gross profit	791,962	50	1,146,295	52
	Operating expenses (Note XXII)				
6100	Sales and marketing expenses	459,030	29	606,069	27
6200	General and administrative expenses	298,753	19	350,790	16
6300	Research and development expenses	11,923	-	14,894	1
6000	Total operating expenses	769,706	48	971,753	44
6900	Operating income	<b>22,256</b>	<b>2</b>	<b>174,542</b>	<b>8</b>
	Non-operating income and expenses (Note XXII)				
7100	Interest income	6,736	-	6,620	1
7010	Other income	23,663	2	27,189	1
7020	Other gains and losses	18,315	1	3,590	-
7050	Finance costs	(17,987)	(1)	(20,240)	(1)
7770	Share of profit or loss of associates accounted for using equity method (Notes IV and XII)	5,102	-	(17,862)	(1)
7000	Total non-operating income and expenses	35,829	2	(703)	-
7900	Income before income tax	58,085	4	173,839	8
7950	Income tax expense (Notes IV and XXIII)	(25,047)	(2)	(50,486)	(3)
8200	Net income for the period	<b>\$ 33,038</b>	<b>2</b>	<b>\$ 123,353</b>	<b>5</b>
	Other comprehensive income (loss)				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(6,110)	-	(25,772)	(1)
8370	Share of other comprehensive income of associates accounted for using equity method	(837)	-	332	-
8300	Total other comprehensive income	(6,947)	-	(25,440)	(1)
8500	Total comprehensive income for the period	<b>\$ 26,091</b>	<b>2</b>	<b>\$ 97,913</b>	<b>4</b>
	Net income attributable to				
8610	owners of the parent	<b>\$ 38,871</b>	<b>2</b>	<b>\$ 129,368</b>	<b>6</b>
8620	Non-controlling interests	(5,833)	-	(6,015)	(1)
8600		<b>\$ 33,038</b>	<b>2</b>	<b>\$ 123,353</b>	<b>5</b>
	Total comprehensive income attributable to				
8710	owners of the parent	<b>\$ 31,894</b>	<b>2</b>	<b>\$ 104,476</b>	<b>5</b>
8720	Non-controlling interests	(5,803)	-	(6,563)	(1)
8700		<b>\$ 26,091</b>	<b>2</b>	<b>\$ 97,913</b>	<b>4</b>
	Earnings per share (Note XXIV)				
9710	Basic	<b>\$ 1.09</b>		<b>\$ 3.62</b>	
9810	Diluted	<b>\$ 1.09</b>		<b>\$ 3.61</b>	

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

Chairman: Po-chao Wu

President: Miao-ling Chang

Accountant Supervisor: Che-Chi Lin

**Yummy Town (Cayman) Holdings Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity For the Years Ended December 31, 2020 and 2019**

In Thousands of New

Taiwan Dollars

Code	Equity Attributable to owners of the parent											
	Share Capital					Other Equity						
	Share Capital - Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriate d Earnings	Exchange Differences on Translation of Foreign Operations	Unearned Employee Benefits	Treasury Stock	Total	Non-controlli ng Interests	Total Equity	
A1	Balance as of January 1, 2019	\$350,603	\$263,834	\$41,061	\$48,089	\$113,389	(\$50,361)	(\$8,198)	(\$66,763)	\$691,744	\$20,699	\$712,443
B1	Appropriation and distribution of 2018 earnings (Note 19)											
B1	Recognition of legal reserve	-	-	10,308	-	(10,308)	-	-	-	-	-	-
B3	Recognition of special reserve	-	-	-	2,772	(2,272)	-	-	-	-	-	-
B5	Distribution of cash dividends	-	-	-	-	(67,784)	-	-	-	(67,784)	-	(67,784)
D1	Net income for the year ended December 31, 2019	-	-	-	-	129,368	-	-	-	129,368	(6,015)	123,353
D3	Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	(24,892)	-	-	(24,892)	(548)	(25,440)
D5	Total comprehensive income for the year ended December 31, 2019	-	-	-	-	129,368	(24,892)	-	-	104,476	(6,563)	97,913
N1	Cancellation of employee restricted stocks (Notes XX and XXV)	(1,608)	1,608	-	-	-	-	-	-	-	-	-
N1	Compensation cost of employee restricted stocks (Note XXV)	-	-	-	-	-	-	4,563	-	4,563	-	4,563
C15	Cash dividends from capital reserves (Note XX)	-	(33,892)	-	-	-	-	-	-	(33,892)	-	(33,892)
C17	Subscription of treasury stocks by employees (Note XX)	-	3,050	-	-	-	-	-	9,484	12,534	-	12,534
Z1	Balance as of December 31, 2019	349,085	234,600	51,369	50,361	162,393	(75,253)	(3,635)	(52,279)	711,641	14,136	725,777
B1	Appropriation and distribution of 2018 earnings (Note XX)											
B1	Recognition of legal reserve	-	-	12,937	-	(12,937)	-	-	-	-	-	-
B3	Recognition of special reserve	-	-	-	24,892	(24,892)	-	-	-	-	-	-
B5	Distribution of cash dividends	-	-	-	-	(85,203)	-	-	-	(85,203)	-	(85,203)
B9	Distribution of stock dividends	17041	-	-	-	(17,041)	-	-	-	-	-	-
D1	Net income for the year ended December 31, 2020	-	-	-	-	38,871	-	-	-	38,871	(5,833)	33,038
D3	Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	(6,977)	-	-	(6,977)	30	(6,947)
D5	Total comprehensive income for the year ended December 31, 2020	-	-	-	-	38,871	(6,977)	-	-	31,894	(5,803)	26,091
L1	Treasury stock buyback (Notes XVIII)	-	-	-	-	-	-	-	(6,758)	(6,758)	-	(6,758)
N1	Cancellation cost of employee restricted stocks (Notes XVIII and XXV)	(582)	582	-	-	-	-	-	-	-	-	-
N1	Compensation cost of employee restricted stocks (Note XVIII and XXIV)	-	-	-	-	-	-	2,936	-	2,936	-	2,936
O1	Changes in non-controlling interests										25,651	
Z1	Balance as of December 31, 2020	\$365,544	\$235,182	\$64,306	\$75,253	\$61,191	(\$82,230)	(\$699)	(\$64,037)	\$654,510	\$33,984	\$688,494

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

Chairman: Po-chao Wu

President: Miao-ling Chang

Accountant Supervisor: Che-Chi Lin

Yummy Town (Cayman) Holdings Corporation and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2020 and 2019

Dollars Code		In Thousands of New Taiwan	
		2020	2019
	Cash flows from operating activities		
A10000	Income before income tax for the period	\$58,085	\$173,839
A20010	Income and expense items		
A20100	Depreciation	233,906	272,395
A20200	Amortization	3,622	5,061
A20400	Net gain on financial assets at fair value through profit or loss	(9,158)	(17,652)
A20900	Interest expense	17,987	20,240
A21200	Interest income	(6,736)	(6,620)
A21900	Employee compensation cost	2,936	7,647
A22300	Share of loss of associates accounted for using equity method	(5,102)	17,862
A22500	Loss on disposal of property, plant and equipment	6,199	8,122
A23200	Loss on disposal of investments	-	407
A23700	Inventory valuation and obsolescence loss (gain on reversal)	931	(5,038)
	Net foreign exchange loss (gain)	(2,270)	1,333
A29900	Gains on lease modification	(2,270)	(1,349)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	344,539	65,609
A31150	Accounts receivable	12,156	(4,324)
A31160	Accounts receivable - related parties	86	(73)
A31180	Other receivables	773	371
A31200	Inventories	15,409	(3,879)
A31240	Other current assets	22,958	(32,967)
A32125	Contract liabilities	(8,276)	(1,947)
A32150	Accounts payable	(24,256)	(5,247)
A32160	Accounts payable - related parties	226	(9,964)
A32180	Other payables	1,099	(15,328)
A32230	Other current liabilities	(6,947)	(7,281)
A33000	Cash generated from operations	672,061	461,217
A33100	Interest received	5,055	6,261

(Continued)

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Code		2020	2019
A33300	Interest paid	(\$17,987)	(\$20,240)
A33500	Income tax paid	(31,065)	(57,248)
AAAA	Net cash generated by operating activities	628,064	388,657
	Cash flows from investing activities		
B00040	Net (increase) decrease in financial assets at amortized cost	(235,025)	(19,794)
B01800	Investments accounted for using equity method	(102,583)	-
B01900	Proceeds from disposal of investments accounted for using equity method	(28,257)	14,942
B02700	Acquisition of property, plant and equipment	(28,257)	( 46,588)
B02800	Proceeds from disposal of property, plant and equipment	1,377	259
B03700	Increase in refundable deposits	4,202	( 4,341)
B04500	Acquisition of intangible assets	(3,094)	( 4,056)
B02200	Net cash (used in) purchasing subsidiaries	(32,145)	-
B06600	Decrease in other current assets - others	(4,602)	3,990
B06800	Decrease in other non-current assets	-	1,503
BBBB	Net cash (used in) generated by investing activities	(400,127)	(54,085)
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term loans	49,698	87,833
C01600	Increase (decrease) in long-term loans	53,258	-
C03100	Decrease in guarantee deposits received	(11,065)	( 6,188)
C04020	Principal repayment of lease liabilities	(182,375)	(204,259)
C04500	Distribution of cash dividends	(85,203)	(101,676)
C04900	Costs for treasury stock buyback	(6,758)	-
C05100	Proceeds from subscription of treasury stocks by employees	-	9,450
C05800	Net changes in non-controlling interests	22,873	=
CCCC	Net cash used in financing activities	(159,569)	(214,840)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(1,517)	(21,663)
EEEE	Net increase in cash and cash equivalents	66,851	98,069
E00100	Cash and cash equivalents at beginning of year	333,507	235,438
E00200	Cash and cash equivalents at end of the year	<b>\$400,358</b>	<b>\$333,507</b>

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

Chairman: Po-chao Wu

President: Miao-ling Chang

Accountant Supervisor: Che-Chi Lin

## Appendix 5

### 5. Comparison Table of “Rules and Procedures for Shareholders’ Meeting”

Pre-amendment contents	Post-amendment contents	Explanation of amendment
<p>Article 3 (I)~(V) Omitted A shareholder who holds over 1% of the total outstanding share may pose proposal, <u>by paper or Electronic acceptance method</u>, to the company’s shareholders’ regular meeting, provided that one shareholder may propose only one issue. The issue(s) more than on shall not be entered into the agenda. Any proposal relating to the improvement of the Company’s corporate social responsibility or public interests, such proposals may be included in the agenda. The board of directors may not take an issue proposes by a shareholder into the agenda if such issue proposes falling within those enumerated under Article 47 of the Articles of Incorporation.</p>	<p>Article 3 (I)~(V) Omitted A shareholder who holds over 1% of the total outstanding share may pose proposal to the company’s shareholders’ regular meeting, provided that one shareholder may propose only one issue. The issue(s) more than on shall not be entered into the agenda. Any proposal relating to the improvement of the Company’s corporate social responsibility or public interests, such proposals may be included in the agenda. The board of directors may not take an issue proposes by a shareholder into the agenda if such issue proposes falling within those enumerated under Article 47 of the Articles of Incorporation.</p>	<p>1. Amended in reference to the “Checklist for the protection of shareholders’ rights and interests in the country where the foreign issuer is registered” 2. Amended by Articles of Incorporation for shareholder’s proposal to the company’s shareholders regular meeting.</p>
<p>Article 9 (I) Omitted When the meeting time has expired, the chairman shall announce the meeting immediately. <u>At the same time, relevant information such as the number of non-voting rights and the number of shares attended</u>. However, when no shareholder representing more than half of the total issued shares is present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two, and the total postponement time shall not exceed one. hour. When there are insufficient shareholders representing more than one-third of the total issued shares after the second delay, the chairman shall announce the meeting.</p>	<p>Article 9 Omitted When the meeting time has starting, the chairman shall announce the meeting immediately. However, when no shareholder representing more than half of the total issued shares is present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two, and the total postponement time shall not exceed one hour. When there are insufficient shareholders representing more than one-third of the total issued shares after the second delay, the chairman shall announce the meeting.</p>	<p>1. Amended in reference to the “Checklist for the protection of shareholders’ rights and interests in the country where the foreign issuer is registered” 2. In order to improve corporate governance and safeguard the rights and interests of shareholders, the second item is amended.</p>
<p>Article 19 These Regulations were enacted on July 11, 2012 1<sup>st</sup> amendment was made on March 31, 2013. 2<sup>nd</sup> amendment was made on June 17, 2015. 3<sup>rd</sup> amendment was made on June 23, 2020. <u>4<sup>th</sup> amendment was made on June 17, 2021.</u></p>	<p>Article 19 These Regulations were enacted on July 11, 2012 1<sup>st</sup> amendment was made on March 31, 2013. 2<sup>nd</sup> amendment was made on June 17, 2015. <u>3<sup>rd</sup> amendment was made on June 23, 2020.</u></p>	<p>Addition of date of amendment.</p>



## Appendix 6

### 6. Comparison Table of “Amendment of the Operational Procedures for Loaning Funds and Making Endorsements / Guarantees”

Pre-amendment contents	Post-amendment contents	Explanation of amendment
<p>Article 5. The total amount of funds loaned by the company and its subsidiaries to others and the limits of individual objects are as follows: The total amount of funds lent to others by the company (<u>Loaner</u>) and its subsidiaries is limited to 40% of the company's (<u>Loaner</u>) net worth. <del>Where the company and its subsidiaries lend funds to others due to the need for short term financing, the total amount shall not exceed 20% of the loaned company's net worth.</del> If the company (<u>Loaner</u>) and its subsidiaries lend funds to others due to business transactions, the limit for individual objects shall not exceed the limit of the <u>loaner</u> company's most recent fiscal year and the amount of its purchases or sales, whichever is higher. If the <u>loaner</u> company and its subsidiaries lend funds to others due to the need for short-term financing, the limit for individual objects shall not exceed <u>20%</u> of the <u>loaner</u> company's net worth. Non-Taiwan subsidiaries of the company that directly and indirectly hold 100% of the voting shares or non-Taiwan subsidiaries of the company that directly and indirectly hold 100% of the voting shares are not subject to this restriction, but the limit for individual objects is the highest The limit shall not exceed <u>80%</u> of the <u>loaner</u> company's net value, and the total shall not exceed <u>100%</u> of the <u>loaner</u> company's net value.</p>	<p>Article 5. The total amount of funds loaned by the company and its subsidiaries to others and the limits of individual objects are as follows: The total amount of funds lent to others by the company and its subsidiaries is limited to 40% of the company's net worth. Where the company and its subsidiaries lend funds to others due to the need for short-term financing, the total amount shall not exceed 20% of the loaned company's net worth. If the company and its subsidiaries lend funds to others due to business transactions, the limit for individual objects shall not exceed the limit of the loan company's most recent fiscal year and the amount of its purchases or sales, whichever is higher. If the company and its subsidiaries lend funds to others due to the need for short-term financing, the limit for individual objects shall not exceed 10% of the loaned company's net worth. Non-Taiwan subsidiaries of the company that directly and indirectly hold 100% of the voting shares or non-Taiwan subsidiaries of the company that directly and indirectly hold 100% of the voting shares are not subject to this restriction, but the limit for individual objects is the highest The limit shall not exceed 50% of the company's net value, and the total shall not exceed 80% of the company's net value.</p>	<p>At the request of the competent authority, the revision of the fund loan and endorsement guarantee limit shall be based on the calculation of the net value of the lending company and the endorsement company, and the relevant limit shall be revised at the same time.</p>
<p>Article 11, Endorsement Guarantee Limit The standards and amounts of total liabilities, limits, tiered authorizations, etc. of the company and subsidiaries related to external endorsement and guarantee matters are as follows: The total accumulated external endorsement guarantee liability shall not exceed 50% of the current net value of the endorsement guarantee company. The limit of the endorsement guarantee for a single enterprise shall not exceed 20% of the current net value of the endorsement guarantee company. The company and its subsidiaries as a</p>	<p>Article 11, Endorsement Guarantee Limit The standards and amounts of total liabilities, limits, tiered authorizations, etc. of the company and subsidiaries related to external endorsement and guarantee matters are as follows: The total accumulated external endorsement guarantee liability shall not exceed 50% of the current net value of the endorsement guarantee company. The limit of the endorsement guarantee for a single enterprise shall not exceed 20% of the current net value of the endorsement guarantee company. The company and its subsidiaries as a whole can guarantee that the total amount</p>	<p>At the request of the competent authority, the revision of the fund loan and endorsement guarantee limit shall be based on the calculation of the net value of the lending company and the endorsement company, and the relevant limit shall be revised at the same time.</p>

<p>whole can guarantee that the total amount of endorsements shall not exceed 50% of the company's current net value and the amount of endorsements and guarantees to a single enterprise shall not exceed 20% of the company's current net value.</p> <p>The amount of endorsement guarantee between the company and its subsidiaries that directly or indirectly hold 100% of the voting shares and between the company directly and indirectly holds 100% of the voting shares is not restricted by the preceding three paragraphs. However, the maximum limit for individual objects is not more than 100% of the endorsement guarantee company's net worth, and the total is not more than 300% of the endorsement guarantee company's net worth.</p>	<p>of endorsements shall not exceed 50% of the company's current net value and the amount of endorsements and guarantees to a single enterprise shall not exceed 20% of the company's current net value.</p> <p>The amount of endorsement guarantee between the company and its subsidiaries that directly or indirectly hold 100% of the voting shares and between the company directly and indirectly holds 100% of the voting shares is not restricted by the preceding three paragraphs. However, the maximum limit for individual objects is not more than 100% of the company's net worth, and the total is not more than 300% of the company's net worth.</p>	
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Pre-amendment contents	Post-amendment contents	Explanation of amendment
<p>Article 11, Endorsement Guarantee Limit</p> <p>The standards and amounts of total liabilities, limits, tiered authorizations, etc. of the company and subsidiaries related to external endorsement and guarantee matters are as follows:</p> <ol style="list-style-type: none"> <li>1. The total accumulated external endorsement guarantee liability shall not exceed 50% of the current net value of the endorsement guarantee company.</li> <li>2. The limit of endorsement guarantee for a single enterprise shall not exceed 20% of the current net value of the endorsement guarantee company.</li> <li>3. <u>If the company and its subsidiaries endorse others for business dealings, the limit of individual objects shall not exceed the limit of the company's latest fiscal year of the endorsement and the higher of its purchase or sales amount.</u></li> <li>4. The amount of the endorsement guarantee between the company and its subsidiaries that directly or indirectly hold 100% of the voting shares and between the company directly and indirectly holds 100% of the voting shares is not restricted by the preceding three paragraphs. However, the maximum limit for individual objects is limited to not exceeding 100% of the net worth of the endorsement company, and the total amount is limited to not exceeding 300% of the net worth of the endorsing company.</li> </ol> <p>When the company handles endorsement and guarantees that it is necessary to exceed the limit set in this operating</p>	<p>Article 11, Endorsement Guarantee Limit</p> <p>The standards and amounts of total liabilities, limits, tiered authorizations, etc. of the company and subsidiaries related to external endorsement and guarantee matters are as follows:</p> <ol style="list-style-type: none"> <li>1. The total accumulated external endorsement guarantee liability shall not exceed 50% of the current net value of the endorsement guarantee company.</li> <li>2. The limit of endorsement guarantee for a single enterprise shall not exceed 20% of the current net value of the endorsement guarantee company.</li> <li>3. The total amount of endorsements and guarantees for the company and its subsidiaries as a whole shall not exceed 50% of the company's current net value and the amount of endorsements and guarantees to a single enterprise shall not exceed 20% of the company's current net value Is limited.</li> <li>4. The amount of the endorsement guarantee between the company and its subsidiaries that directly or indirectly hold 100% of the voting shares and between the company directly and indirectly holds 100% of the voting shares is not restricted by the preceding three paragraphs. However, the maximum limit for individual objects is limited to not exceeding 100% of the net worth of the endorsement company, and the total amount is limited to not exceeding 300% of the net worth of the endorsing</li> </ol>	<p>The second paragraph of the first paragraph of this article is adjusted to the latter paragraph of the first paragraph; the third paragraph is adjusted to the second paragraph. In accordance with the "Public Offering Company Fund Loan and Endorsement Guarantee Processing Standards" Article 12, Paragraph 1, paragraph 2, the third paragraph is added to the limit for those who endorse guarantees due to business dealings with others. Due to practical needs, the maximum limit for adjusting individual objects should not exceed 200% of the company's net worth of the endorsement guarantee.</p>

Pre-amendment contents	Post-amendment contents	Explanation of amendment
<p>procedure due to business needs, it should be approved by the board of directors and more than half of the directors should name and joint guarantee for the possible losses caused by the company exceeding the limit, and modify this operating procedure. The shareholders' meeting ratified it; if the shareholders' meeting disagrees, it shall formulate a plan to eliminate the excess portion within a certain period of time. When the company has set up independent directors, they shall fully consider the opinions of the independent directors when they endorse others. If independent directors have objections or reservations, they shall be stated in the minutes of the board of directors.</p> <p>When the company and its subsidiaries have agreed that the total amount of endorsement guarantees exceeds 50% of the company's net worth, they shall explain its necessity and rationality at the company's shareholders meeting.</p> <p>The amount of the endorsement guarantee, including the total amount of the company's endorsement guarantee and the amount of the single company's endorsement guarantee, and the company and its subsidiaries as a whole can be the total amount of the endorsement guarantee and the amount of the single company's endorsement guarantee.</p>	<p>company.</p> <p>The company or its subsidiary company must first pass the resolution of the board of directors before it can do it. However, in order to meet the needs of time limitation, the board of directors may authorize the chairman of the board to make the decision within 10% of the company's or subsidiary's net worth. Subsequent reporting to the most recent board of directors' ratification, the company's direct and indirect holding of more than 90% of the voting shares before an endorsement guarantee shall be submitted to the company's board of directors for a resolution before it can be processed; the company's direct and indirect Those who provide an endorsement or guarantee between companies that hold 100% of the voting shares may be subject to a decision by the executive director of the subsidiary.</p> <p>When the company handles endorsement and guarantees that it is necessary to exceed the limit set in this operating procedure due to business needs, it should be approved by the board of directors and more than half of the directors should name and joint guarantee for the possible losses caused by the company exceeding the limit, and modify this operating procedure. The shareholders' meeting ratified it; if the shareholders' meeting disagrees, it shall formulate a plan to eliminate the excess portion within a certain period of time. When the company has established independent directors, it shall fully consider the opinions of the independent directors when they endorse the guarantee for others. If the independent directors have objections or reservations, they shall be stated in the minutes of the board of directors.</p> <p>When the company and its subsidiaries have agreed that the total amount of endorsement guarantees exceeds 50% of the company's net worth, they shall explain its necessity and rationality at the company's shareholders meeting.</p> <p>The amount of the endorsement guarantee, including the total amount of the company's endorsement guarantee and the amount of the single company's endorsement guarantee, and the company and its subsidiaries as a whole can be the total amount of the endorsement guarantee and the amount</p>	

Pre-amendment contents	Post-amendment contents	Explanation of amendment
	of the single company's endorsement guarantee.	
<p>Article 12. Review and handling procedures of endorsement guarantee: Before the company and its subsidiaries handle endorsements and guarantees, they should carefully assess whether they meet the requirements of this operating procedure, and in accordance with the provisions of the company and the subsidiary's approval authority table, the relevant unit supervisors shall be responsible for handling them at different levels.</p> <p>The endorsement guarantee between the company and its subsidiaries that directly or indirectly hold 100% of the voting shares and between the companies that directly and indirectly hold 100% of the voting shares shall be handled in accordance with the provisions of the preceding paragraph.</p> <p>To engage in endorsement guarantee between companies that do not directly or indirectly hold 100% of the voting shares, an application letter should be obtained, stating the object to be guaranteed, the reason, the amount and the period, and the relevant departments of the company's finance and investment management should carefully evaluate the following matters . Evaluation items include:</p> <p>The necessity and rationality of the endorsement guarantee. Credit investigation and risk assessment of endorsement guarantee objects. The impact on the company's operating risks, financial status and shareholders' equity. Whether the collateral and the assessed value of the collateral should be obtained.</p> <p>If the object of the endorsement guarantee is a subsidiary whose net value is less than one-half of the paid-in capital, <u>the subsidiary shall formulate an operational improvement plan and submit it to the audit committee for approval and then be tracked by the company's finance department on a monthly basis. In case of clear objections from the audit committee and The objection should be included in the records of the board of directors, and other major financial, business and credit status changes should also be reported to the chairman of the company at any time, and be handled appropriately in accordance with the instructions.</u> If the</p>	<p>Article 12. Review and handling procedures of endorsement guarantee: Before the company and its subsidiaries handle endorsements and guarantees, they should carefully assess whether they meet the requirements of this operating procedure, and in accordance with the provisions of the company and the subsidiary's approval authority table, the relevant unit supervisors shall be responsible for handling them at different levels.</p> <p>The endorsement guarantee between the company and its subsidiaries that directly or indirectly hold 100% of the voting shares and between the companies that directly and indirectly hold 100% of the voting shares shall be handled in accordance with the provisions of the preceding paragraph.</p> <p>To engage in endorsement guarantee between companies that do not directly or indirectly hold 100% of the voting shares, an application letter should be obtained, stating the object to be guaranteed, the reason, the amount and the period, and the relevant departments of the company's finance and investment management should carefully evaluate the following matters . Evaluation items include:</p> <p>The necessity and rationality of the endorsement guarantee. Credit investigation and risk assessment of endorsement guarantee objects. The impact on the company's operating risks, financial status and shareholders' equity. Whether the collateral and the assessed value of the collateral should be obtained.</p> <p>If the object of the endorsement guarantee is a subsidiary whose net value is less than one-half of the paid-in capital, the relevant management and control measures after the renewal shall be specified.</p> <p>When the company handles endorsement and guarantee matters, it shall establish a reference book; details of the endorsement guarantee object, amount, date of approval by the board of directors or decision by the chairman of the board, date of endorsement guarantee, and matters that should be carefully evaluated in</p>	<p>Regarding the related control measures for subsidiaries whose net worth is less than one-half of the paid-in capital shall be stipulated in accordance with Article 12, Paragraph 1, Paragraph 11 of the "Public Offering Company Fund Loans and Endorsement Guarantee Processing Guidelines".</p>

Pre-amendment contents	Post-amendment contents	Explanation of amendment
<p><u>stock of the subsidiary has no denomination or the denomination per share is not NT\$10, the actual paid-in capital shall be calculated based on the total of share capital plus capital reserve-issuance premium.</u></p> <p>When handling endorsement and guarantee matters, the company shall establish a reference book; the objects of endorsement, amount, the date of approval by the board of directors or the date of decision by the chairman of the board of directors, the date of endorsement and guarantee, and the matters that should be carefully evaluated in accordance with the provisions of the preceding paragraph shall be published for future reference.</p> <p>The company's internal auditors shall audit and endorse the operating procedures and their implementation at least quarterly, and make written records. If a major violation is found, the audit committee shall be notified in writing immediately.</p> <p>If due to changes in circumstances, the endorsement guarantee object does not comply with the provisions of this operating procedure or the amount exceeds the limit, an improvement plan shall be formulated and the relevant improvement plan shall be sent to the audit committee, and the improvement shall be completed in accordance with the planned schedule.</p> <p>If the company provides an endorsement guarantee for a non-affiliated company, it will be reviewed and handled in accordance with the provisions of this operating procedure, and it can be done after the company's audit committee/board of directors has passed a re</p>	<p>accordance with the preceding paragraph, shall be published for future reference.</p> <p>The company's internal auditors shall audit and endorse the operating procedures and their implementation at least quarterly, and make written records. If a major violation is found, the audit committee shall be notified in writing immediately.</p> <p>If due to changes in circumstances, the endorsement guarantee object does not comply with the provisions of this operating procedure or the amount exceeds the limit, an improvement plan shall be drawn up, and the relevant improvement plan shall be sent to the audit committee, and the improvement shall be completed according to the planned schedule.</p> <p>If the company provides an endorsement guarantee for a non-affiliated company, it will be reviewed and handled in accordance with the provisions of this operating procedure, and it can be done after the company's audit committee/board of directors has passed a resolution.</p>	
<p><u>Article 13 Procedures for the use and storage of seals</u>  <u>The company uses the company seal applied for registration with the competent authority as a special seal for endorsement and guarantee. The application procedures for storage and use shall be handled in accordance with the "Administrative Measures for the Use of Seals" established by the company.</u></p>	<p>(New in this article)</p>	<p>Added procedures for the use and custody of Company Seals.</p>
<p><u>Article 14:</u> The announcement declaration referred to in this operating procedure means that the company enters relevant information into the information declaration website designated by the competent authority.</p>	<p>Article 13: The announcement declaration referred to in this operating procedure means that the company enters relevant information into the information declaration website designated by the competent authority.</p>	<p>New articles were added, and article numbers were deferred in sequence.</p>
<p><u>Article 15:</u> Announcement and</p>	<p>Article 14: Announcement and</p>	<p>New articles were added,</p>

Pre-amendment contents	Post-amendment contents	Explanation of amendment
<p>declaration of capital loans and matters. The company shall, in accordance with applicable laws and regulations, announce the declaration of the capital loan and balance of the company and its subsidiaries in the previous month before the tenth of each month. If the fund loan meets one of the following criteria, it shall be declared and declared within two days from the date of the fact:</p> <p>The balance of the company's and its subsidiaries' funds loaned to others reaches more than 20% of the company's net value in the most recent financial statement.</p> <p>The company's and its subsidiaries' fund loans and balances to a single enterprise amount to more than 10% of the company's net value in the most recent financial statements.</p> <p>The company's or its subsidiary company's newly-increased capital loans amounted to NT\$10 million or more and reached more than 2% of the company's net value in the most recent financial statements.</p> <p>If a subsidiary of the company is not a public offering company of the Republic of China, if the subsidiary has matters that should be announced and declared in the third paragraph of the preceding paragraph, the company shall do it.</p>	<p>declaration of capital loans and matters. The company shall, in accordance with applicable laws and regulations, announce the declaration of the capital loan and balance of the company and its subsidiaries in the previous month before the tenth of each month. If the fund loan meets one of the following criteria, it shall be declared and declared within two days from the date of the fact:</p> <p>The balance of the company's and its subsidiaries' funds loaned to others reaches more than 20% of the company's net value in the most recent financial statement.</p> <p>The company's and its subsidiaries' fund loans and balances to a single enterprise amount to more than 10% of the company's net value in the most recent financial statements.</p> <p>The company's or its subsidiary company's newly-increased capital loans amounted to NT\$10 million or more and reached more than 2% of the company's net value in the most recent financial statements.</p> <p>If a subsidiary of the company is not a public offering company of the Republic of China, if the subsidiary has matters that should be announced and declared in the third paragraph of the preceding paragraph, the company shall do it.</p>	<p>and article numbers were deferred in sequence.</p>
<p><u>Article 16:</u> Announcement and declaration of endorsements and guarantees</p> <p>The company shall, in accordance with applicable laws and regulations, announce the declaration of the balance of the company and its subsidiaries' endorsement guarantees last month before the tenth of each month. If the endorsement guarantee meets one of the following standards, it shall be declared and declared within two days from the date of the fact:</p> <p>The company and its subsidiaries endorsed guarantees that the balance reaches more than 50% of the company's most recent net value of financial statements.</p> <p>The company and its subsidiaries have endorsed a single enterprise with a balance of more than 20% of the company's net value in the most recent financial statement.</p> <p>The company and its subsidiaries endorsed a single company with a guarantee balance of more than NT\$10</p>	<p>Article 15: Announcement and declaration of endorsements and guarantees</p> <p>The company shall, in accordance with applicable laws and regulations, announce the declaration of the balance of the company and its subsidiaries' endorsement guarantees last month before the tenth of each month. If the endorsement guarantee meets one of the following standards, it shall be declared and declared within two days from the date of the fact:</p> <p>The company and its subsidiaries endorsed guarantees that the balance reaches more than 50% of the company's most recent net value of financial statements.</p> <p>The company and its subsidiaries have endorsed a single enterprise with a balance of more than 20% of the company's net value in the most recent financial statement.</p> <p>The company and its subsidiaries endorsed a single company with a</p>	<p>New articles were added, and article numbers were deferred in sequence.</p>

Pre-amendment contents	Post-amendment contents	Explanation of amendment
<p>million and endorsed it, and the investment book amount using the equity method and the total amount of capital loans and balances reached the company's most recent financial statement over 30% of net.</p> <p>The newly-added endorsement guarantee amount of the company or its subsidiary amounts to more than NT\$30 million and more than 5% of the net value of the company's most recent financial statements.</p> <p>If a subsidiary of the company is not a public offering company of the Republic of China, if the subsidiary has matters that should be announced and declared in the fourth paragraph of the preceding paragraph, the company shall do it.</p>	<p>guarantee balance of more than NT\$10 million and endorsed it, and the investment book amount using the equity method and the total amount of capital loans and balances reached the company's most recent financial statement over 30% of net.</p> <p>The newly-added endorsement guarantee amount of the company or its subsidiary amounts to more than NT\$30 million and more than 5% of the net value of the company's most recent financial statements.</p> <p>If a subsidiary of the company is not a public offering company of the Republic of China, if the subsidiary has matters that should be announced and declared in the fourth paragraph of the preceding paragraph, the company shall do it.</p>	
<p><u>Article 17:</u> Information Disclosure</p> <p>The company and its subsidiaries assess or recognize the contingent losses of the endorsement and guarantee, and provide relevant information about the endorsement and guarantee matters to the certified accountant for the necessary verification procedures, and appropriately disclose the endorsement information in the financial report.</p> <p>The company and its subsidiaries should evaluate the capital loan and the situation and make adequate allowances for bad debts, and disclose relevant information in the financial report appropriately, and provide relevant information to the certified accountant to perform the necessary verification procedures.</p>	<p>Article 16: Information Disclosure</p> <p>The company and its subsidiaries assess or recognize the contingent losses of the endorsement and guarantee, and provide relevant information about the endorsement and guarantee matters to the certified accountant for the necessary verification procedures, and appropriately disclose the endorsement information in the financial report.</p> <p>The company and its subsidiaries should evaluate the capital loan and the situation and make adequate allowances for bad debts, and disclose relevant information in the financial report appropriately, and provide relevant information to the certified accountant to perform the necessary verification procedures.</p>	<p>New articles were added, and article numbers were deferred in sequence.</p>
<p><u>Article 18:</u> Managers and sponsors who deal with the company's and subsidiaries' fund loans or endorsements and guarantees that violate this operating procedure and cause damage to the company and its subsidiaries or in serious circumstances shall be assessed in accordance with the relevant rewards and punishments of the company and its subsidiaries. Measures and personnel regulations shall be subject to sanctions or compensation.</p>	<p>Article 19: Managers and sponsors who deal with the company's and subsidiaries' fund loans or endorsements and guarantees that violate this operating procedure and cause damage to the company and its subsidiaries or in serious circumstances shall be assessed in accordance with the relevant rewards and punishments of the company and its subsidiaries. Measures and personnel regulations shall be subject to sanctions or compensation.</p>	<p>New articles were added, and article numbers were deferred in sequence.</p>
<p><u>Article 19:</u> This processing procedure is approved by the board of directors and submitted to the shareholders meeting for approval, and the same applies for amendments. If a director expresses a disagreement and has a record or written statement, the company shall also send the disagreement information of the director to the audit committee. In</p>	<p>Article 20: This processing procedure is approved by the board of directors and submitted to the shareholders meeting for approval, and the same applies for amendments. If a director expresses a disagreement and has a record or written statement, the company shall also send the disagreement information of the</p>	<p>New articles were added, and article numbers were deferred in sequence.</p>

Pre-amendment contents	Post-amendment contents	Explanation of amendment
<p>addition, if the company has independent directors, when submitting this processing procedure to the board of directors for discussion, the opinions of each independent director shall be fully considered. If independent directors have objections or reservations, they shall be stated in the minutes of the board of directors.</p> <p>If the company has an audit committee, when formulating or revising this processing procedure, it shall be approved by more than half of all members of the audit committee and submitted to the board of directors for approval. If it is not approved by more than one-half of all members of the audit committee, it may be agreed by more than two-thirds of all directors, and the resolution of the audit committee shall be stated in the minutes of the board of directors.</p> <p>All members of the audit committee and all directors referred to in this provision shall be calculated based on actual incumbents.</p>	<p>director to the audit committee. In addition, if the company has independent directors, when submitting this processing procedure to the board of directors for discussion, the opinions of each independent director shall be fully considered. If independent directors have objections or reservations, they shall be stated in the minutes of the board of directors.</p> <p>If the company has an audit committee, when formulating or revising this processing procedure, it shall be approved by more than half of all members of the audit committee and submitted to the board of directors for approval. If it is not approved by more than one-half of all members of the audit committee, it may be agreed by more than two-thirds of all directors, and the resolution of the audit committee shall be stated in the minutes of the board of directors.</p> <p>All members of the audit committee and all directors referred to in this provision shall be calculated based on actual incumbents.</p>	
<p>Article 20 These Regulations were enacted on July 11, 2012 1<sup>st</sup> amendment was made on March 31, 2013. 2<sup>nd</sup> amendment was made on May 14, 2014. 3<sup>rd</sup> amendment was made on November 8, 2018. 4<sup>th</sup> amendment was made on January 10, 2019. 5<sup>th</sup> amendment was made on March 22, 2019. 6<sup>th</sup> amendment was made on November 11, 2019. <u>7<sup>th</sup> amendment was made on June 23, 2020.</u> <u>8<sup>th</sup> amendment was made on September 23, 2020.</u></p>	<p>Article 21 These Regulations were enacted on July 11, 2012 1<sup>st</sup> amendment was made on March 31, 2013. 2<sup>nd</sup> amendment was made on May 14, 2014. 3<sup>rd</sup> amendment was made on November 8, 2018. 4<sup>th</sup> amendment was made on January 10, 2019. 5<sup>th</sup> amendment was made on March 22, 2019. 6<sup>th</sup> amendment was made on November 11, 2019. <u>7<sup>th</sup> amendment was made on June 23, 2020.</u></p>	<p>Addition of date of amendment.</p>



## Appendix 7

### 7. List of candidates for directors and independent directors

No	Name	Num of share Held	Education	Experiences	Legal person represented	Nominated category
1	Wu, Po-Chao	5,316,930	Air Force Captain Retires	Chairman of the Catering Committee of China Chain Store Association, Vice Chairman of Shanghai Taiwan Association Chain Working Committee, Vice Chairman of Huangpu District, Shanghai Taiwan Association		Director
2	Chen, Yu-Chen	18,902	Department of Business Administration, Chihlee Institute of Technology	Specialist of American Express New Card Review Department, Senior Commissioner, Risk Control Department, Citibank		Director
3	Wu, Hua-Chao	460,659	Yuda Business School	Director of Purchasing and Supplying, Yummy-Town Group.		Director
4	Yummy Town International Ltd. – Represented: Yen, Xian-Ming	6,878,683	Department of Electronic Engineering, Chien Hsin University of Science and Technology	Director of the Fifth Credit Cooperative of Hsinchu City, Director/Auditor of Cermax Co., Ltd. President of YenGarage Co., Ltd.	Yummy Town International Ltd. - represented	Director
5	Lin, Zi-Kuan	-	Chinese Culture University	President of Kuo Yang Constuction Co., Ltd. President of Grand Hi-Lai Consulting Co., Ltd. G.M. of Kaohsiung Top Plaza Hotel G.M. of Taipei Spring City Resore		Independent Director
6	Du, Qi-Yao	-	PhD in Economic Law, China University of Political Science and Law	CPA of Deloitte Touche Accounting Firm (Retired on 2017) Taiwanese Business Finance and Economics Legal Counsel of the Straits Exchange Foundation. Public Accountant Practicing in Taiwan, USA, and China.		Independent Director
7	Seetoo, Chia-Heng	-	Bachelor of Economics, National Taiwan University, Master of Industrial Economics, National Central University, Juris Doctor, University of Illinois collage of Law.	Executive Director, Innovatus Law Lawyer, Jones Day. Lawyer, Practicing in California, USA. Legal consulting for the "Entrepreneurship Service Office" of the Taipei City Industrial Development Bureau.		Independent Director

**Appendix 8****8. Positions concurrently held by directors and independent director candidates**

Candidates	Positions
Wu, Po-Chao	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.-Director ∖ Shanghai TaiQuan Trading Co., Ltd.-Director ∖ Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.-Director ∖ Jia Qun Food & Beverage Management (Beijing) Co., Ltd.-Director ∖ RBT Enterprise Limited-Director ∖ RBT Resources Limited-Director ∖ RBT Holdings Limited-Director ∖ You Xiang Food & Beverage Management (Shanghai) Co., Ltd.-President ∖ Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.-President ∖ Yi Cheng (Guangxi) Co., Ltd.-Director ∖ Monkiki Food & Beverage (Shanghai) Co., Ltd.-Director ∖ Happy Lemon California-Director.
Chen, Yu-Chen	RBT Enterprise Limited-Director ∖ RBT Resources Limited-Director ∖ RBT Holdings Limited-Director ∖ Happy Lemon HK Limited-Director ∖ Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.-Director ∖ Monkiki Food & Beverage (Shanghai) Co., Ltd.-Director ∖ Shanghai TaiQuan Trading Co., Ltd.-Auditor ∖ Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.-Auditor ∖ Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.-Auditor ∖ Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.-Auditor ∖ You Xiang Food & Beverage Management (Shanghai) Co., Ltd.-Auditor ∖ Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.-Auditor ∖ Yi Cheng (Guangxi) Co., Ltd.-Director ∖ Yenchun International Co., Ltd.-Director ∖ Yummy-town UK-Director ∖ Happy Lemon California-Director ∖ Yummy-town USA-Director ∖ Happy Lemon West-Director ∖ Happy Lemon (M) Sdn Bhd-Director ∖ Freshtea Japan Co., Ltd.-Director
Wu, Hua-Chao	Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.-Director ∖ Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.-Director.
Yummy Town International Ltd. – Represented: Yen, Xian-Ming	President of EOWG KUANG SOAP CO., LTD.
Lin, Zi-Kuan	President of KUO YANG CONSTRUCTION CO.,LTD
Seetoo, Chia-Heng	President of INNOVATUS CONSULTING INC.

## **IV. Annex**

### **Annex 1**

#### **Yummy Town (Cayman) Holdings Corporation**

##### **1. Rules and Procedures for Shareholders' Meeting (Pre-amendment contents)**

Article 1 In an effort to elect directors on a fair, just and open manner, these Operational Procedures are duly enacted in accordance with Article 21 & Article 41 of "Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies" of the Republic of China.

Article 2 The Company's Procedure Rules for Shareholders' Meeting shall be duly handled in accordance with these Rules unless otherwise prescribed in laws or Articles of Incorporation.

Article 3 The Company's shareholders' meeting shall be convened by the Board of Directors unless otherwise prescribed by law.

Thirty (30) days prior to the Company convenes a regular shareholders' meeting or fifteen (15) days prior to a special shareholders meeting, the Company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, discussion, election or dismissal of directors or supervisors, and other matters on the shareholders' meeting agenda, and upload them to the Market Observation Post System. The Company shall further prepare and submit the Meeting Agenda Handbook and supplementary materials in electronic files to the Market Observation Post System (MOPS) twenty-one (21) days prior to a shareholders' regular meeting or fifteen (15) days prior to a shareholders' extraordinary meeting. The Company shall further produce the Meeting Agenda Handbook and supplementary data of the shareholders' meeting ready available to shareholders all the time, display them in the Company and the professional shareholder services agent commissioned by the Company fifteen (15) days in advance of the shareholders' meeting and shall place them on-the-spot at the venue of the shareholders' meeting.

The notices and public announcements shall expressly bear the subjects of convening. Subject to consent by the counterparts, the notices may be served in electronic means.

Such issues e.g., election or discharge of directors and supervisors, amendment to Articles of Incorporation, dissolution of the Company, merger, demerger or commissioned business operation, business operation in common, transfer inward or outward in business operation, issues as set forth under Article 26~1, Article 43~6 of Securities and Exchange Act of the Republic of China; Paragraph II, Article 60 of Regulations Governing Securities Issuers of the Republic of China in Offering and Issuance of Negotiable Securities and Article 56~1 & Article 60 ~2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be officially enumerated under the notices of the meeting and shall not be posed by means of an extraordinary (unscheduled) motions.

A shareholder who holds over 1% of the total outstanding shares may pose proposal to the Company's shareholders' regular meeting, provided, that one shareholder may propose only one issue. The issue(s) more than one shall not be entered into the agenda. The Board of Directors may not take an issue posed by a shareholder into the agenda if such issue proves falling within those enumerated under Paragraph 4 of Article 47 of the Articles of Incorporation. The Company shall promulgate acceptance of proposals from shareholders, location of acceptance and duration of shareholders' meeting. The duration to accept proposals shall not be shorter than the minimum of ten (10) days.

A proposal posed by a shareholder shall be limited to 300 Chinese characters as the maximum limit. A proposal exceeding 300 Chinese characters shall not be counted into the agenda. A shareholder who poses a proposal shall participate in the shareholders' meeting either in person or through a proxy and shall participate in the process of discussion of that issue.

The Company shall keep the proposing shareholders informed of the outcome of processing prior to service of notices to the shareholders' meeting and shall enumerate the proposals satisfactory the requirements set forth under

this Article into the notices to the shareholders' meeting. To the proposals by shareholders not covered into the agenda, the Board of Directors shall explain the reason why they are not counted.

Article 4 For each shareholders' meeting, a shareholder may issue the proxy form provided by the Company and expressly bear the scope of authorized powers to authorize a proxy to participate in the shareholders' meeting on behalf.

A shareholder may issue only one proxy form and may authorize only one proxy. The proxy form shall be served to the Company five (5) days prior to the date scheduled to convene the meeting. In case of double proxies, it shall be handled "first in, first out" basis unless the preceding proxy form is declared revoked.

A shareholder who intends to participate in a shareholders' meeting in person or to exercise the voting power in writing after the proxy form is submitted to the Company shall notify the Company to revoke the proxy notice in writing two (2) days prior to the date scheduled for the meeting. In the event that such shareholder fails to revoke within the specified time limit, the voting power exercised by the proxy shall prevail.

Article 5 The shareholders' meeting shall be convened at a venue where the Company is postponement or a venue appropriate to convening of the shareholders' meeting. The shareholders' meeting shall not start at a time earlier than 9:00 a.m. or later than 3:00 p.m. About the venue and time of a shareholders' meeting, the Company shall take the opinions of the independent directors into adequate consideration.

Article 6 The Company shall expressly provide on the notices to the shareholders' meeting the time, venue to report for participation and other key points for attention.

Enrollment by shareholders for a shareholders' meeting shall be 30 minutes prior to start of the meeting as the minimum. The spot for enrollment shall be expressly labeled and shall be staffed with adequate personnel for the process.

A shareholder himself or herself or the proxy commissioned by a shareholder (hereinafter collectively referred to as shareholder) shall participate in a shareholders' meeting based on the participation certificate, sign-in card or other participate in paper. Toward the certificates or vouchers for participation in a shareholders' meeting, the Company shall not provide any additional requirements of other supporting certificate(s). A solicitor of power of attorney (proxy) shall present his or her identity certificate paper ready for checking and verification. The Company shall prepare the sign-in book so that the participating shareholders may sign in.

Or a participating shareholder may present the sign-in card instead of the sign-in process.

The Company shall hand over the Meeting Agenda Handbooks, annual reports, participation certificates, speech (floor) slips, votes and other supporting data for the meeting to the participating shareholders, and shall further provide them with election ballots in case of election of directors and supervisors.

In case of a shareholder as the government or a juristic person, the representative participating the shareholders' meeting may not be confined to one. Where a juristic person is authority to serve as a proxy, such juristic person may appoint one representative to participate in the shareholders' meeting.

Article 7 The shareholders' meeting shall be chaired by the chairman if it is convened by the Board of Directors. In the event that the chairman is on leave or is unable to exercise the power by any reason, the chairman shall appoint one director to act on behalf. In the event that the chairman does not appoint a substitute, one director shall be elected from among themselves to act on behalf.

A special shareholders meeting convened by the Board of Directors shall be chaired by the chairman in person and shall be attended by directors representing one half majority of the aggregate total of directorship seats and a minimum of one functional Committee member. All facts of participation shall be expressly entered into the minutes of the shareholders' meeting.

Where a shareholders' meeting is convened by another authorized person beyond the Board of Directors, the shareholders' meeting shall be chaired by that convener. In case of two or more conveners, one shall be elected from among themselves to act on behalf.

The Company may appoint the retained Attorney-at-Law, Certified Public Accountant or the relevant personnel to participate in the shareholders' meeting as non-voting (guest) participants .

Article 8 Starting from the moment when the Company accepts check-in by shareholders, the Company shall conduct continual and uninterrupted audio & videotaping records for the entire process of enrollment by shareholders, progress of the meeting, balloting process.

The continual and uninterrupted audio & videotaping records mentioned in the preceding Paragraph shall be archived for a minimum of one year and, nevertheless, until the litigation is concluded in the event that a shareholder lodges litigious action in accordance with these Articles of Incorporation or laws and regulations applicable to public companies of the Republic of China.

Article 9 The participation in the shareholders' meeting shall be counted based on the number of shares. The chairperson shall call to start the meeting when the time is up. In the event that the meeting is attended by shareholders who do not constitute a half of the total outstanding shares, nevertheless, the chairperson may announce a postponement for the meeting. The total of the postponements shall not exceed the maximum of twice and the aggregate total of postponements shall not exceed one hour. In the event that the shareholders' meeting is attended by shareholders who represent still less than one-third of the total outstanding shares after twice postponements, the chairperson may announce that the shareholders' meeting be aborted.

Article 10 Where a shareholders' meeting is convened by the Board of Directors, the agenda shall be worked out by the Board of Directors and shall be handled based on the scheduled agenda. The agenda shall not be changed unless duly resolved by the shareholders' meeting.

The provision set forth under the preceding paragraph is equally applicable mutatis mutandis to an event where the shareholders' meeting is convened by another convener beyond the Board of Directors.

The chairperson shall not announce adjournment of the meeting unless duly resolved, before the issues on the agenda as mentioned in the two preceding paragraphs (including extraordinary motions) are concluded. Where the chairperson breaches the Procedure Rules for Shareholders' Meeting and announces adjournment of the meeting, other members of the Board of Directors shall promptly help the participating shareholders to elect one person through a majority vote of the participating shareholders to serve as the chairperson to continue the meeting.

Toward the amendments or extraordinary motions proposed by shareholders, the chairperson shall grant adequate opportunities for explanation and discussion. Where an issue is believed up to the extent for voting a decision, the chairperson may announce discontinuance from discussion and put the issue into voting process.

Article 11 Before a shareholder takes the floor, he or she shall fill up the speech slip which shall expressly bear the subject of his or her speech, shareholder account number (or participation certificate number) and name of account holder. The chairperson shall fix the subsequent order of the floor.

Where a shareholder does not speak up after having submitted a slip of the floor, he or she is deemed to have not spoken up. In case of a discrepancy between the contents actually spoken and those shown on the contents of the floor, the contents actually spoken shall prevail.

For a same issue, a shareholder shall not speak more than twice, and not over five minutes in each speech. Where a shareholder breaches the requirements or speaks beyond the specified scope, the chairperson may stop his or her speech.

Where a shareholder speaks, other shareholders shall not speak to interfere unless consented by the chairperson and the speaking shareholder. The chairperson may stop an offender, if any. Where a juristic person shareholder appoints more than two representatives to participate in the shareholders' meeting, only one among them may take the floor for a same issue.

After a shareholder completes the floor, the chairperson may reply either in person or through another designated by the chairperson.

Article 12 The voting by shareholders shall be calculated based on the number of shares.

In terms of resolution by shareholders, the number of shares without voting powers is not counted into the number of outstanding shares.

On the issues of the shareholders' meeting, a shareholder shall not join the voting process and shall not act as a proxy to vote for another shareholder on an issue which is in involvement in his or her own interests and likely to impair the Company.

The number of shares which could not be exercised for voting power as stated in the preceding paragraph is not counted into the number of voting powers of participating shareholders.

Except a trust enterprise or shareholder services agent approved by the competent authority over securities, where one is delegated by two or more shareholders simultaneously, the aggregate total of his or her voting power shall not exceed 3% of the aggregate total of outstanding shares. The voting power in excess, if any, shall be discarded.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Articles of Incorporation.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder who intends to participate in the shareholders' meeting in person after exercising voting power in electronic means or in writing shall revoke the expression of intent mentioned in the preceding paragraph in a means same as exercise of voting power two (2) days prior to the date scheduled to convene the shareholders' meeting. In the event that he or she fails to revoke in time, the voting power exercised in electronic means or in writing shall prevail. In the event that a shareholder exercises voting power in electronic means or in writing and further authorizes a proxy with a proxy form to participate in the shareholders' meeting, the voting power exercised by his or her proxy shall prevail.

Unless otherwise specified in laws and ordinances governing public listed companies of the Republic of China, decisions in the shareholders' meeting shall be resolved by over one half majority vote in the meeting. During the balloting process, the chairperson or the person designated by the chairperson shall first announce the aggregate total of voting powers represented by the participating shareholders. The shareholders shall vote with ballots on a case-by-case basis. On the very day after a shareholders' meeting is convened, the outcome cast by shareholders, their objections and abstention shall be input into the Market Observation Post System (MOPS).

Where an issue has an amendment or an alternate, the chairperson shall decide the order of voting process along with the initial issue. Where one issue has been duly resolved, other issue(s) shall be deemed vetoed and shall call for no more voting process.

In the voting process, the monitors and calculators shall be designated by the chairperson. A monitor shall be designated among shareholders.

In the voting and election process in a shareholders' meeting, the ballot calculation shall be conducted in an open site of the shareholders' meeting venue. Upon completion of the calculation process, the outcome of calculation shall be announced on-the-spot, including the number of voting powers in statistics which shall be worked out into records.

Article 14 Where directors are elected in a shareholders' meeting, the election shall be duly conducted under the norms of election enacted by the Company. The outcome of the election shall be announced on-the-spot, including list of elected directors and the number of election ballots they win in the election.

The election ballots for the election mentioned in the preceding paragraph shall be signed and tightly enclosed by the monitor(s) and put into prudential custody for a minimum of one year. The same shall be archived until the litigation is concluded in the event that a shareholder lodges litigious action in accordance with these Articles of Incorporation or laws and regulations applicable to public companies of the Republic of China.

Article 15 Decisions resolved in the shareholders' meeting shall be covered in the minutes which shall be signed or affixed seals by the chairperson and served to all shareholders within twenty (20) days after the meeting. The minutes may be worked out and distributed in electronic means.

The distribution of the minutes mentioned in the preceding paragraph may be conducted by the Company by being input into the Market Observation Post System (MOPS).

The minutes of shareholders' meeting shall expressly bear the month, date, year, venue, the chairperson's name, method of voting, process and highlights of the meeting, the outcome and shall be archived permanently while the Company exists.

Article 16 For the number of shares obtained by solicitors and number of shares represented by proxies, the Company shall work out statistics list and expressly disclose within the venue of the shareholders' meeting on the day when the shareholders' meeting is convened.

Where the decisions resolved in a shareholders' meeting involve the significant messages as promulgated by law or by Taipei Exchange, the Company shall transmit such messages into the Market Observation Post System (MOPS) within the specified time limit.

Article 17 The staff members for a shareholders' meeting shall wear identity certificates or armbands. The chairperson may instruct the picketers or security guards to help maintain the order of a shareholders' meeting venue. Where the picketers or security guards help maintain the order at the venue, they shall wear the identity certificates or armbands bearing "Picketers". Where a loudspeaker is provided in the venue of shareholders' meeting and where a shareholder speaks not with the equipment provided by the Company, the chairperson stops him or her from speaking.

Where a shareholder breaches Procedure Rules for Shareholders' Meeting or defies rectification by the chairperson and thus hampers progress of the meeting against the stopping act, the chairperson may instruct the picketers or security guards to ask him or her to quit the venue.

Article 18 During the process of a shareholders' meeting, the chairperson may fix an appropriate time for recess. Upon occurrence of force majeure, the chairperson may rule to temporarily suspend the meeting and announce the time to resume the meeting as the actual situations may justify.

In the event that the venue for the shareholders' meeting could not be used continually before the scheduled agenda (including extraordinary motions) are completed, the meeting may be continued at a new venue as resolved in the shareholders' meeting.

The shareholders' meeting may postpone the shareholders' meeting or resume the meeting within five (5) days as resolved in accordance with these Articles of Incorporation or laws and regulations applicable to public companies of the Republic of China.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

These Rules are duly enacted on July 11, 2012

Amended on March 31, 2013 as the 1<sup>st</sup> amendment

Amended on June 17, 2015 as the 2<sup>nd</sup> amendment.

Amended on May 24, 2016 as the 2<sup>nd</sup> amendment.

## **Annex 2**

### **Yummy Town (Cayman) Holdings Corporation**

#### **2. Regulations Governing Procedure for Board of Directors Meetings (Pre-amendment contents)**

Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 2 With respect to the board of directors meetings ("board meetings") of this Corporation, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.

Article 3 The board of directors shall meet at least quarterly.

A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.

The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.

All matters set forth under Article 18, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.

Article 4 A board meeting shall be held at the premises and during the business hours of this Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings..

Article 5 The designated unit responsible for the board meetings of this Corporation shall be Group Office .

The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.

A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

Article 6 Agenda items for regular board meetings of this Corporation shall include at least the following:

Matters to be reported:

- (1) Minutes of the last meeting and action taken.
- (2) Important financial and business matters.
- (3) Internal audit activities.
- (4) Other important matters to be reported.

Matters for discussion:

- (1) Items for continued discussion from the last meeting.
- (2) Items for discussion at this meeting.

Extraordinary motions.

Article 7 For a company that has issued stock in accordance with this Act and established an audit committee, which shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution:

Adoption or amendment of an internal control system  
Assessment of the effectiveness of the internal control system.



Adoption or amendment, pursuant to Article 36-1, of 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.

A matter bearing on the personal interest of a director.

A material asset or derivatives transaction.

A material monetary loan, endorsement, or provision of guarantee.

The offering, issuance, or private placement of any equity-type securities.

The hiring or dismissal of an attesting CPA, or the compensation given thereto.

The appointment or discharge of a financial, accounting, or internal auditing officer.

Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.

Any other material matter so required by the company or the Competent Authority.

With the exception of subparagraph 10, any matter under a subparagraph of the preceding paragraph 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 all directors, without regard to the restrictions of the preceding paragraph, and the resolution of the audit committee shall be recorded in the minutes of the directors meeting.

"All audit committee members" as used in paragraph 1, and "all directors" as used in paragraph 2, shall mean the actual number of persons currently holding those positions.

Article 8 With the exception of matters required to be discussed at an audit committee and a board meeting under Article 7, paragraph 1, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or this Corporation's articles of incorporation, the resolution of shareholders meeting or related regulations.

Article 9 When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this

Corporation's articles of incorporation. Attendance by videoconference will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in paragraph 2 may be the appointed proxy of only one person..

Article 10 Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, directors elected by and from among themselves.

Article 11 When a board meeting is held, the management (or the designated unit responsible for the board meetings) shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants..

Article 12 The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3.

Article 13 A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.

Article 14 When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

A show of hands or a vote by voting machine.

A roll call vote.

A vote by ballot.

A vote by a method selected at this Corporation's discretion.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 16, paragraph 1..

Article 15 Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

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

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission

Article 16 If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.

Article 17 Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

The meeting session (or year) and the time and place of the meeting.

The name of the chair.

The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.

The names and titles of those attending the meeting as non-voting participants.

The name of the minute taker.

The matters reported at the meeting.

Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 4.

Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.

Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:

Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.

A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of this Corporation.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.

The meeting minutes of paragraph 1 may produce and distribute in electronic form..

Article 18 The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:

The Corporation's business plan.

Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).

Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.

Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.

The offering, issuance, or private placement of equity-type securities.

The appointment or discharge of a financial, accounting, or internal audit officer.

A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.

Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director of this Corporation shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all

independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation, the content is as follows:

company regulation  
approval authority  
resolutions of board meeting

Article 19 Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of this Corporation.

Article 20 Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of this Corporation.

Article 21 These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules..

Article 22 These Regulations were enacted on July 11, 2012.

Amended on Mar. 31, 2013 as the 1<sup>st</sup> amendment.

Amended on Nov. 9, 2017 as the 2<sup>nd</sup> amendment.

## **Annex 3**

### **Yummy Town (Cayman) Holdings Corporation**

#### **3. Articles of Incorporation and the Memorandum of Incorporation (Pre-amendment contents)**

**(adopted by a special resolution dated June 23, 2020)**

In these Articles, the regulations contained in Table A in the Schedule to the Statute shall not apply and, unless there be something in the subject or context inconsistent therewith,

<b>“Applicable Public Company Rules”</b>	means the ROC laws, rules and regulations governing public reporting companies or companies listed on any ROC stock exchange or securities market that from time to time are required by the relevant regulator as being applicable to the Company, including, without limitation, the Company Act of the ROC, the Securities and Exchange Act of the ROC, the rules and regulations promulgated by the FSC and the rules and regulations promulgated by any of the ROC Securities Exchanges, as amended from time to time;
<b>“approved stock exchange”</b>	has the meaning as defined in the Statute and including The Gretai Securities Market of Taiwan and the Taiwan Stock Exchange;
<b>“Articles”</b>	means these Articles in their present form or as supplemented, altered or substituted from time to time by Special Resolution;
<b>“Audit Committee”</b>	means the audit committee of the Board established pursuant to these Articles;
<b>“Board”</b>	means the board of Directors appointed or elected pursuant to these Articles or, as the case may be, the Directors present at a meeting of Directors at which there is a quorum;
<b>“Class” or “Classes”</b>	means any class or classes of Shares as may from time to time be issued by the Company;
<b>“Company”</b>	means Yummy Town (Cayman) Holdings Corporation (雅茗天地股份有限公司);
<b>“Consolidated Company”</b>	means the new company that results from the consolidation of two or more Constituent Companies;
<b>“Consolidation”</b>	means the combination of two or more Constituent Companies into a Consolidated Company and the vesting of the undertaking, property and liabilities of such companies in the Consolidated Company within the meaning of the Statute;
<b>“Constituent Company”</b>	means a company that is participating in a Merger or a Consolidation with one or more other companies within the meaning of the Statute;
<b>“delegation of the operation”</b>	means delegation of the operation of the business (委託經營) as defined in the Company Act of ROC, as amended from time to time;
<b>“Directors”</b>	means the directors for the time being of the Company;
<b>“dividend”</b>	means dividends, capital distributions and capitalisation issues;
<b>“frequent joint operation”</b>	means frequent joint operation (經常共同經營) as defined in the Company Act of ROC, as amended from time to time;
<b>“FSC”</b>	means the Financial Supervisory Commission of the ROC;
<b>“Independent Directors”</b>	means the Directors who are elected as "Independent Directors" pursuant to Applicable Public Company

<b>“listed Shares”</b>	<b>Rules;</b> means Shares which are traded or listed on an approved stock exchange;
<b>“Market Observation Post System”</b>	means the public company reporting system maintained by the Taiwan Stock Exchange Corporation, online via <a href="http://newmops.tse.com.tw/">http://newmops.tse.com.tw/</a> ;
<b>“Member”</b>	means a person who is registered as the holder of Shares in the Register of Members;
<b>“Memorandum”</b>	means the memorandum of association of the Company as amended or substituted from time to time;
<b>“Merger”</b>	means the merging of two or more Constituent Companies and the vesting of their undertaking, property and liabilities in one of such companies as the Surviving Company within the meaning of the Statute;
<b>“month”</b>	means a calendar month;
<b>“notice”</b>	means written notice as further provided in these Articles unless otherwise specifically stated;
<b>“Officer”</b>	means any person appointed by the Board to hold an office in the Company;
<b>“Ordinary Resolution”</b>	means a resolution: (a) passed by a simple majority of votes cast by Members, being entitled to do so, voting in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken, by a simple majority of the number of votes cast by such Members; or (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;
<b>“Register of Members”</b>	means the principal register and any branch register of Members of the Company to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time;
<b>“Registered Office”</b>	means the registered office of the Company as required by the Statute;
<b>“Remuneration Committee”</b>	means the remuneration committee of the Board, established pursuant to these Articles;
<b>“ROC” or “Taiwan”</b>	means Taiwan, the Republic of China;
<b>“ROC Securities Exchanges”</b>	means GreTai Securities Market (including the Emerging Stock Market) and the Taiwan Stock Exchange of the ROC;
<b>“Seal”</b>	means the common seal of the Company and includes every duplicate seal;
<b>“Secretary”</b>	includes an assistant secretary and any person, firm, or corporation appointed by the Board to perform the duties of secretary of the Company;
<b>“Share”</b>	means a share in the capital of the Company. All references to “Shares” herein shall be deemed to be Shares of any or all Classes as the context may require and, for the avoidance of doubt, in these Articles the expression “Share” shall include a fraction of a Share;
<b>“Solicitor”</b>	means any Member, a trustee business or a securities agent mandated by Member(s), who solicits an instrument of proxy from any other Member to appoint him/her/it as a proxy to attend and vote at a general meeting, pursuant to the Applicable Public Company Rules;
<b>“Special Resolution”</b>	means a resolution : (a) passed by a majority of not less than two-thirds of votes cast by Members, being entitled to do so, voting in person or, where proxies are allowed, by proxy at a

	<p>general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given; or</p> <p>(b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members aforesaid, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed;</p>
“Spin-off”	refers to an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to issue new shares to the transferor company or to members of the transferor company;
“Statute”	means the Companies Law of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force;
“Subsidiary”	means, with respect to any company, (1) the entity, one half or more of whose total number of the issued voting shares or the total amount of the capital stock are directly or indirectly held by such company; (2) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (3) the entity, one half or more of whose directors are concurrently acting as the directors of such company; or (4) the entity, one half or more of whose total number of issued voting shares or the total amount of the capital stock are held by the same member(s) of such company;
“Supermajority Resolution”	means a resolution passed by a majority of votes cast by the Members, as being entitled to do so, voting in person or where proxies are allowed, by proxy, at a general meeting attended by Members who represent two-thirds or more of the total issued shares of the Company. However, where the total number of shares represented by the Members present at such general meeting is less than two-thirds of the total issued shares of the Company, but is more than one half of the total issued shares of the Company, “Supermajority Resolution” shall instead mean a resolution passed by a majority of not less than two-thirds of votes cast by the Members, being entitled to do so, voting in person or, where proxies are allowed, by proxy, at such general meeting;
“Surviving Company”	means the sole remaining Constituent Company into which one or more other Constituent Companies are merged within the meaning of the Statute;
“Taiwan Clearing House”	means the Taiwan Clearing House established by the Taiwan Payments Clearing System Development Foundation to process check clearing and settlement services;
“written” and “in writing”	include all modes of representing or reproducing words in visible form.

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

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

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

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

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

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

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

Subject to all applicable laws, the Board may pay, out of monies of the Company, all expenses incurred in connection with the formation and establishment of the Company including the expenses of registering the Company as an exempted company in the Cayman Islands.

#### **CERTIFICATES FOR SHARES**

Certificates representing Shares of the Company shall be in such form as shall be determined by the Board. Such certificates may be under Seal. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. The name and address of the person to whom the Shares represented thereby are issued, with the number of Shares and date of issue, shall be entered in the Register of Members. All certificates surrendered to the Company for transfer shall be cancelled and no new certificate shall be issued until the existing issued certificate(s) representing the Shares to be transferred shall have been surrendered and cancelled. The Board may authorise certificates to be issued with the seal and authorised signature(s) affixed by some method or system of mechanical process.

Notwithstanding Article 0 of these Articles, if a certificate for Shares is defaced, lost or destroyed, it may be replaced on payment of a reasonable fee and on such terms (if any) as to evidence, indemnity and to payment of any expenses of the Company in investigating such evidence and preparing such indemnity as the Board shall think fit.

#### **ISSUE OF SHARES**

(a) Subject to the provisions, if any, in that connection in the Memorandum and to any resolution of Members of the Company in general meeting and without prejudice to any special rights previously conferred on the holders of existing Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares of the Company (including fractions of a Share) to such persons, at such times and on such other terms as they think proper, provided that no Share shall be issued at a discount except in accordance with the Statute, and PROVIDED ALWAYS that, notwithstanding any provision to the contrary contained in these Articles, the Company shall be precluded from issuing bearer Shares, warrants, coupons or certificates.

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

(c) So long as the Shares are listed on any ROC Securities Exchange, when the Company issues new shares to any employee of the Company and/or its Subsidiaries in compliance with the Applicable Public Company Rules, the Company may, by a Special Resolution, impose transfer restrictions to the effect that such employee shall not subsequently transfer his/her such Shares as allotted and issued by the Company for a period of no more than two (2) years.

So long as the Shares are listed on any ROC Securities Exchange, where the Company increases its issued share capital by issuing new Shares for cash consideration in Taiwan, the Company shall allocate ten percent (10%) of the total number of such new Shares to be issued, for offering to the public in Taiwan unless it is not necessary or appropriate, as determined by the FSC or other Taiwan authorities, for the Company to conduct the aforementioned public offering. However, if a percentage higher than the aforementioned ten percent (10%) is resolved by an Ordinary Resolution passed at a general meeting to be offered to the public in Taiwan, the percentage determined by such resolution shall prevail. The Company shall allocate ten (10) to fifteen percent (15%) of such new Shares reserved for subscription by employees of the Company and its Subsidiaries.



(a) So long as the Shares are listed on any ROC Securities Exchange, unless otherwise resolved by the Members in a general meeting by Ordinary Resolution, where the Company proposes to issue new Shares for cash consideration, the Company shall make a public announcement and send notices to Members in order to 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 as set out in Article 0 above) to be issued for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to purchase his/her/its pro rata portion of such remaining new Shares within the prescribed period, such Member shall be deemed to have waived his/her/its pre-emptive right to purchase such new Shares. In the event that Shares held by a Member are insufficient for such Member to exercise the pre-emptive right to purchase one new Share, the entitlement of pre-emptive right of several Members may be combined together for joint purchase of new Shares or for purchase of new Shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the remaining new Shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may offer the balance of such unsubscribed Shares to the public or to a specific person or persons in accordance with the Applicable Public Company Rules.

(b) The pre-emptive right of the Members under Article 0(a) shall not apply if new Shares are issued in any of the following circumstances:

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

(ii) in connection with fulfilling the Company's obligations under warrants and/or options issued by the Company and Shares issued pursuant to Article 101(a), including those issued in accordance with the employee incentive programs under Article 0(a);

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

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

(v) in connection with new fully-paid up Shares issued to the Members as satisfaction of declared dividend pursuant to Article 0, and/or as effecting any capitalisation of any other amount pursuant to Article 0.

(c) The reservation of new Shares for subscription by employees under Article 7 and the pre-emptive right of the Members under Article 0(a) shall not apply if new Shares are issued in any of the following circumstances:

(i) in the event where the Company is a surviving company which issues new Shares for a Merger reason, or where the Company is a parent company which issues new Shares for a Merger or Consolidation between any of its subsidiary and other companies;

(ii) in the event where all new Shares are issued in connection with the Company being acquired by another company;

(iii) in the event where all new Shares are issued in order to acquire shares, business, or assets of other companies;

(iv) in circumstances where new Shares are issued as part of a share swap under Applicable Public Company Rules (which is defined as where a company transfers all its issued shares to another company in exchange for shares, cash or other assets in that company as consideration for shareholders of the transferring company; the "Share Swap"); or

(v) in the event where new Shares are issued as part of a Spin-off.

The Company shall only issue fully paid-up Shares. Where a subscriber delays payment for Shares, the Company shall fix a period not less than one month, and shall make demand on such subscriber to pay up, and shall declare that in case of default of payment within the stipulated period the subscriber's rights shall be forfeited. After the Company has made the aforesaid call, subscribers who fail to pay accordingly shall forfeit their rights and the Shares subscribed to by them may be sold by the Company. Under the aforesaid circumstances, the Company may claim damages against the defaulting subscribers.

The Company may, upon recommendation by the Board by way of a resolution passed by a simple majority of the Directors present and voting at a duly convened meeting of the Board with at least two-thirds of the total number of the Directors in office, and in accordance with the Applicable Public Company Rules, adopt one or more employee incentive programs pursuant to which the Company may

issue Shares, options, warrants or other similar instruments, to employees of the Company and its Subsidiaries. The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries pursuant to the incentive program approved pursuant to this Article, whereby employees may subscribe, within a specific period of time, a specific number of Shares. The terms and conditions of such agreements shall be no less restrictive on the relevant employee than the terms specified in the applicable incentive program. However, options, warrants or other similar instruments issued pursuant to this Article are not transferable except for transmission upon the death of the holder thereof, and so long as the Shares are listed on any ROC Securities Exchange, the terms and conditions of such options, warrants or other similar instruments shall comply with the Applicable Public Company Rules and Articles 32 (a) (v) and 38(j).

The Company shall maintain a Register of Members, and any such register maintained in respect of listed Shares may be kept by recording the particulars as required by 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 relevant approved stock exchange. Every person whose name is entered as a Member in the Register of Members shall be entitled without payment to receive one certificate for all his/her/its Shares or several certificates for his/her/its Shares in the form as prescribed by the Board. Subject to the provisions of the Statute and Articles 0 and 0 below, if the Board considers it necessary or appropriate, the Company may establish and maintain a principal or branch Register of Members at such location as the Board thinks fit. The Company shall cause to be kept at the place where the principal register is kept a duplicate of any branch register duly entered up from time to time. In addition, so long as the Shares are listed on an ROC Securities Exchange, the Company shall, upon any issue of new Shares, cause such shares to be credited to the accounts of the subscribing Members maintained with the Taiwan Depository & Clearing Corporation pursuant to the Applicable Public Company Rules within thirty (30) days from the date of issuance of such Shares, and shall make a prior public announcement pursuant to the Applicable Public Company Rules.

#### TRANSFER OF SHARES

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

(b) Notwithstanding anything to the contrary in these Articles, title to listed Shares may be evidenced and transferred in accordance with the laws applying to and the rules and regulations of the relevant approved stock exchange that are or shall be applicable to such listed Shares.

The registration of transfers may be suspended when the Register of Members is closed for transfers in accordance with Article 0.

For so long as the Shares are listed on one of the ROC Securities Exchanges, the Company shall keep and maintain a branch Register of Members in Taiwan.

#### REDEMPTION, PURCHASE, SURRENDER AND TREASURY SHARES

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

(b) Subject to the provisions of the Statute, the Memorandum and any rights conferred on the holders of any Class of Shares, the Company may purchase its own Shares (including fractions of a Share), including any redeemable Shares, provided that the manner and terms of purchase have first been authorised by the Company in general meeting by an Ordinary Resolution and may make payment therefor in any manner authorised by the Statute, including out of capital. The number of Shares to be purchased and cancelled by the Company pursuant to such Ordinary Resolution shall be pro rata among the Members in proportion to the number of Shares held by each Member.

(c) Subject to the Statute and the Applicable Public Company Rules, the consideration payable by the Company to any Member in respect of a purchase of Shares by the Company may be paid in cash or be satisfied by the transfer of any assets. Where the consideration payable by the Company to a Member

in respect of a purchase of Shares by the Company is to be satisfied by the transfer of any assets (“Non-Cash Consideration”), the Board shall, prior to the general meeting approving the purchase of Shares, (i) conduct a valuation on the said assets and such valuation must be audited and certified by an accountant admitted to practice in the ROC and (ii) seek specific consent from such Member approving the Non-Cash Consideration and must receive his/her/its written consent prior to the general meeting approving the purchase of Shares. In the event that written consent is not received from a Member in respect of Non-Cash Consideration, the Company shall pay cash consideration to such Member in respect of the purchase of Shares from such Member. The assets to be transferred to Members by the Company in respect of a purchase of Shares and the audited valuation of such assets shall be approved by an Ordinary Resolution at the same general meeting approving the purchase of Shares.

(d) Notwithstanding the foregoing and subject to the provisions of the Statute, so long as the Shares are listed on any ROC Securities Exchange, the Company may purchase its Shares listed and traded on such ROC Securities Exchange in accordance with the Applicable Public Company Rules if such purchase is authorised by the Board by way of a resolution passed by a simple majority of the Directors at a duly convened meeting of the Board except that the quorum necessary for a Board meeting considering such on-market repurchases shall be at least two-thirds of the total number of the Directors in office, and the Board shall report the execution status of such repurchase to the Members at the next general meeting.

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

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

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

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

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

(j) A treasury share shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Statute.

(a) So long as the Shares are listed on any ROC Securities Exchange, any transfer by the Company of any treasury share purchased in accordance with Article 0 (b) to any employee of the Company and/or its Subsidiaries for less than the average actual purchase or redemption price, shall require the prior approval of the Members in general meeting by way of a Special Resolution. A summary of the following matters relating to the Company’s transfer of treasury shares to employees of the Company and/or its Subsidiaries must be specified in the notice of the general meeting where such authorisation is sought:

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

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

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

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

(b) So long as the Shares are listed on any ROC Securities Exchange, the aggregate number of treasury shares transferred to employees in accordance with Article 0 (a) may not exceed five (5) percent of the total issued Shares, and the aggregate number of shares to any single employee may not exceed 0.5 percent of the total issued Shares, subject to the Applicable Public Company Rules (including *Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies* promulgated by FSC).

(c) So long as the Shares are listed on any ROC Securities Exchange, when the Company transfers its treasury shares purchased in accordance with Article 0 (b) to any employee of the Company and/or its

Subsidiaries, the Company may enter into a contract with such employee for the purpose of restricting such employee's subsequent transfers of his/her Shares (so transferred to him/her by the Company) for a period of no more than two (2) years.

#### VARIATION OF RIGHTS OF SHARES

(a) If at any time the Share capital of the Company is divided into different Classes of Shares, the rights attached to any Class (unless otherwise provided by the terms of issue of the Shares of that Class) may, whether or not the Company is being wound up, be varied with the sanction of a Special Resolution passed at a general meeting of the holders of Shares of that Class. The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of a Class of Shares.

(b) Upon the creation of any new Class of Shares or alteration of the rights of existing Class of Shares (being ordinary shares), the Company shall amend the Memorandum and/or these Articles to state the rights and obligations of such Classes of Shares into these Articles.

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

#### TRANSMISSION OF SHARES

In case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognized by the Company as having any title to the deceased Member's interest in the Shares, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any Shares which had been held by him/her solely or jointly with other persons.

(a) Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way other than by transfer) may, upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, elect either to be registered himself/herself/itself as holder of the Share or to make such transfer of the Share to such other person nominated by him/her/it as the deceased or bankrupt person could have made and to have such person registered as the transferee thereof, but the Board shall, in either case, have the same right to decline or, in accordance with Article 0, suspend, registration of the transfer as it would have had in the case of a transfer of the Share by that Member before his/her death or bankruptcy as the case may be.

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

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/she/it would be entitled if he/she/it were the registered holder of the Share, except that he/she/it shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by the Shares in relation to meetings of the Company PROVIDED HOWEVER that the Board may at any time give notice requiring any such person to elect either to be registered himself/herself/itself or to transfer the Share and if the notice is not complied with within ninety (90) days after the notice is deemed to be received by the relevant person in accordance with these Articles 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.

(a) The Company shall be entitled to treat the registered holder of any Share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

(b) No person shall be entitled to recognition by the Company as holding any Share upon any trust and the Company shall not be bound by, or be compelled in any way to recognise, (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other right in respect of any share except an absolute right to the entirety of the share in the holder.

## **ALTERATION OF CAPITAL & CHANGE OF LOCATION OF REGISTERED OFFICE**

(a) Subject to and in so far as permitted by the provisions of the Statute, the Company may from time to time by Ordinary Resolution:

(i) increase its share capital by the creation of new Shares of such amount, to be divided into Shares of such Class or Classes and of such amounts in such currency as the resolution shall prescribe;

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

(iii) divide its unissued Shares into several Classes and (without prejudice to any special rights previously conferred on the holders of existing Shares) attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;

(iv) sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association;

(v) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled;

(vi) make provision for the allotment and issue of Shares which do not carry any voting rights; and

(vii) change the currency of denomination of its share capital.

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

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

(c) On any consolidation or division of fully paid Shares into Shares under paragraph (a) of this Article, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would have been entitled to the fraction or fractions of a Share or Shares ratably in accordance with their rights and interest or may be paid to the Company for the Company's benefit;

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

## **CLOSURE OF REGISTER OF MEMBER AND RECORD DATE**

For purpose of determining Members entitled to receive notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any dividend, or in order to make a determination as to the Members of the Company for any other proper purpose, the Board may determine that the Register of Members shall be closed for transfers for any period. So long as the Shares are listed on any ROC Securities Exchange, the Register of Members may only be closed in accordance with Applicable Public Company Rules.

To the extent required by Applicable Public Company Rules, in lieu of or apart from closing the Register of Members, the Board may fix in advance one or more dates as the record dates for determining the Members entitled to receive notice of or to vote at a meeting of the Members, or for the purpose of determining the Members entitled to receive payment of any dividend.

## **GENERAL MEETING**

The Company may in each year hold a general meeting as its annual general meeting, PROVIDED HOWEVER THAT, for so long as the Shares are listed on any ROC Securities Exchange, an annual general meeting shall be held within six (6) months following the end of each fiscal year of the Company and it shall be specified as such meeting in the notice convening the same. Unless otherwise provided in these Articles, all general meetings shall be convened by the Board. For so long as the Shares are listed on any ROC Securities Exchange, the Board or anyone who has authority to convene a general meeting may request the Company or the professional securities agent licensed in Taiwan engaged by the Company to provide the list of Members entitled to vote at such general meeting.

The general meetings shall be held at such time and place as the Board shall determine provided that unless otherwise provided by the Statute and unless otherwise determined by the Board, all general meetings shall be held in Taiwan. So long as the Shares are listed on any ROC Securities Exchange, if the Board resolves to hold a general meeting outside Taiwan, the Company shall apply for the approval of the applicable ROC Securities Exchange within two (2) days after the Board passes such resolution. Where a general meeting is to be held outside Taiwan, so long as the Shares are listed on any ROC Securities Exchange, the Company shall engage a professional securities agent licensed in Taiwan to be present at the such general meeting and to handle the administration of such general meeting, including without limitation, the handling of the voting of proxies submitted by Members.

General meetings other than annual general meetings shall be called extraordinary general meetings. The Board may convene an extraordinary general meeting of the Company whenever they determine that such a meeting is necessary in their absolute discretion.

(a) The Board shall, upon a Members' requisition, forthwith proceed to convene an extraordinary general meeting of the Company. For the purpose of these Articles, a "Members' requisition" is a requisition of one or more Member(s) of the Company holding in the aggregate at the date of deposit of the requisition not less than three percent (3%) of the total number of issued Shares at the time of requisition and whose Shares shall have been held continuously by such Member(s) for at least one (1) year.

(b) One or more Member(s) of the Company holding in the aggregate more than half of the total number of issued Shares and whose Shares shall have been held continuously by such Member(s) for at least three (3) months, may convene an extraordinary general meeting of the Company. The holding period and the respective numbers of Shares held by such Members shall be determined as of the first day of the closure period of the Register of Members as required in Article 0.

(c) In the event the Board fails or becomes unable to convene a general meeting, any one Independent Director of the Audit Committee, acting in the best interests of the Company and based on his determination of necessity, may convene a general meeting.

The requisition from the Member(s) must be in writing and shall express the purpose of the extraordinary general meeting to be requisitioned and must be signed by the requisitionist(s) and deposited at the Registered Office. The requisition may consist of several documents in like form, each signed by one or more requisitionists.

If the Board does not within fifteen (15) days from the date of deposit of the requisition despatch the notice to convene an extraordinary general meeting, the requisitionist(s) may themselves convene the extraordinary general meeting. An extraordinary general meeting convened as aforesaid by requisitionist(s) shall be convened and held in the same manner as nearly as possible in which general meetings are convened and held by the Board.

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

(i) change its name;

(ii) alter or add to these Articles;

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

(iv) issue securities, including options, warrants and convertible bonds, where such issuance will be pursuant to a statutory private placement to qualified investors in Taiwan in accordance with Applicable Public Company Rules; or

(v) issue employee stock warrants that are not subject to any exercise price restriction in accordance with Applicable Public Company Rules.

**(b) Subject to the Statute, the Company may, by a Special Resolution, effect a Merger or a Consolidation of the Company in accordance with the Statute.**

**(c) The Company may, by a resolution passed by Members representing two-thirds or more of the total issued Shares of the Company voting as a single class at a general meeting, participate in a Spin-off, a transfer of all of the Company's assets and liabilities, or any scheme of arrangement pursuant to which all issued Shares will be exchanged or converted into shares in another company (each a "Reorganising Transaction"), resulting in the Company's mandatory de-listing from the applicable ROC Securities Exchange, and the company emerging from the completion of such Reorganising Transaction vested with all assets and liabilities of the Company, whether newly incorporated or continually existed, is not listed in any ROC Securities Exchange.**

**Subject to the Statute and Article 0(b), the Company may from time to time by Supermajority Resolution:**

- (a) resolve that any particular declared dividend be satisfied in part by the issuance of new Shares credited as fully paid to the Members pursuant to Article 0;**
- (b) effect any capitalisation of any other amount pursuant to Article 0 hereof;**
- (c) effect any Spin-off of the Company;**
- (d) enter into, amend, or terminate any agreement for lease of the Company's whole business, or for delegation of the operation, or for frequent joint operation with others;**
- (e) transfer all or a material part of its business or assets;**
- (f) acquire or assume all businesses or assets of another person which will have a material effect on the Company's business operation; or**
- (g) effect any Share Swap.**

**Subject to the Statute, the Company may by Special Resolution resolve to wind up the Company voluntarily or by Ordinary Resolution resolve to wind up the Company voluntarily because the Company is unable to pay its debt as they fall due.**

#### **NOTICE OF GENERAL MEETINGS**

**For so long as the Shares are listed on any ROC Securities Exchange, at least thirty (30) days' notice of an annual general meeting shall be given to each Member, stating the date, place and time at which the meeting is to be held and the general nature of business to be conducted at the meeting. For so long as the Shares are listed on any ROC Securities Exchange, at least fifteen (15) days' notice of an extraordinary general meeting shall be given to each Member, stating the date, place and time at which the meeting is to be held and the general nature of the business to be considered at the meeting. All notices convening general meetings of the Company shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.**

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

**So long as the Shares are listed on any ROC Securities Exchange, the Company shall send materials as required by the Applicable Public Company Rules (including written ballots if the Members may exercise their votes by means of written ballots at general meetings) relating to the matters to be discussed in each meeting together with the notice convening the general meeting in accordance with Article 0 hereof and shall transmit the same via the Market Observation Post System. The Board shall prepare a meeting handbook for the relevant general meeting and supplemental materials in accordance with the Applicable Public Company Rules, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in accordance with Applicable Public Company Rules, at least twenty-one (21) days prior to the date of the annual general meeting, and at least fifteen (15) days prior to the date of an extraordinary general meeting.**

In the event that any of the following matters is to be considered at a general meeting, the notice of the general meeting shall contain a summary of the material issues to be discussed in respect of these matters, and for so long as the Shares are listed on any ROC Securities Exchange, the summary may be published on the website designated by FSC or the Company, and the direct web-link containing such summary shall be specified in the notice of the general meeting:

- (a) election or removal of Directors;
- (b) alteration of the Memorandum and/or these Articles; and
- (c) (i) dissolution, Merger, Consolidation, Share Swap or Spin-off, (ii) the entry into, any changes to or termination of any contract for lease of the Company's whole business, entrusted business or frequent joint venture of the Company with others, (iii) transfer of the whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets from another person which will have a material effect on the business operation of the Company;
- (d) ratification of an action of Director(s) who is/ are engaged in business for him/herself or on behalf of another person, such business being within the scope of the business of the Company;
- (e) payment of dividends to Members to be satisfied in whole or in part by way of issuance of new Shares;
- (f) capitalization of the Company's share premium account and/or a distributable reserve of the Company (including any contributed surplus account which are distributable) subject to the Statute and these Articles in the form of an allotment and issue of new Shares credited as fully paid to Members on a pro-rata basis based on their respective shareholding in the Company;
- (g) private placement of any equity securities to be issued by the Company;
- (h) reduction of share capital;
- (i) application with FSC for termination of the "public company" status registration under the Applicable Public Company Rules; and
- (j) issue employee stock warrants that are not subject to any exercise price restriction under the Applicable Public Company Rules.

The matters set out in Article 0(a) to Article 0(j) (inclusive) and Article 0 (a) shall not be raised as an ad hoc motion at any general meeting of the Company.

So long as the Shares are listed on any ROC Securities Exchange, the Board shall keep printed copies of the Memorandum, these Articles, minutes of general meetings, financial statements, the branch Register of Members in Taiwan, and the counterfoil of any corporate bonds issued by the Company at the office of the Company's branch share registrar in Taiwan and the Company's securities agent located in Taiwan unless electronic copies of the aforementioned documents may be kept pursuant to the Applicable Public Company Rules. From time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, the Members may inspect, review or make copies of the aforementioned documents, and the Company shall instruct its Taiwan-licensed securities agent to provide copies of such documents.

So long as the Shares are listed on any ROC Securities Exchange, the Company shall make copies of all statements and records prepared by the Board and the report prepared by the Independent Directors available at the office of its branch share registrar and its securities agent located in Taiwan in accordance with Applicable Public Company Rules. Members may, at their own expenses, inspect, review or copy the aforementioned documents from time to time and such Members may be accompanied by their advisors, attorneys or certified public accountants for the purpose of such inspection and review.

#### **PROCEEDINGS AT GENERAL MEETINGS**

No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business and is maintained throughout the meeting. Unless otherwise provided for in these Articles, two or more Members present in person and representing in person or by proxy, more than one-half of the total issued Shares, shall constitute a quorum for any general meeting.



So long as the Shares are or listed on any ROC Securities Exchange, the Company shall comply with the relevant Applicable Public Company Rules whereby following the end of each fiscal year of the Company, the Board shall table at an annual general meeting of the Company, business reports, financial statements and the Board's proposals for allocation and distribution of profits or losses for approval or ratification (as the case may be) by the Members as required by the Applicable Public Company Rules. In accordance with the Applicable Public Company Rules, the Board shall, after approval or ratification by the Members at the annual general meeting, distribute or make public announcement on the Market Observation Post System to each Member copies of the approved or ratified financial statements, reports and proposals together with the Company's resolutions which approved or ratified the allocation and distribution of profits or loss.

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

Subject to all applicable laws, nothing in these Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with improper convening of any general meeting or improper passing of any resolution. The Taipei District Court, ROC, may be the court of first instance for adjudicating any disputes arising out of the foregoing.

Unless otherwise expressly required by the Statute, the Memorandum or these Articles, any matter presented for resolution, approval, confirmation or adoption by the Members at any general meeting may be passed by an Ordinary Resolution.

Provided that the Shares are not listed on any ROC Securities Exchange,

- (a) a resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held; and
- (b) any such resolution in writing shall be deemed to have been passed at a general meeting held on the date on which it was signed by the last person to sign, and where the resolution states a date as being the date of his signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date.

So long as the Shares are listed on any ROC Securities Exchange, one or more Members holding one percent (1%) or more of the total issued Shares immediately prior to the relevant period during which the Register of Members is closed for transfers, may in writing or electronically submit to the Company a resolution for consideration and, if appropriate, approval at an annual general meeting; nothing in these Articles shall be construed to compel the Board to reject any proposal relating to the improvement of the Company's corporate social responsibility or public interests. Such proposals shall not be included in the agenda if:

- (a) the proposing Member(s) hold(s) less than one percent (1%) of the total issued Shares as at the relevant date in accordance with this Article;
- (b) the matter proposed to be discussed may not be resolved at an annual general meeting;

the proposing Member has made more than three hundred (300) words proposal for consideration or more than one proposal for consideration at the same annual general meeting; or

the proposal is received by the Company after the dispatch of the notice of the annual general meeting.

The chairman of the Board (if any) shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he/she shall not be present within fifteen (15) minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be chairman of the general meeting. If at any general meeting no Director is willing to act as chairman or if no Director is present within fifteen (15) minutes after the time appointed for the holding of the meeting, the Members present shall choose one of their number to be chairman of the general meeting.

- (a) Unless otherwise expressly provided herein, if a quorum is not present by the time appointed for the general meeting, the chairman may adjourn the commencement of the general meeting to a later time, but no more than one (1) hour in all circumstances. If the commencement of the general meeting has been

adjourned twice and a quorum is still not present, then the general meeting shall be adjourned to such other day and at such other time and place as the Board may determine. The Board (or the Secretary duly authorised by the Board) may adjourn any general meeting called in accordance with the provisions of these Articles (other than a meeting requisitioned under these Articles) provided that notice of adjournment is given to each Member. The Board may determine the date, time and place for the adjourned meeting as it deems appropriate and shall give fresh notice of the date, time and place for the adjourned meeting to each Member in accordance with the provisions of these Articles, PROVIDED THAT for so long as the Shares are listed on any ROC Securities Exchange, such adjournment shall also comply with the Applicable Public Company Rules.

(b) The chairman may, with the consent of any general meeting duly constituted hereunder, and shall if so directed by the general meeting, adjourn the general meeting from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place. No notice of an adjournment or of the business to be transacted at any adjourned meeting needs to be given nor shall any Member be entitled to any such notice.

#### VOTES OF MEMBERS

(a) Subject to the Statute, these Articles, and any rights or restrictions for the time being attached to any Class or Classes of Shares, every Member who is present at a general meeting, either in person (or in the case of a Member being a corporation, by its authorised representative) or by proxy, shall have one vote for every Share of which he/she/it is the holder.

(b) So long as the Shares are listed on any ROC Securities Exchange, if a Member holding more than one Share does not cast all his votes in the same way, such Member must do so in accordance with the Applicable Public Company Rules.

Votes may be cast either personally or by proxy. A Member may appoint only one proxy and only under one instrument to attend and vote at each meeting. The instrument appointing a proxy shall be deposited at the Registered Office or the office of the Company's FSC-recognised shareholders' service agent (as the term is defined under the Applicable Public Company Rules) in the ROC or at such other place as is specified for that purpose in the notice convening the general meeting, or in any instrument appointing a proxy sent out by the Company not less than five days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Where more than one instrument to appoint a proxy 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.

(a) Subject to the Statute and all applicable law, the Board may determine that Members not attending and voting at a general meeting in person or by proxy may exercise their voting right either by means of a written ballot or by means of electronic transmission prior to the commencement of that general meeting; provided, however, that so long as the Shares are listed in any ROC Securities Exchange, if a general meeting is to be held outside of Taiwan, the Company shall, subject to the Statute and all applicable law, provide the Members with a method for exercising their voting right by means of a written ballot or electronic transmission. Such method for exercising voting right shall be described in the notice convening the general meeting to be given to the Members in accordance with these Articles. For the avoidance of doubt, Members voting in the manner mentioned above shall, for purposes of these Articles and the Statute, be deemed to have appointed the FSC-recognised shareholders' service agent (as the term is defined under the Applicable Public Company Rules) which has been engaged by the Company at the date of the notice convening the general meeting, or the chairman of the general meeting if no such agent is engaged, as their proxy to vote their shares at the general meeting in the manner directed by the written ballot or electronic transmission. If the shareholders' service agent (or the chairman, as the case may be) does not vote in the manner directed by the written ballots or the electronic transmissions, then such proxy votes shall not be regarded as valid votes cast.

(b) The shareholders' service agent (or the chairman, as the case may be), as proxy, shall not have the power to exercise the voting rights of such Members with respect to any matters not specifically indicated in the written ballot or electronic transmission and/or with respect to any amendment to resolution(s) proposed at the general meeting. Subject to the Statute and all applicable law, a Member who exercises his/her/its voting right at a general meeting by means of a written ballot or of electronic transmission shall be deemed present by proxy at such general meeting, but any Member voting in such manner shall not be entitled to notice of, and the right to vote in regard to, any ad hoc motion or amendment to the items set out in the notice convening the general meeting to be resolved at the said general meeting. Subject to the

Statute and all applicable law, for the purposes of clarification, all Members 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 items set out in the notice convening the general meeting to be resolved at the said general meeting.

(c) In the event that a Member exercises his/her/its voting power by means of a written ballot or by means of electronic transmission and has also authorised a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail.

Subject to the Statute and all applicable law, in the event any Member who has exercised his/her/its voting rights by means of a written ballot or by means of electronic transmission (as applicable) pursuant to Article 0 intends to attend the general meeting physically in person or by authorised representative if the Member is a corporation, he/she/it shall, at least two (2) days prior to the commencement of the general meeting, deposit at the Registered Office or at the office of the securities agent engaged by the Company in the ROC so long as the Shares are listed on any ROC Securities Exchange, or at such other place as is specified in the notice convening the meeting a separate notice to rescind and revoke his/her/its votes cast by way of such written ballot or electronic transmission (as applicable) (for the purposes of this Article only, the "Previous Voting"), failing which, the Member shall be deemed to have waived his/her/its right to attend and vote at the relevant general meeting in person, the deemed appointment of the shareholders' service agent (or the chairman of the general meeting, as the case may be) by the Members as the proxy and Previous Voting shall remain valid and the Company shall not count any votes cast by such Member physically at the relevant general meeting. Subject to the Statute and all applicable law, votes by means of written ballot or electronic transmission shall be valid unless the relevant Member revokes the Previous Voting before the prescribed time.

In the case of joint holders of Shares, such joint holders shall appoint a representative among them to exercise the votes of their Shares and shall notify the Company of such appointment. If no such representative is appointed by such joint holders of record, then the vote of the senior who tenders a vote, whether in person (or in case of a corporation, by authorised representative) or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

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

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

#### SHARES WHICH ARE NOT ENTITLED TO VOTE

Shares set out below shall not be voted at any general meeting and shall not be counted into the total number of issued Shares for determining the quorum of the general meeting:

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

So long as the Shares are listed on any ROC Securities Exchange, if a Member who has a personal interest in respect of any matter proposed for consideration and, if appropriate, approval at a general meeting, and such interest is in conflict with and may harm the interests of the Company, such Member shall abstain from voting in respect of all his/her/its Shares which such Member would otherwise be entitled to

vote in person or by proxy (or by corporate representative, if such Member is a corporation) with respect to the said matter, and the votes cast in respect of the Shares held by such Members shall not be counted, but such Members and their Shares may be counted in determining the quorum of the general meeting. The aforementioned Member shall also not vote on behalf of any other Member with respect to that same matter.

#### **DISSENTING MEMBERS' APPRAISAL RIGHT**

(a) In the event any of the following resolutions is passed at a general meeting, any Member who has notified the Company in writing of his objection to such a resolution prior to the date of the relevant general meeting and has raised again his/her/its objection at the general meeting, may request the Company to buy back all of his/her/its Shares at the then prevailing fair value:

(a) a resolution approving the Company acquiring shares, business or assets of another company in exchange for shares, cash or other assets from the Company under the Applicable Public Company Rules ("Acquisition"), or a resolution approving Share Swap;

(b) a resolution approving the entry into by the Company, any amendments to or termination of any lease of all of the Company's business, delegation of the operation or frequent joint operation (which expression shall have the meaning ascribed to them in the Applicable Public Company Rules) of the Company with others;

(c) a resolution approving the transfer by the Company of all or a material part of its business or assets, provided that this shall not apply where such transfer is to be made pursuant to the dissolution of the Company; or

(d) a resolution approving the acquisition by the Company of all of the business or assets from another person, which will have a material effect on the Company's business operations.

(a) Subject to compliance with the Statute, in the event of a Spin-off of any part of the Company's business or if the Company is involved in any Merger or Consolidation with any other company, any Member who has abstained from voting on such matter (or had voted against such matter) and has expressed his/her/its dissent thereof in writing before (in the case of a Merger or Consolidation) or during the relevant general meeting at which such matter is considered and approved, may request the Company to buy back all of his/her/its Shares at the then prevailing fair value.

(b) Any Shareholder who makes a request under Article 58 or paragraph (a) of this Article shall make it in writing within 20 days from the date the resolution of the general meeting was made and shall specify the price for buying back. If the Company and such Shareholder reach an agreement as to the buy back price, the Company shall pay for the Shares within 90 days from the date the resolution of the general meeting was made. In the absence of agreement, the Company shall pay the fair value it has determined to the dissenting Shareholder within 90 days since the date the resolution of the general meeting was made. If the Company does not make such payment, the Company shall be deemed to have agreed to the price proposed by such Shareholder.

(c) In the event Shareholders request the Company to buy back all of their Shares according to paragraph (a) of Article 58 and paragraph (a) of this Article and Shareholders and the Company cannot reach agreements about the purchase price within 60 days since the date of the resolution of the general meeting was made, the Company shall apply to the court for a ruling on the fair value in respect of all dissenting Shareholders within 30 days after that 60-day duration has expired, and the Taipei District Court, ROC, may be the court of first instance for this matter.

#### **PROXIES AND SOLICITATION OF PROXIES**

Unless otherwise provided in these Articles, the instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his/her attorney duly authorised in writing, or, if the appointor is a corporation under the hand of an officer or attorney duly authorised in that behalf. A Member shall serve such instrument of proxy to the Company no later than five (5) days prior to the date of the general meeting. In case two or more instruments of proxy are received from one Member, the first one received by the Company shall prevail; unless such Member explicitly revoke the previous instrument of proxy in the subsequent instrument of proxy. A proxy need not be a Member of the Company. Unless otherwise provided in these Articles, the instrument appointing a proxy shall be deposited at the Registered Office, or, at the office of the securities agent engaged by the Company in the ROC so long as

the Shares are listed on any ROC Securities Exchange, or at such other place, in such manner as is specified in the notice convening the meeting.

(a) Subject to the Applicable Public Company Rules, except for (i) trust enterprises organized under the laws of the ROC, (ii) a shareholders' service agent (as the term is defined under the Applicable Public Company Rules) recognised by the FSC or (iii) a shareholders' service agent (or the chairman of the general meeting) who is deemed appointed as proxy under Article 0 of these Articles, in the event a person has been appointed as the proxy for two or more Members, the sum of Shares entitled to vote as represented by such proxy shall be no more than three percent (3%) of the total issued Shares immediately prior to the relevant date of closure of the Register of Members for purposes of determining Members entitled to vote at the general meeting; any vote in respect of the portion in excess of such three percent threshold shall not be counted.

(b) Unless otherwise provided in these Articles, the instrument appointing a proxy shall be in the form approved by the Company and be expressed to be for a particular meeting and the adjourned meeting(s) thereof. The form of proxy shall include at least the following information: (a) instructions on how to complete the form, (b) the matters to be voted upon by the proxy, and (c) basic identification information relating to the relevant Member appointing the proxy, his/her/its proxy and the Solicitor (if any). The form of proxy shall be provided to the Members together with the notice for the relevant general meeting, and such notice and proxy materials shall be distributed to all Members on the same day.

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

(d) Unless otherwise provided in these Articles, so long as the Shares are listed on an ROC Securities Exchange, all matters concerning proxies and/or the solicitation of instruments of proxies by a Solicitor relating to the Shares shall comply with these Articles and ROC's *Rules Governing the Use of Proxies for Attendance at Member Meetings of Public Companies* and all other applicable laws and regulations, including but without limitation, the Applicable Public Company Rules, for the time being whether or not expressly provided for in these Articles.

## DIRECTORS

There shall be a Board consisting of not less than seven (7) Directors and no more than nine (9) Directors, each of whom shall be appointed to a term of office of three (3) years. The exact number of the Directors may be fixed from time to time by the Board within the aforementioned range. Retiring Directors may be eligible for re-election. The initial Directors of the Company shall be elected or appointed in writing by, or appointed by a resolution of, the subscribers of the Memorandum or a majority of them.

So long as the Shares are listed on any ROC Securities Exchange, unless otherwise approved by one of the ROC Securities Exchanges on which the Company's Shares are traded, no more than half of the total number of Directors can have a spousal relationship or family relationship within the second degree of kinship (as defined in the Applicable Public Company Rules) with any other Directors.

In the event that the Company convenes and holds a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 0 hereof, the non-qualifying Director(s) who was elected with the least number of votes shall be deemed to have vacated his/her/its office of Director, to the extent necessary to meet the requirements provided for in Article 0 hereof. Any person who is currently a Director but is in violation of the aforementioned requirements in Article 0 shall immediately upon being aware, or being made aware, of his violation of Article 0 vacate his/her/its office of Director.

So long as the Shares are listed on any ROC Securities Exchange, unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors, and the total number of Independent Directors shall not be less than one-fifth of the total number of 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.

Independent Directors shall have professional knowledge and shall maintain independence within the scope of their duties as Independent Directors of the Company, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings, restrictions as to concurrent positions or engagements and assessment of independence with respect to Independent Directors shall be governed by the Applicable Public Company Rules.

The Board may determine the remuneration (including any bonus) paid to the Directors (including the Independent Directors), upon the recommendation by the Remuneration Committee so long as the Shares are listed on any ROC Securities Exchanges. Factors which shall be considered when determining the remuneration paid to each Director shall include, without limitation, the extent and value of the services provided for the management of the Company, the operating performance of the Company, and the industry-wide compensation levels and practices. The Directors shall also be entitled to be paid their travel, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Board, or any committee of the Board, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Board from time to time, or a combination partly of one such method and partly the other.

A Director (other than an Independent Director) may hold any other office or place of profit with the Company in conjunction with his office of Director. However, such Director is required to disclose and explain his proposed appointment to such other office or place of profit, and the nature and extent of his interests to the Members at a general meeting, and is required to obtain prior approval from the Members by a Supermajority Resolution at the general meeting.

Where a government agency or an incorporated entity is a Member, and such government agency or entity has been elected to the Board, it shall appoint an individual as its duly authorised representative for the purpose of representing it at meetings of the Board or with respect to signing of consents or otherwise. Such representative may be replaced at any time and from time to time by the said government agency or incorporated entity at its sole discretion.

## **ELECTION AND REMOVAL OF DIRECTORS**

The election of Directors (including Independent Directors) shall adopt the candidate nomination mechanism which is in compliance with the Applicable Public Company Rules. The Members shall respectively elect the Independent Directors and Directors (other than Independent Directors) from separate list of candidates.

(a) Directors (including Independent Directors) shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, where the total number of votes exercisable by any Member shall be 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, at the sole discretion of the Member, be consolidated for election of one candidate for directorship or may be split for the election of several candidates for directorship, as specified in the voting paper by the relevant Member. The candidates who receive the most votes from the Members pursuant to this Article shall be elected as Directors.

(b) Prior to any election or appointment of a Director pursuant to these Articles, such candidate of Director shall deliver a written confirmation to the Company indicating his/her willingness to serve as a Director if he/she is elected or appointed. Within fifteen (15) days after the election of Directors, an elected Director shall execute and deliver a letter of consent to the Company, the form of which shall be prescribed by the Company, notifying his/her acceptance of serving as a Director of the Company and of observing duties which may be set forth in such letter of consent.

(c) Directors shall hold office only until the general meeting at which such Director is required by the Applicable Public Company Rules to retire and seek re-election.

If the number of Independent Directors is less than or falls below three (3) due to vacation of office of such Independent Directors for any reason, the Company shall elect new Independent Directors at the next following general meeting. If the office of all of the Independent Directors have become vacant, the Board shall convene, within sixty (60) days of vacancy of the last Independent Director, a general meeting of Members to elect new Independent Directors to fill the vacancies.

If the number of Directors is less than or falls below seven (7) for any reason, the Company shall elect new Director(s) at the next following general meeting. When the number of vacancies in the Board is equal to or more than one third of the maximum size of the Board as set out in Article 0 above, the remaining Directors shall convene, within the next sixty (60) days therefrom, a general meeting of Members to elect new Directors to fill in the vacancies.

The Company may from time to time by Supermajority Resolution remove any Director from his/her office, whether or not appointing another in his/her stead.

Subject to all applicable laws, where a Director has, in the course of performing his/her duties, committed any act resulting in material damage to the Company or committed a violation of applicable laws, regulations, and/or these Articles, and a Supermajority Resolution at a general meeting to approve his/her removal was put forth but failed to pass, any one or more Members holding three percent (3%) or more of the total issued Shares may, within thirty (30) days after the said general meeting, institute a legal proceeding in a court of competent jurisdiction for an order to remove such Director provided that such Member(s) hold three percent (3%) or more of the total issued Shares as at the date of the institution of such legal proceedings to remove such Director. The Taipei District Court, ROC, may be the court of first instance for this matter. The office of such Director shall ipso facto be vacated with effect from the date such order of court is obtained.

#### **DIRECTOR'S PROXY**

If a Director is unable to attend a meeting of the Board because of absence from Taiwan, illness or otherwise, such Director may appoint another Director as his proxy to attend and to vote on his behalf at the meeting, in which event the presence and vote of the proxy shall be deemed to be that of the Director. The appointing Director shall, in each instance, issue a written proxy and state therein the manner in which his proxy is to vote in respect of the business to be discussed at that meeting, and such written proxy shall be lodged with the Board at the Registered Office or at such other place as is specified in the notice convening the Board meeting at any time before that meeting. A Director may only act as the proxy of one Director.

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

#### **POWERS AND DUTIES OF DIRECTORS**

(a) Subject to the Applicable Public Company Rules, the Board shall manage and conduct the business of the Company in compliance with applicable laws and generally accepted rules of commercial ethics, and may adopt any measure which may improve performance of the Company's corporate social responsibility or public interests. The Board may pay all expenses incurred in promoting, registering and setting up the Company, and may exercise all such powers of the Company as are not, for the time being, by the Statute, these Articles, any applicable regulations or by any resolutions passed by the Company in general meeting, required to be exercised by the Company in general meeting.

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

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

(d) In the event of a Merger, Consolidation, Acquisition or Spin-off (collectively, "M&A Transaction"), the Board of Directors shall, in the course of conducting the M&A Transaction, in the best interest of the Company, fulfill its duty of care. Subject to the Statute, any Director involved in the decision-making for an M&A Transaction shall be liable for any damage to the Company as a result of the Board's breach of the Applicable Public Company Rules, these Articles or the resolution of the general meeting approving the M&A Transaction; provided, however, that upon producing sufficient evidence of minutes or written statement concerning his/her/its disagreement, the Director may be exempted from the liability.

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

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

The Board shall cause minutes to be duly entered in books provided for the purpose of:

- (a) all appointments of officers made by the Board;
- (b) the names of the Directors (including those represented thereat by proxy) present at each meeting of the Board and of any committee of the Board;
- (c) all resolutions and proceedings at all meetings of the Company and of the Board and of committees of the Board.

Subject to all applicable laws, the Applicable Public Company Rules, these Articles, and any internal regulation governing the lending of capital, endorsement, guarantees, and acquisition and disposition of assets which may be adopted by the Company by an Ordinary Resolution at general meetings, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party, and to stand surety for or to guarantee, support or secure the performance of all or any of the obligations of any person, firm or company whether or not related or affiliated to the Company in any manner.

## MANAGEMENT

Subject to all applicable laws and these Articles, the Board may from time to time manage the affairs of the Company in such manner as they shall think fit.

## PROCEEDINGS OF DIRECTORS

Unanimous written resolutions signed by all Directors shall have the same effect as if such resolutions were passed at duly convened meetings of the Board, and all such resolutions shall be described as "Written Directors' Resolutions" and shall be recorded in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one or more Directors. However, so long as the Shares are listed on any ROC Securities Exchanges, the Board must meet together for the despatch of business. The Board may convene, adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise provided in these Articles, a resolution put to the vote at any meeting of the Board shall be decided by a majority of votes of the Directors present at that Board meeting at which there is a quorum. In case of an equality of votes, the resolution shall fail.

- (a) Subject to paragraph (b) of this Article, meetings of the Board may be summoned in accordance with such rules and procedures for meetings of the Board as may be adopted from time to time by the Board.
- (b) A meeting of the Board shall be summoned by at least seven (7) days' notice in writing to all Directors, and the notice shall set forth the general nature of the business to be considered. However, a meeting of the Board may be summoned at any time if there is any emergency, provided that notice is waived by all the Directors either at, before or after the meeting is held. If notice of a meeting of the Board is given in person, by cable, telex, facsimile, or electronic messages, the same shall be deemed to have been given on the day it is delivered, sent or transmitted to each of the Directors.
- (a) A Director shall attend meetings of the Board in person or by proxy in accordance with these Articles.
- (b) Unless otherwise provided in these Articles, the quorum necessary for the transaction of the business of the Board shall be more than one-half of the number of the Directors in office as at the date of the



meeting, PROVIDED ALWAYS that if there shall at any time be only a sole Director the quorum shall be one. For the purposes of this Article, a proxy appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him/her is not present.

(c) When the following resolutions put to the vote at any meeting of the Board, the quorum required shall be more than two-thirds of the number of Directors: (i) matters described in Article 0 (c) herein; (ii) any issuance, allotment, or placement of new Shares; (iii) any issuance of debenture, bonds, or any other type of debt securities; (iv) any plan of declaration of dividends and/or bonus; and (v) election and removal of the Chairman of the Board described in Article 0 herein.

The Board may act and pass or adopt resolutions notwithstanding any vacancy in its number.

The Board shall elect a chairman of the Board and determine the period for which he/she is to hold office. The chairman of the Board shall be elected by and among the Directors by a majority vote at a meeting of the Board at which two-thirds or more of the number of Directors in office as at the date of the meeting are present. The chairman of the Board shall take the chair at meeting of the Board, however if no such chairman is elected, or if at any meeting the chairman is not present, the Directors present may choose one of their number to be chairman of the meeting. The chairman of the Board may be removed by a majority vote of more than two-thirds of the attending Directors at a meeting of the Board at which two-thirds or more of the number of Directors in office as at the date of the meeting are present, PROVIDED that the chairman being so removed by the Board shall remain as a Director of the Company notwithstanding his/her removal as chairman of the Board.

A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by law. In an M&A Transaction effected by the Company, a Director who has a personal interest in such transaction shall explain at the Board meeting and the general meeting the essential contents of such personal interest and the cause of his/her/its approval or dissent to the resolution of such M&A Transaction. A Director who has a personal interest in the matter under discussion at a meeting of the Board, which conflicts with and may harm the interests of the Company, shall neither vote nor exercise voting rights on behalf of another Director at the relevant meeting; the votes cast by such Director who is prohibited from voting or exercising any voting right as prescribed above shall not be counted in the number of votes of Directors present at that meeting of the Board, but an interested Director may be counted towards the quorum of the meeting. So long as the Shares are listed on any ROC Securities Exchange, if the spouse or anyone having a family relationship within the second degree of kinship (as defined in the Applicable Public Company Rules) of a Director, or a company being controlled by or subordinate to a Director is interested in the matter under discussion at the such meeting, such relationship shall be deemed as that Director's personal interest in such matter.

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

A committee of the Board may meet and adjourn as it thinks proper. Any resolution put to the vote at any committee meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the resolution shall fail. The meetings and proceedings of any committee shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board to the extent that the same are applicable and are not superseded by any regulations or directions imposed by the Board under the last preceding Article.

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

Members of the Board or of any committee thereof may participate in a meeting of the Board or of such committee by means of videoconference or other electronic communication facilities whereby all persons participating in the meeting can see and hear each other simultaneously and instantaneously, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

**DUTY OF THE BOARD TO ADVISE IN A TENDER OFFER**

So long as the Shares are listed on any ROC Securities Exchange, the Board shall, within seven (7) days after receipt by the Company or by its litigation and non-litigation agent appointed pursuant to Applicable Public Company Rules of a copy of (i) a tender offer application to purchase Shares, and (ii) relevant documents, shall resolve to recommend to the Members whether to accept or to reject the tender offer and make a public announcement of the following in accordance with the Applicable Public Company Rules:

- (a) the type and number of Shares held by the Directors and each Member holding more than ten percent (10%) of the total issued Shares in their own names or in the names of other persons;
- (b) the recommendation made to the Members on such tender offer, setting forth the names of the Directors who abstained or objected to the tender offer and the reason(s) therefor;
- (c) whether or not there are any material changes to the financial condition of the Company after the publication of the latest financial report and an explanation of the change(s) (if any); and
- (d) the type, number and amount of the shares in the tender offeror (if the tender offeror is a company or corporation) or its affiliates held by the Directors and the Members holding more than ten percent (10%) of the total issued Shares in their own names or in the name of other persons.

#### **VACATION OF OFFICE OF DIRECTOR AND DISQUALIFICATION OF A DIRECTOR**

The office of a Director shall be vacated:

- (a) if he/she resigns his/her office by notice in writing to the Company;
- (b) if he/she is removed from office in accordance with these Articles;
- (c) if he/she dies, becomes bankrupt, is ruled by a court with competent jurisdiction to start a liquidation proceeding, or makes any arrangement or composition with his/her creditors generally;
- (d) if an order is made by any competent court or official on the grounds that he/she is or will be suffering from lunacy, mental disorder or is otherwise incapable of, or need assistance in, managing his/her affairs; or his/her legal capacity is restricted according to the applicable laws;
- (e) if he/she has committed an offence as specified in the ROC statute of prevention of organizational crimes or similar legislations in other jurisdictions, or subsequently is adjudicated guilty by a final judgment and he/she has not started serving the sentence, has not completed serving the sentence, or five (5) years have not elapsed since his/her completion of serving the sentence, expiration of the probation, or pardon;
- (f) if he/she has committed an offence involving fraud, breach of trust or misappropriation, or subsequently sentenced to imprisonment for a term of more than one (1) year in any jurisdiction, and he/she has not started serving the sentence, has not completed serving the sentence, or two (2) years have not elapsed since his/her completion of serving the sentence, expiration of the probation, or pardon;
- (g) if he/she has been adjudicated guilty by a final judgment for an offence as specified in the ROC Anti-corruption Act, and he/she has not started serving the sentence, has not completed serving the sentence, or two (2) years have not elapsed since his/her completion of serving the sentence, expiration of the probation, or pardon;

if he/she has been blacklisted by the Taiwan Clearing House due to default on negotiable instruments, and the term of such sanction has not expired yet; or

In accordance with Articles 0 or 0;

Where any of the events described in this Article 0 (c), (d), (e), (f), (g), and (h) applies to or occurs in relation to a candidate for the office of Director, such candidate shall immediately be disqualified and ceases to be eligible to be considered for election to the office of Director. Where a Director who is also the chairman of the Board is removed from office as Director or his office as Director is vacated pursuant to this Article 0, the office of chairman of the Board shall also be automatically vacated.

95.1 (a) So long as the Shares are listed on any ROC Securities Exchange, if, during the term of office, a director transfers his shareholding such that he holds less than one half of the Shares he held as at the

date of his appointment according to the Register of Members, the director shall, *ipso facto*, be automatically discharged from office.

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

if such director transfers his Shares such that he holds less than one half of the Shares he held as at the date on which his appointment is approved according to the Register of Members, but prior to the commencement of the term of his appointment becoming effective, if applicable; or

if such director transfers his Shares such that he holds less than one half of the Shares he held as at the date on which his appointment is approved according to the Register of Members during the transfer prohibition period of this Article 0.

Any breach of Article 95.1(b) shall cause the appointment of any proposed director to be, *ipso facto*, void.

(c) The preceding subparagraphs (a) and (b) of this Article 95.1 do not apply when the Director involved is an Independent Director.

#### SEAL AND AUTHENTICATION OF DOCUMENTS

(a) The Company may, if the Board so determine, have a Seal in such form as determined by the Board, which Seal shall, subject to paragraph (c) hereof, only be used by the authority of the Board or of a committee of the Board authorised by the Board and every instrument to which the Seal has been affixed shall be signed by a person who shall be either a Director or the Secretary or such other person authorised for this purpose by the Board or a committee of the Board.

(b) The Board may adopt 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.

(c) Any Director or the Secretary or other person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and if any books, records, documents or accounts are kept elsewhere than at the Registered Office or the head office of the Company, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a document so authenticated or a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any local board or committee, or of any books, records, documents or accounts or extracts therefrom as aforesaid, and which is certified as aforesaid, shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting or, as the case may be, that the copies of such books, records, documents or accounts were true copies of their originals or as the case may be, the extracts of such books, records, documents or accounts are true and accurate records of the books, records, documents or accounts from which they were extracted.

#### OFFICERS

(a) The Board may from time to time appoint officers and/or managers as the Board considers necessary, for such term, at such remuneration, to perform such duties, subject to such other conditions or restrictions or to such provisions as to disqualification and removal as the Board from time to time prescribe. Article 0 (b) and (c) shall be applied *mutatis mutandis* to an officer's duties and liabilities to the Company and other third parties.

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

#### DIVIDENDS, DISTRIBUTIONS AND RESERVE

(a) Unless otherwise provided by the Statute, these Articles, the Applicable Public Company Rules, or any direction of the Company in general meetings, the Company may by way of a resolution of a majority

of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors, from time to time declare dividends and distributions to Members and authorise payment of the same out of the funds of the Company lawfully available therefor. The Directors shall report the declaration of dividends and distributions at the annual general meetings.

(b) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends or distributions, if dividends or distributions are to be declared on a Class of Shares such dividends or distributions shall be declared and paid according to the amounts paid or credited as paid on the Shares of such Class issued on the record date for such dividend or distribution as determined in accordance with these Articles.

The Board may, before determining the amount of dividends or distributions, set aside such sums as it thinks 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 like discretion, be employed in the business of the Company.

No dividend or distribution shall be payable except out of the profits of the Company or from any reserve set aside from profits, or out of the share premium account of the Company, or as otherwise permitted by the Statute.

(a) The Company shall set aside no more than three percent (3%) of its annual profits (which means the pre-tax profits not including the amount of the compensation to employees and Directors) as compensation to employees of the Company, and set aside no more than three percent (3%) of its annual profits as compensation to Directors, provided however that the Company shall first offset its losses in previous years that have not been previously offset. The distribution of compensation to employees may be made by way of cash or Shares, which may be distributed under incentive programs approved pursuant to Article 10(a) above. The employees may include certain employees of the Subsidiaries who meet the conditions prescribed by the Company. The distribution of compensation to employees shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors and shall be reported to the Members at the general meeting. The distribution of compensation to the Directors shall only be made by way of cash. A Director who also serves as an executive officer of the Company and/or its Subsidiaries may receive a compensation in his capacity as a Director and a compensation in his capacity as an employee.

(b) Where based on the Company's final accounts in respect of a current year, when the Company proposes to make profit distribution, such distribution shall be calculated based on the after-tax net profit of that current fiscal year, and shall be distributable only after (i) covering accumulated losses (including any adjustment to the retained earnings), (ii) setting aside a sum for any capital reserve pursuant to these Articles, (iii) setting aside a sum ten percent (10%) for any capital reserve pursuant to the Applicable Public Company Rules (the "APCR Reserve"), unless and until the accumulated amount of the APCR Reserve equals to the total paid-up capital of the Company, and (iv) setting aside a sum for an additional special reserve in compliance with the requirements promulgated by applicable ROC authorities (including, but not limited to, the FSC or any applicable ROC Securities Exchange) so long as the Shares are listed on any ROC Securities Exchange. The balance of the after-tax net profit in the current fiscal year remaining after all the foregoing deduction shall hereinafter be referred to as the "Distributable Net Profit of the Current Year." Dividends may be declared and paid out of the Distributable Net Profit of the Current Year and any undistributed retained profit accrued from prior years (together, the "Accumulated Distributable Net Profit"). The Accumulated Distributable Net Profit is available for distribution to the Members as cash dividend or may be used to pay up any bonus shares to be issued to the Members. The dividends as proposed for declaration in such plan shall not be less than five (5) percent of the Distributable Net Profit of the Current Year.

(c) No unpaid dividend, distribution or other monies payable by the Company shall bear interest against the Company.

Any dividend, distribution, interest or other monies payable in cash to the holder of Shares may be paid by way of telegraphic transfer or electronic transfer or remittance or direct crediting to the bank account of such holder of Shares as he/she/it may designate and notified to the Company, or cheque or warrant sent through the post addressed to the holder at his/her/its registered address, or, in the case of joint holders, to the holder who is first named in the Register of Members or to such person and to such address as such holder or joint holders may in writing direct, at the risk of the person entitled to such dividend, distribution, interest or other monies. Every such cheque or warrant shall be made payable or property distributable to the order of the person to whom it is sent. Anyone of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the Share held by them

as joint holders. Payment of the cheque or warrant by the bank on which it is drawn shall constitute good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or than any endorsement thereon has been forged.

(a) Subject to Article 0, the Company may upon the recommendation of the Board, resolve by way of a Supermajority Resolution that such dividend be satisfied in part in the form of an allotment and issue of new Shares credited as fully paid without offering any right to Members to elect to receive such dividend in cash in lieu of such allotment. In such case, the basis of any such allotment shall be determined by the Board, and the Board shall prepare a plan of declaration of dividends and/or distribution and such plan shall be submitted to the Members for approval at a general meeting by Supermajority Resolution.

(b) Subject to Article 0, the Company may declare and pay cash dividends from Accumulated Distributable Net Profit, or make cash distribution from the APCR Reserve, upon a resolution of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors.

(c) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (a) of this Article with full power to the Board to make such provisions as it thinks fit in the case of Shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned), and no Members who will be affected thereby shall be, and they shall be deemed not to be, a separate Class of Members by reason only of the exercise of this power. The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.

(d) The Board may on any occasion determine that the allotment of Shares under paragraph (a) of this Article shall not be made available or made to any Members with registered addresses in any territory where in the absence of a registration statement or other special formalities the allotment of Shares would or might be unlawful or impracticable or the legality or practicability of which may be time consuming or expensive to ascertain whether in absolute terms or in relation to the value of the holding of Shares of the Members concerned, and in such event the provisions aforesaid shall be read and construed subject to such determination and no Member who may be affected by any such determination shall be, and they shall be deemed not to be, a separate Class of Members for any purposes whatsoever.

#### REMUNERATION COMMITTEE

The Board shall establish a committee of the Board known as the “Remuneration Committee” in accordance with the Applicable Public Company Rules, including the *Regulations Governing Establishment and Operation of Remuneration Committees of Companies Listed in Taiwan Stock Exchange and the GreTai Securities Market*. The Board shall adopt regulations governing the operation of the Remuneration Committee in accordance with the Applicable Public Company Rules.

#### CAPITALISATION

(a) Subject to the Statute, Applicable Public Company Rules and these Articles, the Company may upon the recommendation of the Board by way of a Supermajority Resolution in a general meeting authorise the Board to capitalise any sum standing to the credit of any of the Company's reserve accounts which are available for distribution (including share premium account and capital redemption reserve defined in the Statute) or any distributable profits not required for the payment or provision of dividend on any Shares with preferential right to dividends, by appropriating such sum to Members on the Register of Members at the close of business on the date of the relevant resolution (or such other date as may be specified therein or determined as provided therein) in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution, credited as fully paid up to and amongst such Members in the proportion aforesaid.

(b) Subject to the Statute, whenever such a resolution as aforesaid shall have been passed, the Board shall make all appropriations and applications of the reserves or profits resolved to be capitalised thereby, and attend to all allotments and issuance of fully paid Shares and generally shall do all acts and things required to give effect thereto. For the purpose of giving effect to any resolution under this Article, the

Board may settle any difficulty which may arise in regard to any distribution under this Article as it thinks fit, and in particular may disregard fractional entitlements altogether or round the same up or down and may determine that cash payments shall be made to any Members in lieu of fractional entitlements or that fractions of such value as the Board may determine may be disregarded in order to adjust the rights of all parties or that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the Members concerned, and no Members who are affected thereby shall be deemed to be, and they shall be deemed not to be, a separate class of Members by reason only of the exercise of this power. The Board may authorise any person to enter on behalf of the persons entitled to participate in the distribution any agreement with the Company necessary or desirable for giving effect thereto and such appointment and any agreement made under such authority shall be effective and binding upon all concerned.

(c) Without limiting the generality of the foregoing, any such agreement may provide for the acceptance by such persons of the Shares to be allotted, issued and distributed to them respectively in satisfaction of their claims in respect of the sum so capitalised. The Board may on any occasion determine that the allotment of Shares under this Article shall not be made available or made to any Members with registered addresses in any territory where in the absence of a registration statement or other special formalities the allotment of Shares would or might be unlawful or impracticable or the legality or practicability of which may be time consuming or expensive to ascertain whether in absolute terms or in relation to the value of the holding of Shares of the Member concerned, and in such event the provisions aforesaid shall be read and construed subject to such determination and no Member who may be affected by any such determination shall be, and they shall be deemed not to be, a separate class of Members for any purposes whatsoever.

#### **BOOKS OF ACCOUNT AND RECORDS OF THE COMPANY**

The Board shall cause proper books of account to be kept with respect to all transactions of the Company and in particular with respect to:

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

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

(iii) the assets and liabilities of the Company; and

(iv) all other matters required by Statute and which are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

(a) Proper books shall not be deemed to be kept with respect to the matters referred to in Article 0 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.

(b) The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with these Articles and relevant rules and regulations shall be kept for at least six (6) years. However, if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information mentioned herein, they shall be kept until the conclusion of the litigation if longer than six (6) years.

#### **NOTICES**

Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by post, cable, telex or facsimile or by electronic means (including electronic mail) to him/her/it or to his/her/its address as shown in the Register of Members, such notice, if mailed, to be sent by airmail if the address be outside Taiwan.

(a) Where a notice is sent by post or airmail, 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 effected on the expiration of sixty (60) hours after the letter containing the same is posted as aforesaid.

(b) Where a notice is sent by cable, telex, facsimile or electronic means to such number or address supplied by the Member to the Company for giving of notice to him/her/it, service of the notice shall be deemed to be effected on the day the same is sent as aforesaid.

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

Any notice or document delivered or sent in accordance with these Articles shall, notwithstanding that such Member is then deceased, bankrupt or wound up and whether or not the Company has notice of his death, bankruptcy or winding up, be deemed to have duly served or delivered in respect of any Shares registered in the name of such Member whether held solely or jointly with other persons by such Member, (unless his name shall at the time of service or delivery of the notice or document have been removed from the Register of Members as the holder of the Shares), and such service or delivery shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his personal representatives and all persons interested (whether jointly with or as claiming through or under him) in any such Shares.

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

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

(a) every person shown as a Member in the Register of Members as of the record date for such general 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

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

Apart from the persons contemplated by paragraphs (a) and (b) above of this Article and apart from Directors and Independent Directors, no other person shall be entitled to receive notices of general meetings unless the Board determines otherwise in its sole discretion.

#### **WINDING UP**

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

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any Class or Classes of Shares, (i) 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 paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the Shares held by them respectively, and (ii) if the Company shall be wound up and the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such Members in proportion to the amount paid up on the Shares held by them respectively.

#### **AUDIT COMMITTEE**

The Board shall establish a committee of Board known as the "Audit Committee". The Audit Committee shall comprise solely of Independent Directors and the number of committee members shall not be less

than three (3). One of the Audit Committee members shall be appointed and designated as the convener to convene meetings of the Audit Committee from time to time and at least one (1) 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.

(a) Any of the following matters relating to the Company shall require the consent of one-half or more of all Audit Committee members by way of resolution and be submitted to the Board for approval:

- (i) adoption of or amendment to an internal control system;
- (ii) assessment of the effectiveness of the internal control system;
- (iii) 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;
- (iv) any matter relating to the personal interest of the Directors;
- (v) a transaction relating to a material asset of the Company or derivatives transaction;
- (vi) a material monetary loan, endorsement, or provision of guarantee;
- (vii) the offering, issuance, or private placement of any equity securities;
- (viii) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
- (ix) the appointment or discharge of a financial, accounting, or internal audit officer;
- (x) approval of annual and semi-annual financial reports; and
- (xi) 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 (x), any other matter that has not been approved by 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 by way of resolution at the Board meeting, and any resolution of the Audit Committee passed in respect of such matter shall be tabled at the Board meeting.

(b) Before any resolution of an M&A Transaction is approved by the Board, the Audit Committee shall review the fairness and reasonableness of the plan and transaction of the M&A Transaction, and then the Audit Committee shall present its findings to the Board and to the general meeting; provided that if Cayman Islands laws do not require a resolution of the M&A Transaction at the general meeting, the Company is not required to present its findings to the general meeting. When the Audit Committee reviews the matter, it shall seek opinion from an independent expert on the reasonableness of the share exchange ratio or distribution of cash or other assets. The review results by the Audit Committee and the opinion by an independent expert shall be delivered to each Shareholder along with the notice of the general meeting for the M&A Transaction, provided that if Cayman Islands laws do not require a resolution of the M&A Transaction at the general meeting, the Company shall report the M&A Transaction to the very next general meeting. If the Company announces the content of the documents, which are to be delivered to Shareholders under this paragraph, on the website designated by FSC and those documents are prepared at the venue of the general meeting by the Company, those documents shall be deemed as having been delivered to the Shareholders.

the Audit Committee shall supervise the execution of business operations of the Company, and may from time to time inspect the business and financial conditions of the Company, examine, make transcript of, or copy the books and documents relating to the Company, and request the Board or any officer to make reports in respect of the Company's affairs.

When performing its aforementioned duties, the Audit Committee may appoint an attorney or a certified public accountant to conduct the auditing on its behalf.

In case the Board or any Director commits any act and any member of the Audit Committee becomes aware of such act, when carrying out the business operations of the Company, in a manner violating the applicable laws and/or regulations, these Articles, or any resolution passed at a general meeting, the Audit



Committee shall immediately demand that the Board or the violating Director, as the case may be, cease such act.

Member(s) continuously holding one percent (1%) or more of the total issued Shares for at least six (6) months may request the Audit Committee in writing to institute, on behalf of the Company, a court action against a Director. Subject to all applicable law, in case the Audit Committee fails to institute such action within thirty (30) days after having received the aforementioned request, then the Members filing the said request in accordance with this Article may institute the action on behalf of the Company in any court with competent jurisdiction, and nothing in these Articles shall be construed to prevent these Members from filing such action in the Taipei District Court, ROC.

#### **INDEMNITY**

(a) The Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their executors and administrators respectively (each of which persons being referred to in this Article as an “indemnified person”) shall be indemnified and secured harmless out of the assets of the Company from and against all actions costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, and no such indemnified party shall be answerable for the acts, receipts, neglects or defaults of any other of them or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other persons with whom any monies or effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency or deficiency of any security upon which any monies of or belonging to the Company may be placed out on or invested, or for any other loss, misfortune or damage which may happen or arise in the execution of their respective offices or trust, or in or about thereto, **PROVIDED THAT** this indemnity shall not extend to any matter in respect of any fraud, dishonesty, recklessness, willful neglect or default which may attach to any of the said persons.

(b) The Company may purchase and maintain insurance for the benefit of any Director or officer of the Company against any liability incurred by him/her/it in his/her/its capacity as a Director or officer of the Company or indemnifying such Director or officer in respect of any loss arising or liability attaching to him/her/it by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or officer may be guilty in relation to the Company or any subsidiary thereof.

#### **FISCAL YEAR**

Unless the Board otherwise determines, the fiscal year of the Company shall end on 31<sup>st</sup> December of each year and following the year of incorporation, the fiscal year shall begin on 1<sup>st</sup> January of each year.

## **Annex 4**

### **Yummy Town (Cayman) Holdings Corporation** **4. Procedures for Election of Directors and Supervisors**

Article 1 To ensure a just, fair, and open election of directors(including independent directors), these Procedures 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 (including independent directors) shall be conducted in accordance with these Procedures.

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:

Basic requirements and values: Gender, age, nationality, and culture.

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:

The ability to make judgments about operations.

Accounting and financial analysis ability.

Business management ability.

Crisis management ability.

Knowledge of the industry.

An international market perspective.

Leadership ability.

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 An independent director of a public company shall meet “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” Articles 2, 3, and 4. The election of independent directors at a public company shall meet “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” Articles 5, 6, 7, 8, 9, and Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies Articles 24.

Article 5 Elections of directors (including independent directors) at this Corporation shall be conducted in accordance with the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 95 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

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls

short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

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

Elections of directors (including independent directors) at this Corporation may choose to exercise their right to vote by electronic or live voting.

Those shareholders who exercise the right to vote by electronic voting in the preceding paragraph shall exercise it on the electronic voting platform designated by the company.

Article 7 The Board shall prepare the ballots the number of which shall be same as that of Directors and Independent Directors to be elected, and distribute the members attending the members' meeting the ballots which shall print the number of voting rights the respective member is entitled to. The name of a voter may be represented by his attendance card number as printed on his ballots.

Article 8 In the election of Directors and Independent Directors, the number of Directors and Independent Directors to be elected shall be in compliance with the number of the seats of Directors and Independent Directors set forth in the M&A, and the number of Independent Directors and non-Independent Directors elected shall be calculated separately. Those candidates who acquire more votes should win the seats of Directors or Independent Directors. If two or more candidates acquire the same number of votes and the number of electees would exceed the specified seats available had all of such candidates won the seats, such candidates acquiring the same number of votes shall draw lots to decide who should win the seats available, and the chairperson of the members' meeting shall draw lots on behalf of the candidate who is not present..

Article 9 At the beginning of the election, the chairperson of the members' meeting shall appoint several members for supervising the casting of votes ("Supervising Personnel") and the counting thereof ("Counting Personnel") to supervise the election and record the ballots. A ballot box used for voting shall be prepared by the Board and checked in public by the Supervising Personnel before voting.

Article 10 If the candidate is a member of the Company, voters shall specify in the "candidate" column the account name and the member account number of such candidates. If the candidate is not a member of the Company, voters shall specify in the "candidate" column the name and ID number of the candidate. If the candidate is a governmental or corporate member, the full name of the government agency or the corporate member or the full name of the government agency or the corporate member together with the name of their representative should be specified in the "name of candidate" column of the ballots. If there are several representatives, the name of each representative shall be specified in the "name of candidate" column of the ballots.

Article 11 A ballot shall be deemed null and void under any of the following conditions:

Using ballots not provided by the Board;

Placing blank ballots into the ballot box;

The handwriting on the ballots is too illegible to be identified, or erased or altered;

If the candidate is a member of the Company, the name or member account number of the candidate filled in the ballot being inconsistent with the members' roster. If the candidate is not a member of the Company, the name or ID number of the candidate filled in the ballot is incorrect after comparing with the record.

Ballots with other written characters or symbols in addition to the account name, member account number (or ID number) of the candidate and the number of votes cast for the candidate;

The name of the candidate filled in the ballots being the same as that of another member and the respective candidates' member account numbers or ID numbers not being indicated to distinguish them.

Article 12 The ballots should be counted during the meeting right after the voting is finished and the chairperson of the members' meeting shall announce the Directors and Independent Directors elected on the spot.

Article 13 The Board shall issue notifications of the election result to the Directors and Independent Directors elected.

Article 14 After the procedures have been approved by the Board of Directors, they shall be submitted to the shareholders' meeting for approval.

Article 15 These Operational Procedures are duly enacted on July 11, 2012 Amended on March 24, 2015 as the 1<sup>st</sup> amendment.

Amended on March 22, 2017 as the 2<sup>nd</sup> amendment.

## **Annex 5**

# **Yummy Town (Cayman) Holdings Corporation and its subsidiaries Operational Procedures for Loaning Funds and Making Endorsements /Guarantees (Pre-amendment contents)**

### **Chapter One General Provisions**

Article 1 These Operational Procedures are duly enacted with reference to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the Financial Supervisory Commission, Executive Yuan.

Article 2 The Company and its subsidiaries may loan funds and render endorsements/guarantees exactly in accordance with these Operational Procedures, unless otherwise specified in finance related laws which shall prevail, if any.

The terms "subsidiary" and "parent company" as referred to in these Operational Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "net worth" in these Operational Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Chapter Two Lending of funds**

Article 3 Under Article 15 of the Company Act, the Company and its subsidiaries in Taiwan shall not loan funds to any of its shareholders or any other person except under the following circumstances:

- I. Where an inter-company or inter-firm business transaction calls for a loan arrangement.
- II. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lending enterprise's net worth.

The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year, one operating cycle.

The term "financing amount" as used in Subparagraph II, Paragraph I means the cumulative balance of the public company's short-term financing.

Funds loaned toward among subsidiaries not in Taiwan in 100% holding of voting power, or funds loaned by subsidiaries not in Taiwan in 100% holding of voting power by the Company toward the Company are free of the restrictions set forth under Subparagraph II, Paragraph I. Besides, pursuant to Articles 5 and 6, the funds shall be loaned per specified limits and pursuant to laws and ordinances concerned prevalent locally which shall prevail, if any.

Where the responsible person of a Company proves in contravention of provisions set forth under Paragraph I and the proviso, he or she shall team up with the loanee in re payment of the loan and to assume the responsibility to the Company for the impairment so incurred, if any.

Article 4 Where the Company and its subsidiaries intends to loan funds to other company(ies) or firm(s) in response to business transaction, the Company shall conduct prudential investigation over the credit standing of such company(ies) or firm(s) and check and make sure of whether the amount of the loan commensurate with the amount of business transactions.

Where the Company and its subsidiaries intends to grant loans in response to a need for short-term financing to others, the funds may be loaned only within those as enumerated below:

- I. By and among the Company and its subsidiaries holding shareholding up to 50% or more either directly or indirectly, and the companies where companies with shareholding up to 50% or more, falling in a need of financing

- II. Where such company(ies) or firm(s) is (are) in a need of short-term financing for purchase of raw materials or for working capital.

Article 5

The aggregate total loans to be granted by the Company and its subsidiaries to others and to be granted to individual loanees are as enumerated below:

- I. The aggregate total of the funds loaned by the Company and its subsidiaries shall be subject to maximum limit at 40% of the net worth of the loaning company. Among the total, where the Company and its subsidiaries loan funds in response to the need for short-term financing, the total subject to maximum limit at 20% of the net worth of the loaning company.
- II. Where the Company and its subsidiaries grants loan to others in response to business transactions, the maximum limit of the loan to be granted to an individual loanee shall not exceed the amount of purchases and amounts of sales with the loaning company in the past fiscal year, whichever is the higher.
- III. Where the Company and its subsidiaries grants loan to others in response to a need of short-term financing, the maximum limit of the loan to be granted to an individual loanee shall not exceed the amount at 10% of the loaning company's net worth.

Where the Company loans funds to subsidiaries not in Taiwan in holding of 100% voting power, such restriction does not apply. The fund loaned to individual loanee(s) shall, nevertheless, not exceed 50% of the Company's net worth and the aggregate total shall not exceed 80% of the Company's net worth.

Article 6

Duration of financing and method to accrue interest:

- I. Duration: Each loan shall be in a duration not beyond one year maximum starting from the date when the loan is granted, and the duration shall not be extended.
- II. Interest rate and method to accrue interest:  
The annual interest rate shall not be lower than the short-term loans averaged in the banks as shown through the financial statements of the most recent term, with interest to accrue and payable on a monthly basis.
- III. The funds loaned by the Company toward subsidiaries not in Taiwan in 100% holding of voting power are free of the restrictions mentioned in the two preceding Paragraphs, provided, that the period of each loan security guard the date of loaning shall not exceed three years in maximum and may not accrue interest.

Article 7

The procedures to review and handling of funds to be loaned:

Prior to granting a loans to another, the Company and its subsidiaries shall conduct prudential evaluation whether the loan case would satisfy the requirements set forth under these Operational Procedures and the following review and evaluation outcomes shall be submitted to the Board of Directors for a resolution before implementation. Where the Company has set up independent director, while the an issue of the funds to be loaned to others in accordance with these Operational Procedures is reported to the Board of Directors for discussion, the opinions of independent directors should be taken into adequate account. Where an independent director objects or voices reserved opinion, such objection or opinion should be expressly entered into the minutes of the Board of Directors. The subsidiary may go ahead in execution after the Board of Directors resolves the decision and shall report to the Audit Committee/Board of Directors. This same provision is applicable mutatis mutandis to an event of amendment.

- I. In case of funds loaned by and among the Company and subsidiaries in 100% holding of

voting powers and by and among the Company and companies in 100% holding of voting powers, the chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to grant loans in installments or to make a revolving credit line available for the counterparty to draw down.

- II. In case of financing granted to an associate not as the parent company, subsidiary and company not in 100% holding of voting power either directly or indirectly, such financing shall, other than handling in accordance with the preceding Paragraph, be collateralized with one among the creditor's rights as enumerated below:
  - (I) Secured commercial promissory note of the equivalent amount.
  - (II) Adequate guarantee to be obtained from a guarantor of sound financial standing. Where the guarantor is a company, the Company shall check and make sure whether its Articles of Incorporation or minutes of board of directors meeting permit guarantee.
  - (III) As necessary, the Company shall obtain collateral of equivalent value and complete pledge or mortgage procedures for the collateral as the attribute may justify..
- III. While loaning funds, the Company shall set up the memorandum book to enter in detail the target loanees, amounts, dates when resolved in the Board of Directors, date of loan granting and facts of prudential evaluation under Subparagraphs I, II of this Article.
- IV. In case of a significant loan case, the case shall be submitted to and approved by the Company's Audit Committee and be submitted to the Board of Directors of the Company and its subsidiaries for resolution.
- V. The Company's internal auditors shall audit these Operational Procedures for Loaning Funds to Others and the implementation thereof on a quarterly basis as the minimum and shall work out documented records. In case of a significant offense noticed, the internal auditors shall keep the Company's audit committee informed forthwith in writing.
- VI. In case of a change in situations where the loanee proves inconsistent with these Operational Procedures or in excess of maximum limit, the Company shall work out corrective action plan and such corrective action plan shall be submitted to the Audit Committee of the Company so that the corrective action shall be completed within the specified time limit.

Article 8 The subsequent follow-up control measures for the amounts having been loaned: Procedures to manage overdue creditor's rights

After a loan is appropriated, the finance and accounting department shall regularly watch the financial conditions, business performance and relevant credit standing of the loanee and the guarantor(s). If collateral has been provided, the Company shall closely watch a potential change in the collateral value. In case of a significant change, the facts shall be reported to the chairman forthwith and countermeasures shall be taken exactly as instructed.

A loanee shall pay back both principal and interest of the loan upon expiring date of the loan. In case of violation, the loaning company may dispose of or claim payback with the provided collateral or guarantor(s).

A loanee shall pay back both principal and interest of the loan upon expiring date of the loan. In case of violation, the Company may dispose of or claim payback with the provided collateral or guarantor(s).

### Chapter Three Endorsements/guarantees

Article 9 Scope of endorsements/guarantees:

The term "endorsements/guarantees" as used in these Operational Procedures refers to the following:

- I. Financing endorsements/guarantees, including:
  - (I) Bill discount financing.
  - (II) Endorsement or guarantee made to meet the financing needs of another company.
  - (III) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
- II. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company and its subsidiaries itself or another company with respect to customs duty matters
- III. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs
- IV. Any creation by the Company and its subsidiaries of a pledge or mortgage on its chattel or real estate as security for the loans of another company shall also comply with these Operational Procedures.

Article 10 The Company and its subsidiaries may make endorsements/guarantees for the following companies:

- I. A company with which the Company does business.
- II. The company in which the Company or its subsidiaries directly and indirectly holds more than 50% of the voting shares.
- III. The company that directly and indirectly holds more than 50% of the voting shares in the Company or its subsidiaries.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amounts of endorsements/guarantees may not exceed 10% of the net worth of the Company in endorsements/guarantees, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Where the Company and its subsidiaries fulfill its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs. The term "offer of an investment" mentioned in the preceding Paragraph denotes offer of investment by the Company through 100% voting power.

Article 11 The aggregate total, maximum limit, hierarchical authorization and such standards/criteria of external endorsements/guarantees to be rendered by the Company and its subsidiaries are as enumerated below:

- I. The aggregate total of accumulated external endorsements/guarantees by the Company shall not exceed 50% of the endorsements/guarantees company's net worth of the current term.



- II. The endorsements/guarantees to be rendered to a single enterprise by the Company shall not exceed 20% of the endorsements/guarantees company's net worth of the current term.
- III. The aggregate total of accumulated external endorsements/guarantees to be rendered by the Company and its subsidiaries shall not exceed 50% of the Company's net worth of the current term. The endorsements/guarantees to be rendered to a single enterprise by the Company and its subsidiaries shall not exceed 20% of the Company's net worth of the current term.
- IV. Among the Company and its subsidiaries where it holds 100% voting power either directly or indirectly and the companies where the Company holds 100% voting power either directly or indirectly, the amounts of endorsements/guarantees are free of restriction set forth under the three preceding Paragraphs. The maximum of endorsements/guarantees toward an individual target, nevertheless, shall not exceed 100% of the Company's net worth, and the aggregate total of endorsements/guarantees shall not exceed 300% of the Company's net worth.

A case of endorsements/guarantees to be rendered by the Company or its subsidiaries shall not be conducted until duly resolved in the Board of Directors. In in coordination with a need of timeframe, nevertheless, the Board of Directors may authorize the chairman to go ahead first within 10% of the Company's or its subsidiaries' net worth before reporting to the most recent board of directors meeting for retrospective acknowledgement. Before the Company grants endorsements/guarantees to its subsidiaries with more than 90% of the voting power, the Company shall report to the Company's Board of Directors for resolution beforehand. Where the Company renders endorsements/guarantees to companies where the Company holds 100% voting power either directly or indirectly, the endorsements/guarantees may be conducted through that subsidiary's executive director.

Where in response to a need of business operation, the Company falls under a need to grant endorsements/guarantees beyond the maximum limits set forth under these Operational Procedures, one half majority of the directors may jointly grant guarantee for the potential impairment while these Operational Procedures shall be duly amended to be acknowledged by the shareholders' meeting retrospectively. Where the shareholders' meeting disagrees, the part in excess shall be eliminated within the specified time limit. Where the Company has set up independent directors and where the Company renders endorsements/guarantees to others, the opinions of the independent directors shall be taken into adequate account. The objection or reserved opinions by an independent director, if any, shall be expressly entered into the minutes of the board of directors meeting.

Where the aggregate total of endorsements/guarantees rendered by the Company and its subsidiaries is up to over 50% of the Company's net worth, the Company shall explain the rationality and indispensability to the Company's shareholders' meeting.

The total amount of endorsements/guarantees rendered include the aggregate total of endorsements/guarantees rendered by the Company, the aggregate total of endorsements/guarantees rendered by both the Company and its subsidiaries and the amount of endorsements/guarantees rendered to a single enterprise..

Article 12 Before hands-on start of endorsements/guarantees, the Company and its subsidiaries shall conduct prudential evaluation whether they would be consistent with these Operational Procedures and shall further pursuant to the delegation of authority table of the Company and its subsidiaries, render endorsements/guarantees through the relevant department head(s) through hierarchical responsibility rule.

- I. Among the Company and subsidiaries where it holds 100% voting power either directly or indirectly and the companies where the Company holds 100% voting power either directly or indirectly, the endorsements/guarantees shall be duly conducted in accordance with the preceding Paragraph.
- II. For the endorsements/guarantees to be rendered by the Company toward subsidiaries not in 100% voting powers held either directly or indirectly, the Company shall obtain the letter of application, descriptions of the target of endorsements/guarantees, reasons, amounts, duration to be viewed by the Finance Department and departments in charge of management through prudential evaluation. The items of evaluation shall include:
  - (I)The indispensability and rationality in endorsements/guarantees/
  - (II)Credit investigation and risk evaluation of the targets of endorsements/guarantees.
  - (III)The potential impact upon the Company's operating risk, financial conditions and shareholders' equity.
  - (IV) Whether collateral should be obtained, and the value evaluated for the collateral.
- III. Where the target for endorsements/guarantees is a subsidiary with net worth lower than one-second of the paid-in capital, the Company shall expressly explain the adequate control measures.
- IV. For all issues linked up with endorsements/guarantees, the Company shall duly set up memorandum book where the targets of endorsements/guarantees, amounts, date of resolution by the Board of Directors, the date of implementation by the chairman, date of endorsements/guarantees and issues subject to prudential evaluation as mentioned in the preceding Paragraph shall be entered in detail.
- V. The Company's internal auditors shall audit these Operational Procedures and performance of endorsements/guarantees on a quarterly basis as minimum and shall work out written records and shall keep the Audit Committee informed of a significant default forthwith, if any.
- VI. In case of a change in situations where a target in endorsements/guarantees proves inconsistent with requirements or the endorsements/guarantees is found in excess of limit, the Company shall work out corrective action plan and submit it to the Audit Committee. The corrective action shall be completed as scheduled under the plan.
- VII. Where the Company renders endorsements/guarantees to a non-affiliated enterprise, the Company shall handle and review through these Operational Procedures and may go ahead after the case is approved by the Company's Audit Committee and Board of Directors.

#### **Chapter Four Public announcement and filing and disclosure of information**

Article 13 The term “public announcement and filing” as set forth herein denotes an act to declare the information regarding relevant information into the website of declaration designated by the competent authority.

Article 14 Public announcement and filing on loaning of funds

The Company shall, pursuant to, laws and ordinances concerned, launch public announcement and filing of the balances of the funds loaned by the Company and its subsidiaries not later than the 10<sup>th</sup> day of every month.

The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

- I. The aggregate balance of loans to others by the Company and its subsidiaries reaches 20% or more of the Company's net worth as stated in its latest financial statement.

- II. The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.
- III. The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the public company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph III of the preceding paragraph.

Article 15 The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.

The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

- I. Where the aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement.
- II. Where the balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the public company's net worth as stated in its latest financial statement.
- III. Where the Company and its subsidiaries render(s) endorsements/guarantees to a single enterprise with balance in excess of NT\$10 million, in investment in equity method with total of book amount and balance of fund loaned in excess of 30% of the Company's net worth as shown through the most recent financial statements.
- IV. Where the amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% of the public company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph IV of the preceding paragraph.

Article 16 Disclosure of information

Where the Company and its subsidiaries evaluates and recognizes a contingent loss in endorsements/guarantees, the Company shall conduct audit procedures as necessary and provide relevant information and data to the auditing Certified Public Accountant for audit procedures and shall disclose endorsements/guarantees related information through the financial statements. The Company and its subsidiaries shall duly evaluate the facts of funds loaned and appropriate adequate allowance for potential bad debts and shall duly disclose the relevant information and provide the supporting data to the certified public accountant(s) to implement the audit procedures as necessary.

**Chapter Five (This Chapter and Section are deleted)**

Article 17 (deleted)

Article 18 (deleted)

## **Chapter Six Supplementary provisions**

Article 19 Where the managerial officers and the personnel in charge of endorsements/guarantees prove in contravention of these Operational Procedures and, as a result, lead an impairment to the Company and its subsidiaries in a serious offense, the Company and its subsidiaries may impose penalty in accordance with the relevant disciplinary clauses and personnel rules or claim for indemnity.

Article 20 After the procedures have been approved by the Board of Directors, they shall be submitted to the shareholders' meeting for approval; the same applies when the procedures are amended. In the event that any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee. Where the position of independent directors has been created, when the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. An objection or a reserved opinion by an independent director, if any, shall be expressly entered into the minutes of the board of directors meeting.

Where an audit committee has been established and when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Article 21 These Operational Procedures are duly enacted on July 11, 2012  
Amended on March 31, 2013 as the 1<sup>st</sup> amendment  
Amended on May 14, 2014 as the 2<sup>nd</sup> amendment.  
Amended on November 8, 2018 as the 3<sup>rd</sup> amendment  
Amended on January 10, 2019 as the 4<sup>th</sup> amendment  
Amended on March 22, 2019 as the 5<sup>th</sup> amendment

## V. Holdings by Directors

As at the book close day of the Register of Members on 19 April 2021, the no. of shares and percentage held by all Directors are as follows:

Title	Name	Date of Being Elected	Shareholding when Elected			Current Shareholding			Noted
			Type	Shares	%	Type	Shares	%	
Chairman	Wu, Po-Chao	2018.06.15	Common stock	4,989,956	14.83%	Common stock	5,316,930	14.55%	
Director	Chen, Yu-Chen	2018.06.15	Common stock	0	0%	Common stock	18,902	0.05%	
Director	YUMMY TOWN INTERNATIONAL LTD (Representative: Yen, Hsien-Ming)	2018.06.15	Common stock	5,950,583	17.69%	Common stock	6,878,683	18.82%	
Director	Wu, Hua-zhao	2020.06.23	Common stock	582,980	1.67%	Common stock	460,659	1.26%	
Independent Director	Chen, Cheng-Chong	2018.06.15	Common stock	0	0%	Common stock	0	0%	
Independent Director	Hsu, Shih-Chun	2018.06.15	Common stock	0	0%	Common stock	0	0%	
Independent Director	Hsu, Yi-Fang	2018.06.15	Common stock	0	0%	Common stock	0	0%	
Total			Common stock	11,523,519		Common stock	12,675,174		

Total no. of shares in issue til 15 June, 2018 : 33,646,716 shares

Total no. of shares in issue til 23 June, 2019 : 34,908,543 shares

Total no. of shares in issue til 19 April, 2021 : 36,554,412 shares

Total no. of shares that must be held by all Directors under law: 3,600,000 shares ;

Total no. of shares in issue til as the book close day of the Register of Members on 19 April 2021: 12,675,174 shares

Total no. of shares that must be held by all Supervisor under law: N/A\*

\* As the Company has set up an Audit Committee, this is not applicable.

## VI. Miscellaneous

### Proposals from shareholders for this shareholders' meeting:

According to Article 172-1 of the Company Act, any shareholders holding 1% or more of the issued shares may submit proposals in writing for discussions in a shareholders' meeting. However, each shareholder may only submit one proposal and the length of the document should be no more than 300 Chinese characters.

We accepted proposals from shareholders from March 30, 2021 to April 09, 2021 for the 2021 shareholders' meeting.

We did not receive any written proposals for the 2021 shareholders' meeting.