

Stock Code : 9802



Fulgent Sun International (Holding) Co., Ltd.

2018 Annual Shareholders' Meeting

Meeting Agenda

Time: June 8, 2018 (Friday) at 9:00 am

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

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Fulgent Sun International (Holding) Co., Ltd.

2018 Annual Shareholders' Meeting Procedure

- I. Call the Meeting to Order
- II. Report Items
- III. Proposed Items
- IV. Discussion Items
- V. Other Business and Special Motions
- VI. Adjournment

Fulgent Sun International (Holding) Co., Ltd.

2018 Annual Shareholders' Meeting Agenda

Time: June 8, 2018 (Friday) at 9:00 am

Location: No.26, Kegong 2nd Rd., Douliu City, Yunlin County

(Yunlin Technology-based Industrial Park Service Center)

I. Chairman to announce the commencement of meeting.

II. Report Items

- (1) To report the business of 2017.
- (2) Audit Committee's review report of 2017.
- (3) To report 2017 employees' profit sharing bonus and directors' remuneration.
- (4) Amendments to the Company's "Ethical Corporate Management Best Practice Principles"
- (5) Amendments to the Company's "Rules of Procedure for Board of Directors Meetings"

III. Proposed Items

- (1) To accept 2017 Consolidated Financial Statements and Business Report.
- (2) To approve the proposal for distribution of 2017 earnings.

IV. Discussion Items

Discussion of amendments to the Company's "Articles of Incorporation"

V. Other Business and Special Motions

VI. Adjournment

Report Items

1. To report the business of 2017, please review.

Explanatory Notes: Please refer to Attachment 1 of this Manual for the business operation report of 2017 (Page7 to 8).

2. Audit Committee's review report of 2017, please review.

Explanatory Notes: Please refer to Attachment 2 of this Manual for the Audit Committee's review report of 2017 (Page 9).

3. To report 2017 employees' profit sharing bonus and directors' remuneration, please review.

Explanatory Notes: The Company had approved to distribute 5,000,000 NTD for employees and 5,000,000 NTD for directors as remuneration of 2017 by the Board of Directors on March 8, 2018, please refer to Appendix 4 of this Manual (Page107).

4. Amendments to the Company's "Ethical Corporate Management Best Practice Principles," please review.

Explanatory Notes: Comparison table for the Ethical Corporate Management Best Practice Principles before and after revision, please refer to Attachment 3 of this Manual (Page 10 to 33).

5. Amendments to the Company's "Rules of Procedure for Board of Directors Meetings," please review.

Explanatory Notes: Comparison table for the Rules of Procedure for Board of Directors Meetings before and after revision, please refer to Attachment 4 of this Manual (Page 34 to 41).

Proposed Items:

1. To accept 2017 Consolidated Financial Statements and Business Report
(Proposed by the Board of Directors).

Explanatory Notes: :

- (1) The 2017 Consolidated Financial Statements of the Company is examined and prepared by CPA HUNG, SHU-HUA and CPA WANG, YU-CHUAN of PwC Taiwan, and the Business Report is examined by the Audit committee, which the examination report from the Audit committee is presented.
- (2) Please refer to Attachment 1 (Page 7 to 8) and Attachment 5 (Page 42 to 52) of this Manual for the Business Operation Report, Auditor Examination Report and Consolidated Financial Statements of 2017.
- (3) The approval from the annual shareholders' meeting is asked.

Resolution :

2. To approve the proposal for distribution of 2017 earnings
(Proposed by the Board of Directors).

Explanatory Notes :

- (1) The 2017 net income of the Company is 803,113,765 NTD, the 10% legal reserve which is 80,311,377 NTD and special reserve 201,766,285 NTD are withdrawn as allowance, the distributable net income is 1,087,425,500 NTD, so it is planned to distribute 4.1 NTD per share as cash dividend. The additional remuneration for employees and directors are both 5,000,000 NTD, which would be distributed in cash.
- (2) The Board of Directors attempts to additionally set the cash dividend distribution date (Ex-Dividend Date) for the aforesaid distribution of cash dividend to distribute such dividend based on the amount of shares held by each shareholder who are listed on the Shareholders List on the

Ex-Dividend Date as well as informing all the shareholders.

(3) The Board of Directors attempts to conduct the distribution of remuneration for employees and directors based on legal regulations.

(4) Please refer to attachment 6 of this Manual (page 53) for Earnings Distribution Proposal of 2017.

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

Resolution :

Discussion Items:

Amend partial article of “Articles of Incorporation.”

(Proposed by the Board of Directors).

Explanatory Notes :

- (1) Due to business execution, it is proposed to revise the “Articles of Incorporation.”
- (2) Please refer to the Attachment 7 (Page 54 to 57) for the comparison table for the Articles of Incorporation before and after revision.
- (3) The approval from the annual shareholders’ meeting is asked.

Resolution :

Other Business and Special Motions

Adjournment

Fulgent Sun International (Holding) Co., Ltd.
Business Operation Report of 2017

I. Preface

With the expanding production line and improved productivity and management of each function, the performance of key accounts remained positive under the outdoor sports trend worldwide, resulting in the Group's revenue of NT\$10,388,151 thousand in 2017, a growth of 14.41% compared to 2016. From the perspectives of USD, the annual growth rate exceeded 20%. The sales of outdoor shoes accounted for 88%; the sales of sports shoes accounted for 10%, and the sales of others accounted for 2%. In terms of profits in 2017, the gross margin and the operating profit margin reached 19.8% and 10.9% respectively, both hitting a record high. Compared to 2016, the increase of 1.8% in gross margin and the decrease of 1.4% in expenses led to the two-digit annual operating profit margin of 10.9%; the operating profit in 2017 reached NT\$1.131 billion, hitting a record high and growing by 60% or more compared to NT\$698 million in 2016. The net income after tax reached NT\$796,003 thousand, showing a growth of 14.78% compared to 2016. In summary, the Group's production and sales scale stably, and the Group remained surplus in capital reserve and retained earnings, reflecting the Group's sound finances.

Looking to 2018, the Company remains optimistic about the overall visibility of orders. Optimized product portfolios and productivity of the new plant is expected to maximize related benefits of the Group. Major plants under the Group are GORE-TEX certified and SURROUND certified with a high degree of delivery, strict control of quality, and lean production. The Company's outstanding R&D team has constantly worked with international brands to develop new shoes, which consolidates the cooperation with customers. In views of recent fluctuations in global economy, the Company will continue to improve the productivity of the new plant and the control of operating costs, while pursuing the growth of revenue, so as to expand the Group's capacity.

II. Description of Performance of Operating Plans for 2017 and Results

1. Performance of Operating Plans for 2017 and Results

Unit: 1,000 NTD

Item/Year	Consolidated financial statements			
	2017	2016	Growth of amount	Percentage of growth
Operating revenue	10,388,151	9,079,845	1,308,306	14.41%
Operating cost	(8,333,008)	(7,446,525)	886,483	11.90%
Operating gross profit	2,055,143	1,633,320	421,823	25.83%
Operating expenses	(924,293)	(935,341)	(11,048)	-1.18%
Operating profit	1,130,850	697,979	432,871	62.02%
Non-operating income and expenses	(111,027)	202,036	(313,063)	-154.95%
Profit before income tax	1,019,823	900,015	119,808	13.31%
Income tax (expenses) benefit	(223,820)	(206,539)	(17,281)	-8.37%
Net profit of this period	796,003	693,476	102,527	14.78%

2. Performance of Operating Plans for 2017 and Budgets

The Company does not disclose its financial forecast publicly in 2017, so there is no application.

3. Analysis of Profitability and Financial Revenue and Expenditure

Unit: 1000 NTD

Item/Year		Consolidated financial statements		
		2017	2016	
Financial revenue and expenditure	Operating revenue	10,388,151	9,079,845	
	Operating gross profit	2,055,143	1,633,320	
	Net income	796,003	693,476	
Profitability	ROA(%)		8.75	7.90
	ROE (%)		13.33	12.36
	OIK (%)	Operating income(loss)	77.35	50.54
		Pre-tax pure (loss) benefits	69.76	65.17
	Net profit margin (%)		7.66	7.64
	EPS (NTD)		5.65	5.23

III. Conclusion

Since the Company went public in 2012, the Group's revenue has grown by 73.4%, and the net income after tax increased significantly by 177.0%. In terms of the operating results over the past three years, the Company has transformed itself from the pursuer of quantity in 2015 to the pursuer of quality in 2016, and further to the pursuer of both quality and quantity in 2017. Having achieved commitments and objectives in different stages, the Company's management firmly believes that although business performance is of top priority, corporate governance is the fundamental. Looking to 2018, the Company will continue to achieve outstanding results based on the spirit of ethics, intelligence, diligence, and sustainability. In addition to capacity expansion, the Company will continuously introduce automated production equipment, while improving the productivity of each plant and the management of each function. In the future, the Company will continue to fulfill its corporate social responsibility, increase information transparency, and optimize the operation of the Board of Directors as well as treat shareholders equally and safeguard the rights and interests of all stakeholders and shareholders, hoping to contribute substantial operating results to all shareholders.

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

Audit Committee's Review Report

The 2017 Financial Statements of the Company is examined and prepared by CPA HUNG, SHU-HUA and CPA WANG, YU-CHUAN of PwC Taiwan, and the Business Report is examined by the Audit Committee, which the examination report from the Audit committee is presented.

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

For

The 2018 Annual Shareholders' Meeting of Fulgent Sun

International (Holding) Co., Ltd.

Coordinator of the Audit Committee

CHANG, KUN-HSIEN

March 9, 2018

Fulgent Sun International (Holding) Co., Ltd.

Comparison Table for the Ethical Corporate Management Best Practice Principles Before and After Revision

Before Revision	After Revision	Description
<p>Article 1 Purpose and Scope</p> <p>To foster a corporate culture of ethical management, sound development, and good commercial practices, these Principles are established by the Company.</p> <p>These Principles are applicable to the Company's business groups and organizations, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company ("Business Group").</p>	<p>Article 1 Purpose and Scope</p> <p>To foster a corporate culture of ethical management, sound development, and good commercial practices, these Principles are established by the Company.</p> <p>These Principles are applicable to the Company's business groups and organizations, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company ("Business Group").</p> <p><u>The Company's personnel referred to in these Principles shall mean directors, supervisors, managers, and employees of the Company and the Business Group or persons having substantial control over the Company and the Business Group.</u></p>	<p>1. The definition of the Company's personnel is added to this article.</p>
<p>Article 2 Prohibition of Unethical Conduct</p> <p>When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having</p>	<p>Article 2 Prohibition of Unethical Conduct</p> <p><u>When performing duties, the Company's personnel shall not</u> directly or indirectly offer, promise to offer, request or accept any</p>	<p>1. Expressions are slightly revised according to the amendment to Article 1.</p>

Before Revision	After Revision	Description
<p>substantial control over the Company (“substantial controllers”) shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (“unethical conduct”) for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, managers, employees or substantial controllers or other stakeholders.</p>	<p>improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (“unethical conduct”) for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, managers, employees or substantial controllers or other stakeholders.</p>	
<p>Article 6 Prevention Programs</p> <p>To fulfill the ethical corporate management referred to in the preceding article, the Company has prescribed the specific ethical management practices and the programs to forestall unethical conduct.</p> <p>The practices and the programs referred to in the preceding paragraph comply with relevant laws and regulations of the territory where the Company and the Business Group are operating.</p> <p>In the course of developing the practices and the programs, the Company shall negotiate with the staff, labor unions members, important trading counterparties, or other stakeholders.</p>	<p>Article 6 <u>Dedicated Unit and Responsibility</u></p> <p>To achieve <u>sound</u> ethical corporate management, the Company shall <u>assign the Ethical Corporate Management Team to establish the ethical corporate management policies and prevention programs, and assign the auditing unit to supervise the implementation and report any major violations to the Board of Directors.</u></p> <p>(1) <u>Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and</u></p>	<ol style="list-style-type: none"> 1. Original Article 17 is amended and moved to Article 6. 2. The dedicated unit and its responsibility are redefined.

Before Revision	After Revision	Description
	<p><u>regulations.</u></p> <p>(2) <u>Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.</u></p> <p>(3) <u>Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</u></p> <p>(4) <u>Promoting and coordinating awareness and educational activities with respect to ethics policy.</u></p> <p>(5) <u>Developing a whistle-blowing system and ensuring its operating effectiveness.</u></p> <p>(6) <u>Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</u></p>	
Article 7 Scope of Prevention	Article 7 Circumstances Not	1. Subparagraphs in the original

Before Revision	After Revision	Description
<p data-bbox="343 280 470 313" style="text-align: center;">Programs</p> <p data-bbox="178 347 678 638">When establishing the prevention programs, the Company shall analyze which business activities within its business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.</p> <p data-bbox="178 672 662 828">The prevention programs adopted by the Company shall at least include preventive measures against the following:</p> <ol data-bbox="178 862 694 1971" style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services. 	<p data-bbox="718 280 1109 313" style="text-align: center;">Considered Improper Benefits</p> <p data-bbox="718 347 1189 929"><u>Except under one of the following circumstances, when directly or indirectly offering, promising to offer, or requesting money, endowments, services, preferential treatment, hospitality, entertainment and other benefits, the Company's personnel shall comply with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and these Principles, and the relevant procedures shall have been carried out:</u></p> <ol data-bbox="718 963 1189 2060" style="list-style-type: none"> (1) <u>The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.</u> (2) <u>The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.</u> (3) <u>Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit</u> 	<p data-bbox="1268 280 1460 548">article are moved to Articles 7, 9, 10, 11, 13, 14, 15, 16, and 17 respectively.</p> <p data-bbox="1220 593 1460 907">2. Circumstances not considered improper benefits are redefined in Article 7 after revision.</p>

Before Revision	After Revision	Description
	<p><u>have been specified in advance.</u></p> <p>(4) <u>Attendance at folk festivals that are open to and invite the attendance of the general public.</u></p> <p>(5) <u>Rewards, emergency assistance, condolence payments, or honorariums from the management.</u></p> <p>(6) <u>Money, property, or other benefits offered to or accepted from a person other than relatives or friends with a market value within the general norm or accepted social customs.</u></p> <p>(7) <u>Property with a market value within the general norm or accepted social customs received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.</u></p> <p>(8) <u>Other conduct that complies with the rules of the Company.</u></p>	
<p>Article 8 Commitment and Implementation</p> <p>The Company and the Business Group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors</p>	<p>Article 8 Procedures for Handling Improper Benefits</p> <p><u>Except under any of the circumstances set forth in the preceding article, when the Company's personnel are provided with or are promised, either directly</u></p>	<p>1. The original article is deleted.</p> <p>2. Original Subparagraphs 1 and 4,</p>

Before Revision	After Revision	Description
<p>and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p><u>or indirectly, money, endowments, services, preferential treatment, hospitality, entertainment and other benefits by a third party, the matter shall be handled in accordance with the following procedures:</u></p> <p>(1) <u>If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company’s personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the dedicated unit shall be notified if necessary.</u></p> <p>(2) <u>If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company’s personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the dedicated unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the dedicated unit for handling.</u></p> <p><u>“A relationship of interest between the party providing or offering the benefit and the official duties of the Company’s personnel,” as referred</u></p>	<p>Paragraph 1, Article 21 are moved to Article 8 after revision.</p> <p>3. The operating procedures and code of conduct are clearly prescribed according to the law.</p>

Before Revision	After Revision	Description
	<p><u>to in the preceding paragraph, refers to one of the following circumstances:</u></p> <p>(1) <u>When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.</u></p> <p>(2) <u>When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.</u></p> <p>(3) <u>Other circumstances in which a decision regarding the Company’s business, or the execution or non-execution of business, will result in a beneficial or adverse impact.</u></p> <p><u>The dedicated unit of the Company shall make a proposal, based on the nature and value of the benefit under Paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved.</u></p>	
<p>Article 9 Commercial Activities under Ethical Management</p> <p>The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.</p> <p>Prior to any commercial transactions,</p>	<p><u>Article 9 Procedures for Handling Facilitation Fees</u></p> <p><u>The Company shall neither provide nor promise any facilitating payment.</u></p> <p><u>If the Company’s personnel provide or promise a facilitating payment</u></p>	<p>1. The original article is moved to Article 19 after revision.</p> <p>2. Procedures for handling facilitation fees</p>

Before Revision	After Revision	Description
<p>the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.</p> <p>When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.</p>	<p><u>under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the dedicated unit.</u></p> <p><u>Upon receipt of the report under the preceding paragraph, the dedicated unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the dedicated unit shall also immediately report to the relevant judicial agency.</u></p>	<p>are added to Article 9 after revision.</p>
<p>Article 10 Prohibition of Bribing and Taking Bribes</p> <p>When conducting business, the Company and its directors, managers, employees, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form.</p>	<p>Article 10 Procedures for Handling Political Donations</p> <p><u>Political contributions by the Company shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the dedicated unit, and when the amount of a contribution is NT\$1 million or more, it shall be made only after being reported to and approved by the Board of Directors:</u></p> <p>(1) <u>It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum</u></p>	<ol style="list-style-type: none"> 1. The original article is incorporated into Article 7 after revision. 2. Original Subparagraph 2, Paragraph 2, Article 7, Article 11, and Subparagraph 2, Paragraph 1, Article 21 are moved to Article 10 after revision. 3. The operating procedures and code of conduct

Before Revision	After Revision	Description
	<p><u>amount and the form in which a contribution may be made.</u></p> <p>(2) <u>A written record of the decision-making process shall be kept.</u></p> <p>(3) <u>Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.</u></p> <p><u>In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.</u></p>	<p>are clearly prescribed according to the law.</p>

Before Revision	After Revision	Description
<p data-bbox="178 302 619 376">Article 11 Prohibition of Offering Political Donations</p> <p data-bbox="178 409 687 913">When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p>	<p data-bbox="715 302 1174 421">Article 11 Procedures for Handling Charitable Donations and Sponsorship</p> <p data-bbox="715 454 1198 913"><u>Charitable donations or sponsorships by the Company shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the dedicated unit. When the amount is NT\$300 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the Board of Directors:</u></p> <p data-bbox="724 947 1182 1216">(1) <u>It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Company is doing business.</u></p> <p data-bbox="724 1261 1182 1384">(2) <u>A written record of the decision making process shall be kept.</u></p> <p data-bbox="724 1429 1182 1597">(3) <u>A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.</u></p> <p data-bbox="724 1641 1182 1998">(4) <u>The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company</u></p>	<ol data-bbox="1220 302 1481 1433" style="list-style-type: none"> <li data-bbox="1220 302 1481 526">1. The original article is moved to Article 10 and slightly revised. <li data-bbox="1220 571 1481 1075">2. Original Subparagraph 3, Paragraph 2, Article 7, Article 12, and Subparagraph 3, Paragraph 1, Article 21 are moved to Article 11 after revision. <li data-bbox="1220 1120 1481 1433">3. The operating procedures and code of conduct are clearly prescribed according to the law.

Before Revision	After Revision	Description
	<p><u>has a relationship of interest.</u></p> <p><u>After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.</u></p>	
<p>Article 12 Prohibition of Offering Improper Donations and Sponsorship</p> <p>The Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p>	<p>Article 12 Recusal</p> <p><u>The directors of the Company shall uphold a high degree of self-discipline.</u> When a proposal at a given board of director meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, and if his or her participation is likely to prejudice the interest of the Company, the concerned person may express opinions and answer questions but shall not participate in discussion of or voting on the proposal; the concerned person shall also recuse himself or herself from the discussion or the voting, and shall not exercise voting rights as a proxy for another director. The</p>	<ol style="list-style-type: none"> 1. The original article is moved to Article 11 and slightly revised. 2. Original Article 19 is moved to Article 12 after revision. 3. Expressions are slightly revised.

Before Revision	After Revision	Description
	<p>directors shall practice self-discipline and must not support one another in improper dealings.</p> <p><u>If in the course of conducting business, the Company's personnel discover that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both their immediate supervisor and the dedicated unit, and the immediate supervisor shall provide the personnel with proper instructions.</u></p>	
<p>Article 13 Prohibition of Unreasonable Presents, Hospitality or Other Improper Benefits</p> <p>The Company and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.</p>	<p>Article 13 Confidentiality</p> <p><u>Each department of the Company shall pay attention to the procedures for managing, preserving, and maintaining the confidentiality of the Company's trade secrets.</u></p> <p><u>All personnel of the Company shall faithfully follow the operational directions pertaining to trade secrets, and shall not disclose to any other party any trade secrets of the Company of which they have learned, nor shall they inquire about or collect any trade secrets of the Company unrelated to their individual duties.</u></p>	<ol style="list-style-type: none"> 1. The original article is incorporated into Article 7 after revision. 2. Original Subparagraph 5, Paragraph 2, Article 7 and Subparagraph 5, Paragraph 1, Article 21 are moved to Article 13 after revision. 3. The scope is added according

Before Revision	After Revision	Description
		to the law.
<p data-bbox="178 371 544 450">Article 17 Organization and Responsibility</p> <p data-bbox="178 483 683 943">The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p data-bbox="178 976 667 1346">To achieve sound ethical corporate management, a dedicated unit under the Board of Directors is responsible for establishing the ethical corporate management policies and prevention programs, and the auditing unit is in charge of supervising the implementation and reporting to the Board of Directors on a regular basis.</p>	<p data-bbox="715 371 1134 450">Article 17 Prohibition of Insider Trading</p> <p data-bbox="715 483 1198 1025"><u>The Company's personnel shall adhere to the provisions of the Securities and Exchange Act, and shall not take advantage of undisclosed information of which they have learned to engage in insider trading. The Company's personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.</u></p> <p data-bbox="715 1059 1198 1771"><u>Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.</u></p>	<ol data-bbox="1220 371 1481 1077" style="list-style-type: none"> 1. The original article is moved to Article 6 and slightly revised. 2. Original Subparagraph 4, Paragraph 1, Article 21 is moved to Article e17 after revision. 3. The scope is added according to the law.
<p data-bbox="178 1964 475 1998">Article 18 Compliance</p> <p data-bbox="178 2031 587 2065">The Company and its directors,</p>	<p data-bbox="715 1964 1129 2031"><u>Article 18 Ethical Management Evaluation</u></p>	<ol data-bbox="1220 1964 1426 2042" style="list-style-type: none"> 1. The original article is

Before Revision	After Revision	Description
<p>managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.</p>	<p><u>When knowing that a party which which the Company has business dealings may be involved in unethical conduct that would affect the Company’s reputation and credit, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.</u></p> <p><u>When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:</u></p> <p>(1) <u>The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.</u></p> <p>(2) <u>Whether the enterprise has adopted an ethical management policy, and the status of its implementation.</u></p> <p>(3) <u>Whether enterprise's business operations are located in a country with a high risk of corruption.</u></p> <p>(4) <u>Whether the business operated by the enterprise is in an industry with a high risk of</u></p>	<p>incorporated into Article 4 after revision.</p> <p>2. Original Subparagraph 6, Paragraph 1, Article 21 is moved to Article 18 after revision.</p> <p>3. The scope is added according to the law.</p>

Before Revision	After Revision	Description
	<p><u>bribery.</u></p> <p>(5) <u>The long-term business condition and degree of goodwill of the enterprise.</u></p> <p>(6) <u>Consultation with the enterprise's business partners on their opinion of the enterprise.</u></p> <p>(7) <u>Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.</u></p>	
<p>Article 19 Recusal</p> <p>The Company has adopted policies for preventing conflicts of interest, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.</p> <p>When a proposal at a given board of director meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may express opinions and answer questions but</p>	<p>Article 19 Commercial Activities under Ethical Management</p> <p>The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.</p> <p>Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.</p> <p>When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company</p>	<ol style="list-style-type: none"> 1. The original article is moved to Article 12 after revision. 2. Original Article 9 and Subparagraph 6, Paragraph 1, Article 21 are moved to Article 19 after revision. 3. The scope is defined according to the law.

Before Revision	After Revision	Description
<p>shall not participate in discussion of or voting on the proposal; the concerned person shall also recuse himself or herself from the discussion or the voting, and shall not exercise voting rights as a proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The Company’s directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>may at any time terminate or rescind the contracts.</p>	
<p>Article 20 Accounting and Internal Control</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall periodically examine the Company’s compliance with the foregoing systems and prepare audit reports and submit the same to the Board of Directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if</p>	<p>Article 20 Stipulation of Terms of Ethical Management in Contracts</p> <p><u>Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:</u></p> <p>(1) <u>When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's</u></p>	<ol style="list-style-type: none"> 1. The original article is moved to Article 22 after revision. 2. Original Subparagraphs 6 and 7, Paragraph 1, Article 21 are moved to Article 20 after revision. 3. The operating procedures and code of conduct are clearly prescribed according to the law.

Before Revision	After Revision	Description
<p>necessary.</p>	<p><u>identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim damages from the other party, and may also deduct the full amount of the damages from the contract price payable.</u></p> <p>(2) <u>Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.</u></p> <p>(3) <u>Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.</u></p>	
<p>Article 21 Operating Procedures and Code of Conduct</p> <p>The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to</p>	<p>Article 21 Procedures for Handling Violations of These Principles</p> <p>(1) <u>When finding or receiving reports on the Company’s personnel involved in unethical</u></p>	<p>1. Each subparagraph in the paragraph of the original article is</p>

Before Revision	After Revision	Description
<p>guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines shall at least contain the following matters:</p> <ol style="list-style-type: none"> 1. Standards for determining whether improper benefits have been offered or accepted. 2. Procedures for offering legitimate political donations. 3. Procedures and the standard rates for offering charitable donations or sponsorship. 4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled. 5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business. 6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct. 7. Handling procedures for violations of these Principles. 8. Disciplinary measures on offenders. 	<p><u>conduct, the Company shall immediately verify the facts. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</u></p> <p>(2) <u>With respect to a confirmed case, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</u></p> <p>(3) <u>The dedicated unit of the Company shall submit to the Board of Directors a report on the reported cases, actions taken, and subsequent reviews and corrective measures.</u></p> <p>(4) <u>If the Company's personnel discover that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to</u></p>	<p>respectively moved to Articles 8 through 21 after revision.</p> <p>2. Original Subparagraphs 7 and 8, Paragraph 1, Article 21 are moved to Article 21 after revision.</p> <p>3. The operating procedures and code of conduct are clearly prescribed according to the law.</p>

Before Revision	After Revision	Description
	<p><u>the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.</u></p>	
<p>Article 22 Training and Evaluation</p> <p>The chairperson, president, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.</p> <p>The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite its commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.</p> <p>The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p>	<p>Article 22 Accounting and Internal Control</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the Board of Directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	<ol style="list-style-type: none"> 1. The original article is moved to Article 23 after revision. 2. Original Article 20 is moved to Article 22 after revision. 3. The article number is changed.
<p>Article 23 Whistle-blowing System</p> <p>The Company has set up a whistle-blowing system and holds the identity of whistle-blowers and the</p>	<p>Article 23 Training</p> <p>The chairperson, president, or senior management of the Company shall communicate the importance of</p>	<ol style="list-style-type: none"> 1. The original article is moved to Article 24 and slightly

Before Revision	After Revision	Description
<p>content of reported cases confidential.</p> <p>When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or Audit Committee in written form.</p>	<p>corporate ethics to its directors, employees, and mandataries on a regular basis.</p> <p>The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite its commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.</p>	<p>revised.</p> <p>2. Original Article 22 is moved to Article 23 after revision.</p> <p>3. The article number is changed.</p>
<p>Article 24 Disciplinary and Appeal System</p> <p>The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the Company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.</p>	<p>Article 24 Whistle-blowing System</p> <p><u>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Company will grant a reward depending on the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</u></p> <p><u>The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for the Company's insiders and outsiders to submit reports. The Company shall hold the identity of whistle-blowers and the content of reported cases confidential.</u></p>	<p>1. The original article is moved to Article 25 and slightly revised.</p> <p>2. Original Article 23 is moved to Article 24 after revision.</p> <p>3. The article number is changed.</p>

Before Revision	After Revision	Description
	<p><u>A whistleblower shall at least furnish the following information:</u></p> <p>(1) <u>The whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached.</u></p> <p>(2) <u>The informed party's name or other information sufficient to distinguish its identifying features.</u></p> <p>(3) <u>If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</u></p> <p>(4) <u>Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the reported case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the</u></p>	

Before Revision	After Revision	Description
	<p><u>litigation.</u></p> <p>(5) <u>With respect to a confirmed case, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</u></p> <p>(6) <u>The dedicated unit of the Company shall submit to the Board of Directors a report on the reported cases, actions taken, and subsequent reviews and corrective measures on a regular basis or from time to time.</u></p>	
<p>Article 25 Information Disclosure</p> <p>The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. The Company shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its websites, annual reports, and prospectuses, and shall disclose these Principles on the Market Observation Post System.</p>	<p>Article 25 Disciplinary and Appeal System</p> <p>The Company has incorporated ethical corporate management into its employee performance appraisal system and has established a specific disciplinary and appeal system.</p> <p>The Company shall dismiss or lay off the Company’s personnel violating ethical corporate management seriously according to relevant laws and regulations and internal personnel regulations.</p>	<ol style="list-style-type: none"> 1. The original article is moved to Article 26 and slightly revised. 2. Original Article 24 is moved to Article 25 after revision. 3. The article number is changed.
<p>Article 26 Review and Improvement of Ethical Corporate Management Policies and Measures</p> <p>The Company shall at all times</p>	<p>Article 26 Information Disclosure</p> <p>The Company shall disclose the measures taken for implementing ethical corporate management and</p>	<ol style="list-style-type: none"> 1. The original article is moved to Article 27 after revision.

Before Revision	After Revision	Description
<p>monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.</p>	<p>the status of implementation on its websites, annual reports, and prospectuses, and shall disclose these Principles on the Market Observation Post System.</p>	<ol style="list-style-type: none"> 2. Original Article 25 is moved to Article 26 after revision. 3. The article number is changed.
<p>Article 27 Implementation</p> <p>These Principles shall be implemented after the Board of Directors grants the approval, and shall be sent to the Audit Committee and reported at a shareholders' meeting. The same procedure shall be followed when these Principles have been amended.</p>	<p>Article 27 Review and Improvement of Ethical Corporate Management Policies and Measures</p> <p>The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.</p>	<ol style="list-style-type: none"> 1. The original article is moved to Article 28 after revision. 2. Original Article 26 is moved to Article 27 after revision. 3. The article number is changed.
<p>Article 28 Revision History</p> <p>Establishment: Adopted in the Board meeting on March 15, 2012 and in the shareholders' meeting on April 15, 2012.</p> <p>2nd amendment: Adopted in the Board meeting on December 22, 2014 and in the shareholders' meeting on June 23, 2015.</p>	<p>Article 28 Implementation</p> <p>These Principles shall be implemented after the Board of Directors grants the approval, and shall be sent to the Audit Committee and reported at a shareholders' meeting. The same procedure shall be followed when these Principles have been amended.</p>	<ol style="list-style-type: none"> 1. The original article is moved to Article 29 after revision. 2. Original Article 27 is moved to Article 28 after revision. 3. The article number is

Before Revision	After Revision	Description
		changed.
None	<p>Article 29 Revision History</p> <p>Establishment: Adopted in the Board meeting on March 15, 2012 and in the shareholders' meeting on April 15, 2012.</p> <p>2nd amendment: Adopted in the Board meeting on December 22, 2014 and in the shareholders' meeting on June 23, 2015.</p>	1. The article number is changed.

Fulgent Sun International (Holding) Co., Ltd.
 Comparison Table for the Rules of Procedure for Board of Directors Meetings
 Before and After Revision

Before Revision	After Revision	Description
1. Purpose	Article 1	Purpose is incorporated into Article 1 before revision.
2. Definition	None	This article is deleted.
4. Dedicated Unit	Article 4	Dedicated Unit is incorporated into Article 4 before revision.
5. Risks	None	This article is deleted.
6. Control Points	None	This article is deleted.
7. Operating Procedures: 7.1	Articles 2 and 4	The article number is changed.
7.2	Article 4	The article number is changed.
7.3	Article 6	The article number is changed.
7.4	Article 3	The article number is changed.
7.5	Article 2	The article number is changed.
7.6	Articles 7 and 8 Article 8 Non-voting Participants Without the prior resolution of the Board of Directors, individual directors shall not bring attorneys, CPAs or other third parties to attend a Board meeting as non-voting participants.	1. The article number is changed. 2. Provisions pertaining to non-voting participants are added to Article 8.
7.7	Article 13	The article number is changed.
7.8	Article 5	The article number is changed.
7.9	Article 9	The article number is changed.
7.10	Articles 4 and 6	The article number is changed.
7.11	Article 8	7.11 and 7.6 are incorporated into Article 8.
7.12	Article 10	The article number is

Before Revision	After Revision	Description
		changed.
7.13	Article 10	The article number is changed.
7.14	Article 11	The article number is changed.
7.15	Article 12	The article number is changed.
7.16	Article 16	The article number is changed.
7.17	Article 17	The article number is changed.
None	<p data-bbox="608 707 1046 775">Article 14 Cancellation of Board Meetings</p> <p data-bbox="608 808 1046 1570">If a Board meeting is canceled due to special circumstances after the notice of convening the Board meeting has been given to each director, the convener shall notify each director in writing at least 3 days prior to the originally scheduled date of the Board meeting. If the Board meeting is canceled due to emergencies without a notice sent to each director within the aforesaid time limit, the convener shall notify each director by phone or otherwise at least 3 hours before the originally scheduled date of the Board meeting and confirm the receipt.</p>	This article is newly added.
None	<p data-bbox="608 1570 1046 1637">Article 15 Authorization of the Board</p> <p data-bbox="608 1659 1046 2024">In addition to matters to be discussed in a Board meeting as specified in Article 4, the Board of Directors shall authorize the Chairperson to exercise the authority of the Board of Directors during the recess according to the law or the</p>	This article is newly added.

Before Revision	After Revision	Description
	<p>Company’s articles of incorporation. The authorized matters are as follows:</p> <ol style="list-style-type: none"> 1. Decide on the capital increase, base date of new share issuance, and ex-dividend date. 2. Decide on the conditions of issuance under the employee stock option and base date of new share issuance. 	
<p>Article 4</p> <p>Agenda items for regular board meetings of the Company shall be determined by the Board of Directors or its authorized unit. The financial unit is responsible for meeting agendas, meetings, and other matters and shall report to the Board of Directors. The notice of a Board meeting shall be effected in writing or by electronic transmission. The notice shall specify the date and location of the Board meeting with the agenda and related data attached, and shall be given to each director 7 days before the Board meeting is convened; in emergency circumstances, however, a board meeting may be called on shorter notice. 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</p>	<p>Article 4</p> <p>Agenda items for regular board meetings of the Company shall be determined by the Board of Directors or its authorized unit. The financial unit is responsible for meeting agendas, meetings, and other matters and shall report to the Board of Directors. The notice of a Board meeting shall be effected in writing or by electronic transmission. The notice shall specify the date and location of the Board meeting with the agenda and related data attached, and shall be given to each director 7 days before the Board meeting is convened; in emergency circumstances, however, a board meeting may be called on shorter notice. 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. None of the following matters may be raised by an</p>	<ol style="list-style-type: none"> 1. Paragraph 1 of this article is revised in accordance with Paragraph 1, Article 7 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies. 2. Considering “assessment of the effectiveness of the internal control system” prescribed in Article 14-5 of the Securities and Exchange Act pertaining to the authority of the Audit Committee is a major issue that shall be proposed for discussion in a Board meeting, it is added to Subparagraph 3, Paragraph 1 of this article.

Before Revision	After Revision	Description
<p>of such proposal may be postponed by a resolution of the Board of Directors. None of the following matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason:</p> <ol style="list-style-type: none"> 1. Corporate business plan. 2. Annual and semi-annual financial reports. 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act. 4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, 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, and endorsements or guarantees for others. 5. Adoption of acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others. 	<p>extraordinary motion except in the case of an emergency or for other legitimate reason:</p> <ol style="list-style-type: none"> 1. Corporate business plan. 2. Annual and semi-annual financial reports. 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, <u>and an assessment of the effectiveness of the internal control system.</u> 4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, 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, and endorsements or guarantees for others. 5. Adoption of acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others. 6. Offering, issuance, or private placement of equity-type securities. 	

Before Revision	After Revision	Description
<p>6. Offering, issuance, or private placement of equity-type securities.</p> <p>7. Appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>8. Matters involving the interests of the directors themselves.</p> <p>9. Appointment, discharge or remuneration of a CPA.</p> <p>10. 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 director meeting for retroactive recognition. The term “related party” referred to in 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”</p>	<p>7. Appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>8. Matters involving the interests of the directors themselves.</p> <p>9. Appointment, discharge or remuneration of a CPA.</p> <p>10. 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 director meeting for retroactive recognition. The term “related party” referred to in 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 NT\$100 million or more, or at an amount equal to or greater than 1 percent of net</p>	

Before Revision	After Revision	Description
<p>means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 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.</p> <p>The term “within a 1-year period” referred to 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.</p> <p>11. Any matter that, under the law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or</p>	<p>operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The term “within a 1-year period” referred to 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.</p> <p>11. Any matter that, under the 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.</p>	

Before Revision	After Revision	Description
<p>Board meeting, or any material matter as may be prescribed by the competent authority.</p>		
<p>Article 6</p> <p>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 with a proxy form issued, stating the scope of authorization with respect to the reasons for convening the meeting; the aforesaid proxy may be the appointed proxy of only one person. Attendance by videoconference will be deemed attendance in person. With respect to a matter that, under Article 4, must be approved by resolution at a Board meeting, <u>independent directors</u> of the Company shall attend the meeting in person or appoint another independent director to attend the meeting as a proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the minutes of the Board meeting; 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</p>	<p>Article 6</p> <p>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 with a proxy form issued, stating the scope of authorization with respect to the reasons for convening the meeting; the aforesaid proxy may be the appointed proxy of only one person. Attendance by videoconference will be deemed attendance in person. <u>At least one independent director shall attend a Board meeting in person</u>; with respect to a matter that, under Article 4, must be approved by resolution at a Board meeting, <u>all independent directors</u> of the Company shall attend the meeting in person or appoint another independent director to attend the meeting as a proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the minutes of the Board meeting; 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</p>	<ol style="list-style-type: none"> 1. Paragraph 2 of this article is revised in accordance with Paragraph 5, Article 7 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies. 2. Paragraph 2 is revised to clarify the authority of independent directors and to strengthen their participation in the operation of the Board of Directors; it stipulates that at least one independent director shall attend a Board meeting in person; with respect to a matter that, under Paragraph 1, Article 4, must be approved by resolution at a Board meeting, all independent directors shall attend the meeting in person or appoint another independent director to attend the meeting as a proxy. 3. Paragraph 2 stipulates the violation rather than the effect. Violations of Paragraph 2 are subject to administrative punishments

Before Revision	After Revision	Description
<p>legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the minutes of the Board meeting.</p>	<p>director shall issue a written opinion in advance, which shall be recorded in the minutes of the Board meeting.</p>	<p>prescribed in Subparagraph 7, Paragraph 1, Article 178 of the Securities and Exchange Act; if the attendance at a Board meeting reaches the statutory threshold, the absence of independent directors shall be irrelevant to the effectiveness of the Board meeting.</p>

Report of Independent Accountants Translated From Chinese

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

Auditors' Comments

We have audited the consolidated balance sheets of Fulgent Sun International (Holding) Co., Ltd. and subsidiaries (the Fulgent Sun Group) as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fulgent Sun Group as of December 31, 2017 and 2016, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), and the International Accounting Standards (IAS) as well as the International Financial Reporting Interpretations (IFRIC) and the Standard Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China with the effective dates.

Basis of Auditors' Comments

We have performed the auditing work in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the ROC. Our responsibility as specified in the said regulations and standards shall be described in the section "Responsibility of certified public accountants when auditing consolidated financial statements". Our auditors are subject to the regulations of independence and have acted according to the ROC CPA Code of Professional Ethics to remain neutral while fulfilling other duties set forth in the said Code. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of the auditor's opinion.

Key Audit Matters

"Key audit matters" refer to those we consider the most important according to our professional judgments when auditing the consolidated financial statements of Fulgent Sun Group for 2017. These items have been covered in the verification process of the overall consolidated financial statements and the audit opinions; hence, the CPA shall not express separate opinions on these items.

Key audit matters of the consolidated financial statements of Fulgent Sun Group for 2017 are as follows:

Time of Sales Revenue Recognition

Matter Description

For the accounting policy regarding sales revenue, refer to Note 4 (29) to the consolidated financial statements. For the year ended December 31, 2017, the operating revenue of the Fulgent Sun Group is NT\$10,388,151 thousand.

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

As Fulgent Sun Group recognizes sales revenue on the date of delivery of the export goods, the process of recognition involves manual controls, which may result in the incorrect period of recognition of sales revenue. Therefore, we have included the time of sales revenue recognition in the most important matters to be audited for the year.

Corresponding Audit Procedures

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

1. We reviewed the procedures for sales transactions and internal controls to evaluate whether the management controlled the time of sales revenue recognition effectively.
2. We evaluated whether sales revenue was recognized in the correct period. After verification, sales revenue before/after a certain period of time as of the balance sheet date was recognized in the correct period, and changes in inventories and costs of sales had been recorded in the proper period.
3. For the accounts receivable at the end of the year, we conducted the substantive tests of the balance, including external confirmations and subsequent collection and confirmed that accounts receivable and sales revenue were recorded in the correct period in line with the time of revenue recognition.

Evaluation of the Allowance for Inventory Valuation Losses

Matter Description

For the accounting policy regarding inventory valuation, refer to Note 4 (13) to the consolidated financial statements. For the uncertainties of accounting estimates and assumptions regarding inventory valuation, refer to Note 5 (2). For the description of allowance for inventory valuation losses, refer to Note 6 (4). For the year ended December 31, 2017, the inventory balance of Fulgent Sun Group is NT\$1,599,000 thousand and the allowance for inventory valuation losses is NT\$82,850 thousand.

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

Corresponding Audit Procedures

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

1. We reviewed the operation and industry of Fulgent Sun Group to evaluate whether the recognition of the allowance for inventory valuation losses was reasonable.
2. We reviewed the procedures for warehousing and the annual inventory check plan and supervised the annual inventory check of Fulgent Sun Group to evaluate whether the management differentiated and controlled outdated inventories effectively.
3. We obtained the comparison of the cost of inventories and the net realizable value made by the management, spot checked individual items of inventory with related purchase/sales documents and records, and reviewed the correctness of the reports to evaluate the basis and correctness of the net realizable value.
4. We verified the correctness of the inventory aging report used for valuation and evaluated the reasonableness of the allowance for inventory valuation losses to ensure consistence between the report and the policy.

Responsibilities of the Management and the Governing Bodies for the Financial Statements

The responsibility of the management is to prepare the consolidated financial statements that fairly present the financial position of Fulgent Sun Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), and the International Accounting Standards (IAS) as well as the International Financial Reporting Interpretations (IFRIC) and the Standard Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China, and also to maintain necessary internal controls with regard to the preparation of the consolidated financial statements so as to ensure that such financial statements do not contain any false contents as a result of fraudulence or mistakes.

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

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

Responsibilities of the CPAs in Auditing the Consolidated Financial Statements

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

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

1. Identifying and evaluating likely risks from significant false contents in the consolidated financial statements as a result of fraudulence of errors, designing and executing proper counter measures against the risks identified, and also establishing sufficient and appropriate audit evidence to serve as the basis of the auditors' comments. As fraudulence can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect significant false contents resulting from fraudulence is higher than the risk of failing to identify those coming from errors.
2. Obtaining necessary knowledge of internal controls that are closely related to auditing work and designing the appropriate audit procedures without the intention to express any opinion about the validity of the internal controls of Fulgent Sun Group.
3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly.
4. Based on the audit evidence obtained, concluding whether there is any material uncertainty of the appropriateness for the management to adopt the going-concern basis and the events or circumstances that may lead to significant doubts about the capacity of the Fulgent Sun Group as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusion was established according to the audit evidence obtained before the deadline of the independent auditors' report. However, future events or circumstances may cause Fulgent Sun Group to no longer have the capacity to function as a going concern.
5. Evaluating the overall expression, structure and contents of the consolidated financial statements (including related notes) and whether the consolidated financial statements could appropriately express related transactions and events.
6. Obtaining sufficient and appropriate audit evidence with regard to the finances of the individual entities in Fulgent Sun Group to establish our opinion about the consolidated financial statements. We are responsible for the guidance, supervision and implementation of Fulgent Sun Group's audit, and for forming the auditors' comments on Fulgent Sun Group.

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

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

Based on the result of our discussion with the governing bodies, we decided on the matters to be regarded as key audit matters when auditing the consolidated financial statements for 2017. We have clearly described the said matters in the independent auditors' report except for certain matters which public disclosure is prohibited by law or certain matters which we decided not to mention under some extremely rare circumstances because disclosure of such matters can be reasonably expected to lead to negative effects that would be greater than the public good they might benefit.

PwC Taiwan

Hung, Shu-Hua

Certified Public Accountants

Wang, Yu-Chuan

March 9, 2018

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
As of December 31, 2017 and 2016

Unit: NT\$'000

Asset	Notes	2017/12/31		2016/12/31		
		Amount	%	Amount	%	
Current Assets						
1100	Cash and cash equivalents	6 (1)	\$ 1,068,037	12	\$ 1,030,502	11
1110	Financial assets at fair value through profit or loss – current	6 (2)	1,284	-	420	-
1150	Net notes receivable		9	-	-	-
1170	Net accounts receivable	6 (3)	1,874,185	20	1,388,856	15
1200	Other receivables		120,445	1	108,649	1
130X	Inventories	6 (4)	1,516,150	16	1,671,256	19
1410	Prepayments		74,364	1	87,545	1
1470	Other current assets		19,200	-	39,512	1
11XX	Total current assets		4,673,674	50	4,326,740	48
Non-current Assets						
1523	Available-for-sale financial assets – non-current	6 (5)	2,908	-	2,181	-
1600	Property, plant and equipment	6 (6) and 8	4,319,269	46	4,279,201	47
1780	Intangible assets		18,581	-	25,094	-
1840	Deferred income tax assets	6 (23)	61,223	1	76,477	1
1900	Other non-current assets	6 (7) and 8	341,626	3	350,659	4
15XX	Total Non-Current Assets		4,743,607	50	4,733,612	52
1XXX	Total assets		\$ 9,417,281	100	\$ 9,060,352	100

(To be continued)

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
As of December 31, 2017 and 2016

Unit: NT\$'000

Liability and Shareholder's Equity	Notes	2017/12/31		2016/12/31		
		Amount	%	Amount	%	
Current Liabilities						
2100	Short-term loans	6 (8)	\$ 871,857	9	\$ 712,458	8
2120	Financial liabilities at fair value through profit or loss – current	6 (2)	-	-	1,412	-
2150	Notes payable		4,642	-	-	-
2170	Accounts payable		901,815	10	752,898	8
2200	Other payables	6 (9)	665,571	7	644,614	7
2230	Current income tax liabilities	6 (23)	114,564	1	131,856	2
2300	Other current liabilities	6 (10)(11)(12)	276,961	3	123,553	1
21XX	Total current liabilities		<u>2,835,410</u>	<u>30</u>	<u>2,366,791</u>	<u>26</u>
Non-current Liabilities						
2530	Corporate bonds payable	6 (10)	-	-	678,175	7
2540	Long-term loans	6 (11)	90,000	1	69,500	1
2570	Deferred income tax liabilities	6 (23)	16,336	-	4,414	-
2600	Other non-current liabilities	6 (12)	231,902	3	237,813	3
25XX	Total non-current liabilities		<u>338,238</u>	<u>4</u>	<u>989,902</u>	<u>11</u>
2XXX	Total Liabilities		<u>3,173,648</u>	<u>34</u>	<u>3,356,693</u>	<u>37</u>
Equity Attributable to Owners of Parent Company						
Share Capital						
3110	Capital of common stock	6 (15)	1,461,973	15	1,380,954	15
Capital Surplus						
3200	Capital surplus	6 (16)	3,336,445	35	2,990,516	33
Retained Earnings						
3310	Legal surplus reserve	6 (17)	266,544	3	196,318	2
3320	Special surplus reserve		244,368	3	210,604	3
3350	Undistributed earnings		1,369,501	15	1,134,403	13
Other Equity						
3400	Other equity	6 (18)	(446,134)	(5)	(245,099)	(3)
3500	Treasury Stock	6 (15)	(32,824)	-	-	-
31XX	Equity attributable to owners of parent company		<u>6,199,873</u>	<u>66</u>	<u>5,667,696</u>	<u>63</u>
36XX	Non-controlling Interests	6 (25)	43,760	-	35,963	-
3XXX	Total equity		<u>6,243,633</u>	<u>66</u>	<u>5,703,659</u>	<u>63</u>
Commitments and Contingent Liabilities Subsequent Events						
3X2X	Total liabilities and equity	9	<u>\$ 9,417,281</u>	<u>100</u>	<u>\$ 9,060,352</u>	<u>100</u>

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

Chairman: Lin, Wen-Chih

President: Liao, Fang-Chu

Accounting Manager: Fan, Chen-Hsiang

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
As of December 31, 2017 and 2016

Unit: NT\$'000
(exception: earnings per share are in NT\$)

Item	Notes	2017		2016	
		Amount	%	Amount	%
4000 Operating Revenue		\$ 10,388,151	100	\$ 9,079,845	100
5000 Operating Cost	6 (4)	(8,333,008)	(80)	(7,446,525)	(82)
5950 Net Gross Profit		2,055,143	20	1,633,320	18
Operating Expenses	6 (22)				
6100 Marketing		(197,443)	(2)	(151,377)	(2)
6200 General and administrative		(608,354)	(6)	(691,464)	(7)
6300 Research and development		(118,496)	(1)	(92,500)	(1)
6000 Total operational expenses		(924,293)	(9)	(935,341)	(10)
6900 Operating Income		1,130,850	11	697,979	8
Non-Operating Income and Expenses					
7010 Other income	6 (19)	69,252	1	89,336	1
7020 Other gains and losses	6 (20)	(164,858)	(2)	130,817	1
7050 Finance costs	6 (21)	(15,421)	-	(18,117)	-
7000 Total non-operating income and expenses		(111,027)	(1)	202,036	2
7900 Net Income before Tax		1,019,823	10	900,015	10
7950 Income tax expense	6 (23)	(223,820)	(2)	(206,539)	(2)
8200 Net income		\$ 796,003	8	\$ 693,476	8
Other comprehensive income (net)					
Items that may be reclassified to profit or loss					
8361 Exchange differences on translation of foreign financial statements		(\$ 203,912)	(2)	(\$ 503,345)	(6)
8362 Unrealized gain or loss on valuation of available-for-sale financial assets	6(5)	727	-	(305)	-
8300 Other Comprehensive Income, Net		(\$ 203,185)	(2)	(\$ 503,650)	(6)
8500 Total Comprehensive Income		\$ 592,818	6	\$ 189,826	2
Net Income Attributable to:					
8610 Owners of parent company		\$ 803,113	8	\$ 702,262	8
8620 Non-controlling interests		(\$ 7,110)	-	(\$ 8,786)	-
Total Comprehensive Income Attributable to:					
8710 Owners of parent company		\$ 601,347	6	\$ 200,455	2
8720 Non-controlling interests		(\$ 8,529)	-	(\$ 10,629)	-
Basic Earnings per Share	6(24)				
9750 Total basic earnings per share		\$	5.65	\$	5.23
Diluted earnings per share					
9850 Total Diluted earnings per share		\$	5.51	\$	4.82

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

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
As of December 31, 2017 and 2016

Unit: NTS'000

Equity Attributable to Owners of Parent Company													
Notes	Retained Earnings					Other Equity					Total	Non-controlling Interests	Total Equity
	Capital of Common Stock	Capital Surplus	Legal Surplus Reserve	Special Surplus Reserve	Undistributed Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gain or Loss on Valuation of Available-for-sale Financial Assets	Unearned Employee Compensation	Treasury Stocks				
2016													
	\$	\$	\$	\$	\$	\$	\$	(\$	\$	\$	\$	\$	
Balance, January 1, 2016	1,326,983	2,792,288	184,778	210,604	709,336	257,439	-	(5,217)	-	5,476,211	38,533	5,514,744	
Distribution of earnings													
Allocation to legal surplus reserve	-	-	11,540	-	(11,540)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(265,655)	-	-	-	-	(265,655)	-	(265,655)	
Net income	-	-	-	-	702,262	-	-	-	-	702,262	(8,786)	693,476	
Other comprehensive income	-	-	-	-	-	(501,502)	(305)	-	-	(501,807)	(1,843)	(503,650)	
Cash capital increase	40,000	130,979	-	-	-	-	-	-	-	170,979	-	170,979	
Employee compensation	-	11,334	-	-	-	-	-	-	-	11,334	-	11,334	
Restricted employee shares compensation	-	(477)	-	-	-	-	-	4,486	-	4,009	-	4,009	
Cancellation of restricted employee shares compensation	(179)	179	-	-	-	-	-	-	-	-	-	-	
Common stock converted from convertible corporate bonds	14,150	31,226	-	-	-	-	-	-	-	45,376	-	45,376	
Composition of equity recognized due to convertible corporate bond issuance	-	24,987	-	-	-	-	-	-	-	24,987	-	24,987	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	8,059	8,059	
Balance, December 31, 2016	<u>1,380,954</u>	<u>2,990,516</u>	<u>196,318</u>	<u>210,604</u>	<u>1,134,403</u>	<u>(244,063)</u>	<u>(305)</u>	<u>(731)</u>	<u>-</u>	<u>5,667,696</u>	<u>35,963</u>	<u>5,703,659</u>	
2017													
Balance, January 1, 2017	\$ 1,380,954	\$ 2,990,516	\$ 196,318	\$ 210,604	\$ 1,134,403	(\$ 244,063)	(\$ 305)	(\$ 731)	\$ -	\$ 5,667,696	\$ 35,963	\$ 5,703,659	
Distribution of earnings													
Allocation to legal surplus reserve	-	-	70,226	-	(70,226)	-	-	-	-	-	-	-	
Special Surplus Reserve	-	-	-	33,764	(33,764)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(456,829)	-	-	-	-	(456,829)	-	(456,829)	
Net income	-	-	-	-	803,113	-	-	-	-	803,113	(7,110)	796,003	
Other comprehensive income	-	-	-	-	-	(202,493)	727	-	-	(201,766)	(1,419)	(203,185)	
Restricted employee shares compensation	-	(110)	-	-	-	-	-	731	-	621	-	621	
Cancellation of restricted employee shares compensation	(42)	42	-	-	-	-	-	-	-	-	-	-	
Common stock converted from convertible corporate bond	81,061	355,127	-	-	-	-	-	-	-	436,188	-	436,188	
Redemption of treasury stocks	-	-	-	-	-	-	-	-	(32,824)	(32,824)	-	(32,824)	
Recognition of changes in percentage of ownership in subsidiaries	-	(9,130)	-	-	(7,196)	-	-	-	-	(16,326)	16,326	-	
Balance, December 31, 2017	<u>1,461,973</u>	<u>3,336,445</u>	<u>266,544</u>	<u>244,368</u>	<u>1,369,501</u>	<u>(446,556)</u>	<u>422</u>	<u>-</u>	<u>(32,824)</u>	<u>6,199,873</u>	<u>43,760</u>	<u>6,243,633</u>	

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

Chairman: Lin, Wen-Chih

President: Liao, Fang-Chu

Accounting Manager: Fan, Chen-Hsiang

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows
As of December 31, 2017 and 2016

Unit: NT\$'000

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
<u>Cash Flow from Operating Activities</u>			
Net income before tax		\$ 1,019,823	\$ 900,015
Adjustments			
Adjustments to reconcile profit (loss)			
Net financial assets (liabilities) at fair value through profit or loss	6 (20)	(2,572)	3,235
Recognition of reversal of allowances	6 (3)	(448)	201
Depreciation expense	6 (6) (22)	465,878	485,120
Amortization expense	6 (22)	27,299	30,713
Doubtful accounts appropriation (reversal)	6 (3)	2,125	(158)
Rent expense reclassified from long-term prepayment of rent	6 (7)	6,285	6,783
Loss (gain) on disposal of property, plant and equipment	6 (20)	955	(1,661)
Loss on disposal of intangible assets		-	113
Interest income	6 (19)	(8,135)	(6,436)
Interest expense	6 (21)	15,421	18,117
Share-based payment remuneration cost	6 (14)	621	15,343
Changes in assets and liabilities related to operating activities			
Net change in assets related to operating activities			
Financial assets (liabilities) at fair value through profit or loss		(594)	(4,598)
Notes receivable		(9)	-
Accounts receivable		(586,044)	(294,563)
Other receivables (including other receivables from subsidiaries)		(9,875)	8,596
Inventories		76,845	46,746
Prepayments		4,883	(33,672)
Other current assets		(3,234)	5,929
Net change in liabilities related to operating activities			
Notes payable		4,642	-
Accounts payable		178,009	40,895
Other payables		11,741	154,208
Other current liabilities		(29,021)	(275)
Other non-current liabilities		(3,236)	(3,277)
Cash inflow generated from operations		<u>1,171,359</u>	<u>1,371,374</u>
Interest income received		8,432	7,438
Interest paid		(9,058)	(12,695)
Income tax paid		(212,819)	(132,831)
Net cash flows generated from operating activities		<u>957,914</u>	<u>1,233,286</u>

(To be continued)

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows
As of December 31, 2017 and 2016

Unit: NTS'000

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
<u>Cash Flows from Investment Activities</u>			
Decrease (increase) in other financial assets		\$ 24,064	(\$ 25,414)
Acquisition of property, plant and equipment	6 (27)	(703,594)	(586,885)
Disposal of property, plant and equipment		14,025	18,866
Acquisition of intangible assets		(303)	(1,764)
Increase in other non-current assets		(27,935)	(13,879)
Decrease (increase) in refundable deposits		(58)	3,561
Net cash flows used in investing activities		<u>(693,801)</u>	<u>(605,515)</u>
<u>Cash Flows from Financing Activities</u>			
Increase (decrease) in short-term loans		213,274	(654,923)
Decrease in under financial lease obligation		-	(117,024)
Issuance of convertible corporate bonds payable		-	700,000
Repayment of convertible corporate bonds payable		-	(100)
Proceeds from long-term loans		129,044	297,988
Repayments of Long-term loans		(159,468)	(246,074)
Cash dividends paid	6 (17)	(456,829)	(265,655)
Cash capital increase	6 (15)(16)	-	170,979
Changes in non-controlling interests:		-	8,059
Cost of redemption of treasury stocks	6 (15)	(32,824)	-
Net cash flows used in financing activities		<u>(306,803)</u>	<u>(106,750)</u>
Exchange differences		80,225	(239,573)
Increase in cash and cash equivalents for the year		37,535	281,448
Cash and cash equivalents at beginning of year		1,030,502	749,054
Cash and cash equivalents at end of year		<u>\$ 1,068,037</u>	<u>\$ 1,030,502</u>

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

Chairman: Lin, Wen-Chih

President: Liao, Fang-Chu

Accounting Manager: Fan, Chen-Hsiang

Fulgent Sun International (Holding) Co., Ltd.
Earnings Distribution Proposal of 2017

Unit: 1000 NTD

Item	Amount	
Undistributed earnings at the beginning of the period	573,585,400	
Increase: Net income of 2017	803,113,765	
Decrease: Retained earnings adjustments of 2017	(7,196,003)	
Subtotal	1,369,503,162	
Decrease: 10% of the legal reserve as the allowance	(80,311,377)	
Allowance for special reserve	(201,766,285)	
Distributable earnings		1,087,425,500
Distributed items :		
Shareholders' dividends- cash (Note 1)	599,553,857	
Total distributed amount		599,553,857
Undistributed earnings at the end of the period		487,871,643
Note :		
Remuneration for employees: 5,000,000 NTD		
Remuneration for directors: 5,000,000NTD		

Note 1 : The cash dividend for each share of the shareholders is 4.1NTD, it is asked for approval from the shareholders' meeting to authorize the Board of Directors to tackle the situations in which there is any occurring of transferring of convertible bonds or other legal regulations that may affect the amount of shares circulated outside the Company and cause the change of distribution yield for the shareholders.

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

Article Number	Current Provisions	Proposed Amendment	Description
1.1		<u>"Listed Company"</u> <u>means the public company whose shares are listed on TSE for trading.</u>	1. The definition is added to this article. 2. The definition is added for clarification in response to the addition of Article 12.4.1 to the Articles of Incorporation.
		<u>"OTC Company"</u> <u>means the public company whose shares are listed on TPEX for trading.</u>	1. The definition is added to this article. 2. The definition is added for clarification in response to the addition of Article 12.4.1 to the Articles of Incorporation.
		<u>"TPEX"</u> <u>means the Taipei Exchange.</u>	1. The definition is added to this article. 2. The definition is added for clarification in response to the addition of Article 12.4.1 to the Articles of Incorporation.
12.4.1		<u>12.4.1</u> <u>Subject to the Statute, the resolution of the general meeting shall be</u>	1. This article is newly added. 2. This article is

Article Number	Current Provisions	Proposed Amendment	Description
		<p><u>adopted by two-thirds or more of the votes of the shareholders who represent the total number of issued shares of the Company:</u></p> <p>(a) <u>If the Company participates in the merger/consolidation and is dissolved thereafter while the surviving company is not a listed or OTC company;</u></p> <p>(b) <u>If the trading of shares on TSE market is terminated because the Company carries on the general transfer so that the transferee company is not a listed or OTC company anymore;</u></p> <p>(c) <u>If the trading of shares on TSE market is terminated because the Company is acquired by any other surviving or newly incorporated company as a 100% held subsidiary company by means of share exchange while the surviving or newly incorporated company is not a listed or OTC company; or</u></p> <p>(d) <u>If the company carries on a division and the trading of the shares then traded on TSE market shall be terminated while the surviving or newly incorporated transferee company after the division is not a listed or OTC company.</u></p>	<p>established in accordance with the amendment on Page 17 of the Checklist for Protecting Shareholders of Foreign Issuers, the provisions in Articles 18, 27, 28, 29, and 35 of the Business Mergers and Acquisitions Act, and TWSE's Announcement Tai-Cheng-Shang-Er-Zi No. 1061703251.</p>
31.1	31 Within seven days after the receipt of the copy of a tender offer	<u>31.1</u> Within seven days after the receipt of the copy of a tender offer	1. Original Article 31 is moved to Article 31.1.

Article Number	Current Provisions	Proposed Amendment	Description
	<p>application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Public Company Rules, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:</p> <p>(a) The types and number of the Shares held by the Directors and the Members holding more than 10% of the outstanding Shares in their own names or in the names of other persons.</p> <p>(b) Recommendations to the Members on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefore.</p> <p>(c) Whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any.</p> <p>(d) The types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the outstanding Shares</p>	<p>application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Public Company Rules, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:</p> <p>(a) The types and number of the Shares held by the Directors and the Members holding more than 10% of the outstanding Shares in their own names or in the names of other persons.</p> <p>(b) Recommendations to the Members on the tender offer <u>with respect to the status of verification of the identity and financial condition of the Offeror, fairness of the tender offer conditions, and reasonableness of the sources of the tender offer funds and</u>which shall set forth the names of the Directors who abstain or object to the tender offer <u>the specific assenting and dissenting opinions of the directors</u> and the reason(s) therefore.</p> <p>(c) Whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an</p>	<p>2. This article is revised in accordance with Paragraph 1, Article 14 of the Regulations Governing Public Tender Offers for Securities of Public Companies amended on November 18, 2016.</p>

Article Number	Current Provisions	Proposed Amendment	Description
	held in their own names or in the name of other persons.	<p>explanation of the change, if any.</p> <p>(d) The types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the outstanding Shares held in their own names or in the name of other persons.</p>	
31.2		<p><u>31.2</u> <u>The Board must fully disclose the verification measures adopted and the related procedures with respect to the verification conducted under Article 31.1(b) and if an expert is engaged to issue a written opinion, it shall be made public along with the disclosure.</u></p>	<p>1. This article is newly added.</p> <p>2. This article is revised in accordance with Paragraph 3, Article 14 of the Regulations Governing Public Tender Offers for Securities of Public Companies amended on November 18, 2016.</p>

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

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

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

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

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

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

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

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

impact on the operation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

meeting, shall be reserved until the end of the proceedings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 16 The staff member of the shareholders' meeting shall wear a certificate or armband.

The chairman has commanded the captain or security officer to assist in maintaining the order of the venue. When the captain or the security officer is present to assist in maintaining the order, an armband titled "SECURITY" or identification should be worn.

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

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

announce the time for the further meeting agenda.

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

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

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

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

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

(adopted by a special resolution passed on June 23, 2015)

1. The name of the Company is **Fulgent Sun International (Holding) Co., Ltd.**
2. The registered office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place as the Board may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (as amended) or as the same may be revised from time to time, or any other law of the Cayman Islands.
4. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
5. The share capital of the Company is New Taiwan Dollars 2,000,000,000 divided into 200,000,000 shares of a par value of New Taiwan Dollars 10.00 each.
6. The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
7. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

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

AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF
FULGENT SUN INTERNATIONAL (HOLDING) CO., LTD.
(adopted by a special resolution passed on June 23, 2015)

1 Interpretation

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

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

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

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

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

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

	capital payment for Shares redeemed or purchased and cancelled is less than their nominal amount, the amount of such difference, subject to section 37(5)(f) of the Statute; subject to any reduction in accordance with section 37(5)(e) of the Statute and other provisions of the Statute.
"Capital Reserve"	means the premium paid on the issuance of any Share and income from endowments received by the Company.
"Cayman Merger"	means the merger or consolidation as defined in the Statute.
"Chairman"	means the Director elected amongst all the Directors as the chairman of the Board.
"Company"	means the above named company.
"Compensation Committee"	means the compensation committee to be established by the Board, which shall comprise of professional individuals and have the functions prescribed by the Applicable Public Company Rules.
"Directors"	means the directors for the time being of the Company and shall include any and all Independent Director(s).
"Dividend"	means any dividend (whether interim or final) resolved to be paid on Shares pursuant to the Articles.
"Electronic Record"	has the same meaning as in the Electronic Transactions Law.
"Electronic Transactions Law"	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands.
"FSC"	means the Financial Supervisory Commission of the ROC.
"Independent Directors"	means the Directors who are elected as "Independent Directors" for the purpose of the Applicable Public Company Rules.
"Member"	has the same meaning as in the Statute.
"Memorandum"	means the memorandum of association of the Company.
"Market Observation Post System"	means the public company reporting system maintained by the TSE.
"Ordinary Resolution"	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
"Register of Members"	means the register of members maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.

"Registered Office"	means the registered office for the time being of the Company.
"ROC"	means Taiwan, the Republic of China.
"Seal"	means the common seal of the Company and includes every duplicate seal.
"Share" and "Shares"	means a share or shares in the Company.
"Special Resolution"	has the same meaning as in the Statute.
"Statute"	means the Companies Law (as amended) 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, (i) the entity, more than one half of whose total number of the outstanding voting shares or the total amount of the capital stock are directly or indirectly held by such company; (ii) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (iii) the entity, one half or more of whose executive shareholders or board directors are concurrently acting as the executive shareholders or board directors of such company; and (iv) the entity, one half or more of whose total number of outstanding voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company.
"Supermajority Resolution"	means a resolution passed by a majority vote of the Members at a general meeting attended by Members who represent two-thirds or more of the total outstanding Shares or, if the total number of Shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding Shares, but more than one half of the total outstanding Shares, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting.
"TDCC"	means the Taiwan Depository & Clearing Corporation.
"Treasury Shares"	means a Share held in the name of the Company as a treasury share in accordance with the Statute.
"TSE"	means the Taiwan Stock Exchange.

1.2 In these Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing the masculine gender include the feminine gender;
- (c) words importing persons include corporations;

- (d) "written" and "in writing" include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- (e) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
- (f) any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (g) headings are inserted for reference only and shall be ignored in construing these Articles; and
- (h) Section 8 of the Electronic Transactions Law shall not apply.

2 Commencement of Business

- 2.1 The business of the Company may be commenced as soon after incorporation of the Company as the Board shall see fit.
- 2.2 The Board may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

3 Issue of Shares

- 3.1 Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and these Articles, and without prejudice to any rights attached to any existing Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute and the Articles) vary such rights; provided that no Share shall be issued at a discount except in accordance with the Statute.
- 3.2 The issue of new Shares shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and shall at all times be subject to the sufficiency of the authorized share capital of the Company.
- 3.3 Where the Company increases its issued share capital by issuing new Shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new Shares to be issued, for public offering in the ROC, unless it is deemed as either unnecessary or inappropriate by the FSC or TSE for the Company to conduct the aforementioned public offering. Any percentage higher than the aforementioned 10% as resolved by a general meeting for public offering in the ROC shall prevail.

The Company may also reserve up to 15% of the total amount of such newly issued Shares for subscription by the employees of the Company and its Subsidiaries.

- 3.4 Unless otherwise resolved by the Members at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion in Article 3.3) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe his/her/its pro rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to subscribe such newly-issued Shares. In the event that the number of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued Share, Shares held by several Members may be calculated together for joint subscription of newly-issued Shares or for subscription of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such Shares into the public offering tranche or offer any un-subscribed new Shares to a specific person or persons according to the Applicable Public Company Rules.
- 3.5 The Company may issue new Shares with restricted rights ("Restricted Shares") solely to employees of the Company and its Subsidiaries by Supermajority Resolution provided that Article 3.3 and Article 3.4 hereof shall not apply. For so long as the Shares are listed on the TSE, the terms of issue of Restricted Shares, including but not limited to the number, issue price, issue conditions and other related matters, shall comply with the Applicable Public Company Rules.
- 3.6 The pre-emptive right of Members under Article 3.4 shall not apply in the event that new Shares are issued:
- (a) in connection with a merger, spin-off, or pursuant to any reorganization of the Company;
 - (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those issued under in Article 3.8 and Article 3.10 hereof;
 - (c) in connection with the issue of Restricted Shares in accordance with Article 3.5 hereof;

- (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to subscribe for Shares;
 - (e) in connection with meeting the Company's obligations under preferred shares vested with rights to subscribe for Shares; or
 - (f) in connection with private placement of the securities issued by the Company.
- 3.7 The Company shall not issue any unpaid Shares or partly paid-up shares.
- 3.8 Notwithstanding Article 3.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries.
- 3.9 Options, warrants or other similar instruments issued in accordance with Article 3.8 above are not transferable save by inheritance.
- 3.10 The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 3.8 above, whereby employees may subscribe, within a specific period, a specific number of the Shares. The terms and conditions of such agreements shall be no less restrictive on relevant employee than the terms specified in the applicable incentive programme.
- 3.11 The Company shall not issue Shares to bearer.
- 3.12 The Company may issue Shares with rights which are preferential to those of ordinary Shares issued by the Company ("**Preferred Shares**") with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of Directors and with the approval of a Special Resolution. Prior to the issuance of any Preferred Shares approved pursuant to this Article, the Articles shall be amended to set forth the rights and obligations of the Preferred Shares, including but not limited to the following terms and provided that such rights and obligations of the Preferred Shares shall not contradict the mandatory provisions of the Applicable Public Company Rules regarding the rights and obligations of such Preferred Shares, and the same shall apply to any variation of rights of Preferred Shares:
- (a) order, fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
 - (b) order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
 - (c) order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of the holders of Preferred Shares;
 - (d) the method by which the Company is authorized or compelled to redeem

the Preferred Shares, or a statement that redemption rights shall not apply;
and

- (e) other matters concerning rights and obligations incidental to Preferred Shares.

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

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

4 Register of Members

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

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

4.3 For so long as any Shares are listed on the TSE, title to such listed Shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the TSE that are or shall be applicable to such listed Shares and the

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

5 Closing Register of Members or Fixing Record Date

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

6 Certificates for Shares

- 6.1 Subject to the provisions of the Statute, the Company shall issue shares without printing share certificates for the Shares issued. So long as the Shares are listed on the TSE, notwithstanding anything contained in these Articles and subject always to the law of the Cayman Islands, the details regarding such issue of shares shall be recorded by TDCC in accordance with the Applicable Public Company Rules, and the Company shall recognize as a Member each person identified as a holder of a Share in the records provided by the TDCC to the Company and such records shall form part of the Register of Members. A Member shall only be entitled to a share certificate if the Board resolves that share certificates shall be issued. Share

certificates representing Shares, if any, shall be in such form as the Board may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Board. The Board may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and subject to these Articles no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.

6.2 The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

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

6.4 Every share certificate sent in accordance with the Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.

1.2 6.5 In the event that the Board resolves share certificate shall be issued, the Company shall deliver the share certificates to the subscribers within thirty days from the date such Shares may be issued pursuant to the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificate pursuant to the Applicable Public Company Rules.

7 Transfer of Shares

7.1 Subject to Article 3.1, Shares are transferable.

7.2 The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Board so requires, signed by or on behalf of the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

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

8 Redemption and Repurchase of Shares

8.1 Subject to the provisions of the Statute, the Company may issue Shares that are to be

redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner as the Company may, by Special Resolution, determine before the issue of the Shares.

- 8.2 Subject to the provisions of the Statute, these Articles and the Applicable Public Company Rules, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own Shares (including any redeemable Shares) provided that the Members shall have approved the manner of purchase by Ordinary Resolution or the manner of purchase shall be in accordance with Article 8.4 hereof.
- 8.3 In the event that the Company proposes to purchase any Share listed on the TSE pursuant to the preceding Article, the approval of the Board and the implementation thereof should be reported to the Members at the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase its Shares listed on the TSE for any reason.
- 8.4 For so long as the Shares are listed on the TSE, the Company is authorised to purchase any Share listed on the TSE in accordance with the following manner of purchase:
- (a) the total price of the Shares purchased by the Company shall not exceed the sum of retained earnings minus earnings distribution resolved by the Board or the general meeting, plus the following realized capital reserve:
 - (i) the premium received from the disposal of assets that has not been booked as retained earnings;
 - (ii) the premium received from the issuance of any Share and income from endowments received by the Company;
 - (b) the maximum number of Shares purchased by the Company shall not exceed ten percent of the total number of issued and outstanding Shares of the Company; and
 - (c) the purchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in its sole discretion provided however that:
 - (i) such purchase transactions shall be in accordance with the Applicable Public Company Rules; and
 - (ii) such purchase transactions shall be in accordance with the Statute.
- 8.5 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.
- 8.6 Subject to the Statute and Applicable Public Company Rules, the Company may by Ordinary Resolution redeem or purchase its own Shares by reducing and making payment out of its share capital. Any such redemption or purchase and the payment out of share capital must be made to all Members pro rata based on the percentage of shareholdings of the Members, unless otherwise provided for in the Statute or the

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

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

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

8.9 Subject to the provisions of the Statute, these Articles and the Applicable Public Company Rules, the Board may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as the Board think proper (including, without limitation, for nil consideration).

8.10 After the Company purchases the Shares listed on the TSE, any proposal to transfer Treasury Shares to any employee of the Company and its Subsidiaries by the Company at a price below the average repurchase price paid by the Company shall be approved by a resolution passed by two-thirds or more of the Members present at the general meeting who represent a majority of the total outstanding Shares at the most recent general meeting. The handbook of the general meeting shall specify the following matters, which may not be made by an ad hoc motion:

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

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

9 Variation of Rights of Shares

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

10 Non Recognition of Trusts

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

11 Transmission of Shares

- 11.1 If a Member dies the survivor or survivors where he was a joint holder or his legal personal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his Shares. The estate of a deceased Member is not thereby released from any liability in respect of any Share, which had been jointly held by him.
- 11.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may,

upon such evidence being produced as may from time to time be required by the Board, elect, by a notice in writing sent by him, either to become the holder of such Share or to have some person nominated by him become the holder of such Share but the Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution, as the case may be.

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

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

- 12.1 The Company may by Ordinary Resolution:
- (a) increase the share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
 - (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
 - (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination; and
 - (d) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorized share capital by the amount of the Shares so cancelled.
- 12.2 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to transfer, transmission and otherwise as the Shares in the original share capital.

- 12.3 Subject to the provisions of the Statute and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:
- (a) change its name;
 - (b) alter or add to these Articles;
 - (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
 - (d) reduce its share capital and any Capital Redemption Reserve.
- 12.4 Subject to the Statute and Article 12.5, the Company may from time to time by Supermajority Resolution:
- (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;
 - (b) effect any merger (other than a Cayman Merger), share swap or spin-off of the Company;
 - (c) enter into, amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for frequent joint operation with others;
 - (d) transfer its business or assets, in whole or in any essential part; or
 - (e) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.
- 12.5 Subject to the Statute, with regard to the dissolution procedure of the Company, the Company shall pass:
- (a) an Ordinary Resolution, in the event that the Company resolves that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
 - (b) a Special Resolution, in the event that the Company resolves that it be wound up voluntarily for reasons other than set out in Article 12.5(a) above.
- 12.6 Subject to the Statute, the Company may, with the approval of Members at a general meeting who represent two-thirds or more of the total number of Shares entitled to vote thereat, issue equity-linked securities, including options, warrants and convertible bonds to the following qualified specific persons by way of private placement in the ROC, in accordance with Applicable Public Company Rules:
- (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other legal entities or institutions approved by the competent securities authority in the ROC;
 - (b) natural person, legal entities or funds meeting the qualifications set forth by the competent securities authority in the ROC; and
 - (c) directors, supervisors or managers of the Company or its Subsidiaries;
- provided that the total number of the qualified subscribers under paragraphs (b) and

(c) shall not exceed 35 persons provided further that the Company shall provide its financial, business or other information in connection with the private placement upon the reasonable request made by the qualified persons under paragraph (b) before the completion of such private placement.

12.7 The resolution to approve the issue of equity-linked securities through a private placement in accordance with Article 12.6 shall not be proposed as an ad hoc motion, and the notice of the general meeting where such a resolution is proposed shall contain the following information:

(a) the basis and the reasonableness of the pricing of the equity-linked securities to be issued;

(b) the manner of selection of qualified specific persons. If such specific persons have been selected by the Company, the Company shall also specify the relationships between such specific persons and the Company; and

(c) the necessity and the reasons for the proposed private placement.

12.8 The equity-linked securities to be issued through private placement by the Company in accordance with the Articles and the Applicable Public Company Rules may be offered in different tranches within one year of the date of the general meeting approving such private placement.

13 Offices and Places of Business

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

14 General Meetings

14.1 The Company shall hold a general meeting as its annual general meeting within six months following the end of each financial year.

14.2 The Company shall hold an annual general meeting every year.

14.3 For so long as the Shares are listed on the TSE, unless otherwise provided by the Statute, the general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall seek approval from the TSE within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration matters of such general meeting (including but not limited to the handling of the voting of proxies submitted by any Members).

14.4 The Board may call general meetings, and they shall on a Member's requisition forthwith proceed to convene an extraordinary general meeting of the Company.

- 14.5 A Member's requisition set forth in Article 14.4 is a requisition of Member(s) of the Company holding at the date of deposit of requisition not less than 3% of the total number of the outstanding Shares which as at that date have been held by such Member(s) for at least one year.
- 14.6 The Member's requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 14.7 If the Board does not within fifteen days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the TSE for its prior approval.
- 14.8 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 14.9 An extraordinary general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board.

15 Notice of General Meetings

- 15.1 At least thirty days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat. The notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at such meeting.
- 15.2 At least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat. The notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at such meeting.
- 15.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly but, unless so fixed, as regards the entitlement to receive notice of a meeting or notice of any other matter, the record date shall be the date of despatch of the notice and, as regards the entitlement to vote at a meeting, and any adjournment thereof, the record date shall be the date of the original meeting.
- 15.4 A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in the Articles, be deemed to have been properly called if it is so agreed by all the Members entitled to attend an annual general meeting or an extraordinary general meeting (as the case may be).

- 15.5 The accidental omission to give notice of a general meeting to, or the non receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.
- 15.6 For so long as the Shares are listed on the TSE, the Company shall, at least thirty days prior to an annual general meeting or fifteen days prior to an extraordinary general meeting, make a public announcement publishing the notice of the general meeting, the proxy instrument, agendas and materials relating to matters for approval, matters for discussion, and election or discharge of Directors to be discussed in the general meeting via the Market Observation Post System. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document used for the exercise of voting power together with the above mentioned materials. The Board shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in accordance with Applicable Public Company Rules twenty-one days prior to the annual general meetings or, in the case of extraordinary general meetings, fifteen days prior to such meeting.
- 15.7 The following matters shall be stated in the notice of a general meeting, with a summary of the material content to be discussed, and shall not be proposed as an ad hoc motion.
- (a) election or discharge of Directors;
 - (b) alteration of the Articles;
 - (c) (i) dissolution, merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation;
 - (d) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business;
 - (e) distribution of the whole or part of the surplus profit of the Company in the form of new Shares, capitalization of statutory reserve, Capital Reserve and any other amount in accordance with Article 35, and
 - (f) private placement of any equity-type securities issued by the Company.
- 15.8 The Board shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the office of the Company's registrar (if applicable) and the Company's

stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.

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

16 Proceedings at General Meetings

- 16.1 No resolution shall be made at any general meeting unless a quorum is present. Unless otherwise provided for in the Articles, Members present in person or by proxy, representing more than one-half of the total outstanding Shares, shall constitute a quorum for any general meeting.
- 16.2 The Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members as required by the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies or make a public announcement of the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or allocation of losses, to each Member.
- 16.3 Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll. No resolution put to the vote shall be decided by a show of hands.
- 16.4 Nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court of first instance for adjudicating any disputes arising out of

the foregoing. Any Member(s) holding three percent (3%) or more of the total number of the issued Shares of the Company for one (1) consecutive year or longer may request in writing any Independent Director of the Audit Committee to initiate proceedings against any Director or Directors on behalf of the Company with a competent court having proper jurisdiction, including the Taiwan Taipei District Court, ROC. If Independent Directors of the Audit Committee fail to initiate such proceedings within thirty (30) days after receiving the request by such Member(s), subject to Cayman Islands law, such Member(s) may initiate such proceedings on behalf of the Company with a competent court having proper jurisdiction, including the Taiwan Taipei District Court, ROC.

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

17 Votes of Members

- 17.1 Subject to any rights or restrictions attached to any Shares, every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorized representative or by proxy, each Member present in any such manner shall have one vote for every Share of which he is the holder. A Member holding more than one Share is required to cast the votes in respect of his Shares in the same way on any resolution at a general meeting

unless otherwise provided by the Applicable Public Company Rules, in which case the casting of votes shall comply with the Applicable Public Company Rules.

- 17.2 No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of Shares unless he is registered as a Member on the record date for such meeting nor unless all monies then payable by him in respect of Shares have been paid.
- 17.3 Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.
- 17.4 The Board may determine that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission provided that the Board shall allow the voting power of a Member at a general meeting to be exercised by way of a written ballot or by way of electronic transmission if the size of the Company, number and types of Members or other matters comply with the requirements set forth in the Applicable Public Company Rules; provided, however, further that if a general meeting is to be held outside of the ROC, the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. A Member who exercises his/her/its voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to exercise his/her/its voting right at such general meeting in accordance with the instructions stipulated in the written ballot or electronic transmission; provided, however that such appointment shall be deemed not to constitute the appointment of a proxy for the purposes of the Applicable Public Company Rules. The chairman, acting as proxy of a Member, shall not exercise the voting right of such Member in any way not stipulated in the written ballot or electronic transmission, nor exercise any voting right in respect of any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting. For the purposes of clarification, such Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting. Should the chairman not observe the instructions of a Member in exercising such Member's voting right in respect of any resolution, the Shares held by such Member shall not be included in the

calculation of votes in respect of such resolution but shall nevertheless be included in the calculation of quorum for the meeting.

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

18 Proxies

- 18.1 The instrument of proxy shall be in the form approved by the Board from time to time and be expressed to be for a particular meeting only. An instrument of proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
- 18.2 Subject to the Applicable Public Company Rules, except where a Member is appointing the chairman of a general meeting as his proxy through written ballot or electronic transmission pursuant to Article 17.4 or for trust enterprises organized under the laws of the ROC or a stock affairs agent approved pursuant to Applicable Public Company Rules, in the event a person acts as the proxy for two or more Members, the sum of Shares entitled to be voted as represented by such proxy shall be no more than 3% of the total outstanding voting Shares immediately prior to the relevant book closed period, during which the Company closes its register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.
- 18.3 In the event that a Member exercises his/her/its voting power by way of a written ballot or electronic transmission and has also authorized a proxy to attend a general

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

18.4 The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company no less than five days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Where more than one instrument to vote are received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.

18.5 For so long as the shares are listed on the TSE, the use and solicitation of proxies shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

19 Corporate Members

Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member. In case of a corporate Member, its authorised representative may also be elected as Director of the Company in accordance with these Articles. If there are more than one authorized representatives, each of them may be so elected.

20 Dissenting Member's Appraisal Right

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

- (a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;
- (b) the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or
- (c) the Company acquires or assumes the transfer of the whole business or assets of another person, which has a material effect on the Company's operations.

20.2 In the event any part of the Company's business is spun off or involved in any merger with any other company, the Member, who has forfeited his/her/its right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price.

21 Shares that May Not be Voted

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

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

21.2 For so long as the shares are listed on the TSE, in the event that a Director creates or has created security over any Shares held by him, then he shall notify the Company of such security. If at any time the security created by a Director is in respect of more than half of the Shares held by him at the time of his appointment, then the voting rights attaching to the Shares held by such Director at such time shall be reduced, such that the Shares over which security has been created which are in excess of half of the Shares held by the Director at the date of his appointment shall not carry voting rights and shall not be counted in the number of votes casted by the Members at a general meeting.

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

Shares of the Members present at such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member.

22 Directors

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

23 Powers of Directors

- 23.1 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by a resolution of Members adopted in accordance with the Articles, the business of the Company shall be managed by the Board who may exercise all

the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

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

24 Appointment and Removal of Directors

- 24.1 The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 24.2 below. Members present in person or by proxy, representing more than one-half of the total outstanding Shares shall constitute a quorum for any general meeting to elect one or more Directors.

- 24.2 Directors shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors to be elected (“Special Ballot Votes”), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the number of the Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors elected. For so long as the Shares are listed on the TSE, (a) the Company shall adopt a candidate nomination mechanism for the election of the Directors which is in compliance with the Applicable Public Company Rules; and (b) such candidate nomination mechanism in compliance with the Applicable Public Company Rules shall also be used for the election of Independent Directors. The rules and procedures for the candidate nomination shall be in accordance with policies established by the Board and by an Ordinary Resolution from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.

- 24.3 If the number of Independent Directors is less than three persons due to the resignation or removal of any of the Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the

Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.

- 24.4 If the number of Directors is less than five persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Directors to fill in the vacancies.
- 24.5 The Company may from time to time by Supermajority Resolution remove any Director from office before the expiration of his period of office notwithstanding anything in these Articles, and may elect another person to fill in the vacancy in accordance with Article 24.2; provided that the Company may remove all Directors and elect new Directors to fill the vacancies at the same time in accordance with this Article and Article 24.2 and unless the resolution approving such removal and election provides otherwise, the existing Directors' office shall be deemed discharged upon the passing of such resolution prior to the expiration of such Directors' applicable period of office.
- 24.6 Where a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or in significant violation of applicable laws, regulations or/and the Articles, but not removed by Supermajority Resolution, the Member(s) holding 3% or more of the total outstanding Shares may, within thirty days after that general meeting, institute a lawsuit in the competent court for a judgment to remove such Director from office. The Taiwan Taipei District Court, ROC, may be the court of first instance for this matter.

1.3

25 **Vacation of Office of Director**

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

- (a) is removed from office pursuant to the Articles;
- (b) gives notice in writing to the Company that he resigns the office of Director;
- (c) dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (d) is found to be or becomes of unsound mind;
- (e) an order is made by any competent court or official on the grounds that he is or will be suffering from mental disorder or is otherwise incapable of managing his affairs, or his legal capacity is restricted according to the applicable laws;
- (f) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of such sentence is less than five years;

- (g) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;
- (h) having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years; or
- (i) having been dishonoured for use of negotiable instruments, and the term of such sanction has not yet expired.

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

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

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

26 Proceedings of the Board

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

- 26.3 A Director may participate in a meeting of the Board or committee of Directors by video conference or other communications facilities by means of which all the persons participating in the meeting can see and communicate with each other at the same time. Participation by a Director in a meeting in this manner is treated as presence in person at that meeting.
- 26.4 The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles and the Applicable Public Company Rules as the necessary quorum of Directors the continuing Directors may act for the purpose of increasing the number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose.
- 26.5 The rules and procedures of the meeting of the Board shall be established by the Board in accordance with the Articles and the Applicable Public Company Rules.
- 26.6 All acts done by any meeting of the Board or of a committee of the Directors (including any person acting as an alternate Director) shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not qualified to be a Director or alternate Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.
- 26.7 A Director but not an alternate Director may be represented at any meetings of the Board by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

27 Directors Interests

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

received by him as a director or officer of, or from his interest in, such other company.

27.4 Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Statute, a Director shall assume a duty to act honestly and loyally to the Company and exercise the care as a good administration when performing his duties. A Director shall be liable to the Company if he breaches the above duties. If a Director's breach of duties is for the benefit of the Director or third party, the Company may, with the sanction of an Ordinary Resolution, demand the Director to disgorge any profit so realized by the Director as if such misconduct is done for the benefit of the Company within one year of the Director's breach of duties. A Director shall be liable jointly with the Company for any loss or damage incurred by any third party if such loss or damage is incurred as a result of a Directors' breach of laws or regulations in the course of performing his duties.

27.5 A Director or alternate Director who is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall declare the nature of such interest to the Company as required by relevant laws and regulations.

27.6 Notwithstanding anything to the contrary contained in this Article 27, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall disclose the material information regarding such conflict of interests at such meeting of the Board. A Director who has a personal interest in the matter under discussion at a meeting of the Board, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the meeting of the Board.

28 Minutes

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

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

29 Delegation of Directors' Powers

29.1 The Board may delegate any of its powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of one or more Directors. They may also delegate to any managing director or any Director holding any other

executive office such of their powers, authorities and discretions as they consider desirable to be exercised by him provided that an alternate Director may not act as managing director and the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and any such delegation and may be revoked or altered by the Board. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of the Board, so far as they are capable of applying.

29.2 The Board may establish any committees or appoint any person to be a manager or agent for managing the affairs of the Company. Any such appointment may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and any such appointment and may be revoked or altered by the Board. Subject to any such conditions, the proceedings of any such committee shall be governed by the Articles regulating the proceedings of the Board, so far as they are capable of applying.

29.3 The Board may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Board may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Board at any time.

29.4 The Board may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be the attorney or authorized signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Board may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.

29.5 The Board may appoint such officers of the Company (including, for the avoidance of doubt and without limitation, any secretary) as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Board may think fit. Unless otherwise specified in the terms of his appointment an officer of the Company may be removed by resolution of the Board or Members. An officer of the Company may vacate this office at any time if he gives notice in writing to the Company that he resigns his office. The officers, in the course of performing their duties to the Company, shall assume responsibilities identical to that of the Directors.

- 29.6 For so long as the Shares are listed on the TSE, the Board shall, in accordance with the Applicable Public Company Rules, establish a Compensation Committee comprised of at least three members, one of which shall be the Independent Director. The professional qualifications of the members of the Compensation Committee, the responsibilities, powers and other related matters of the Compensation Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Compensation Committee, the Board shall, by a resolution, adopt a charter for the Compensation Committee in accordance with these Articles and the Applicable Public Company Rules.
- 29.7 The compensation to be proposed by the Compensation Committee referred in the preceding Article shall include the compensation, stock options and other incentive payments payable to Directors and managers of the Company.

30 Alternate Directors

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

31 Tender Offer

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

- (a) the types and number of the Shares held by the Directors and the Members holding more than 10% of the outstanding Shares in their own names or in the names of other persons.
- (b) recommendations to the Members on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefor.
- (c) whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any.
- (d) the types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the outstanding Shares held in their own names or in the name of other persons.

32 Remuneration of Directors

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

33 Seal

- 33.1 The Company may, if the Board so determine, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of the Directors authorised by the Board. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer of the Company or other person appointed by the Board for the purpose.
- 33.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Board so determine, with the addition on its face of the name of every place where it is to be used.
- 33.3 A Director or officer, representative or attorney of the Company may without further authority of the Board affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

34 Dividends, Distributions and Reserve

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

holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.

- 34.3 The Board may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company for any reason.
- 34.4 The Board may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Board may settle the same as they think expedient and in particular may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Board.
- 34.5 The Board may, before resolving to pay any Dividend or other distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, at the discretion of the Directors, be employed in the business of the Company.
- 34.6 Any Dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.
- 34.7 No Dividend or other distribution shall bear interest against the Company.
- 34.8 The Board shall fix any date as the record date for determining the Members entitled to receive any Dividend or other distribution. The Register of Members shall be closed for a period of five days before the relevant fixed record date or such other period as may be required by the Applicable Public Company Rules or the Statute.
- 34.9 Any Dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other

distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

35 Capitalisation

Unless otherwise provided for in the Articles, subject to the Statute, the Board may, with the authority of a Supermajority Resolution, at any time capitalise any sum standing to the credit of any of the Company's reserve accounts of funds (including the share premium account and Capital Redemption Reserve) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend or other distributions and apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power given to the Directors to make such provisions as they think fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

36 Books of Account

36.1 The Board shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books of account shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

36.2 The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant laws and regulations shall be kept for at least one year; provided, however, that if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information, they shall be kept until the conclusion of the lawsuit if the lawsuit period is longer than one year.

37 **Audit Committee**

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

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

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

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

38 **Notices**

38.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members or to such other address given for such purpose or by means of public announcement.

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

39 Winding Up

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

winding up, the surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

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

40 Indemnity and Insurance

- 40.1 Unless otherwise provided in these Articles, every Director and officer of the Company, together with every former Director and former officer of the Company (each an "Indemnified Person") shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default or breach of their duties as referred to in Article 27.4 or 29.5. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud or wilful default or breach of their duties as referred to in Article 27.4 or 29.5 of such Indemnified Person. No person shall be found to have committed actual fraud or wilful default or breach of their duties as referred to in Article 27.4 or 29.5 under this Article unless or until a court of competent jurisdiction shall have made a finding to that effect.
- 40.2 The Company shall advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any advance of any expenses hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification

pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person.

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

41 Financial Year

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

42 Transfer by Way of Continuation

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

43 Appointment of Litigious and Non-litigious Agent

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

Fulgent Sun International (Holding) Co., Ltd

Shareholdings of All Directors

Date of Termination of Stocks Transfer: April 10, 2018

Positions	Names	Shares held	Percentage
Chairman	LIN, WEN-CHIH (Note3)	23,991,117	16.40%
Director	LIAO, FANG-CHU (Note4)	19,844,049	13.57%
Director	YU, MIN-SHENG	4,425,471	3.03%
Director	LIAO, CHIH-CHENG	123,114	0.08%
Director	CHEN, FU-CHUAN	-	-
Independent director	YANG, HSIANG-LI	-	-
Independent director	HU, KUN-TE	-	-
Independent director	CHANG, KUN-HSIEN	-	-
Independent director	HSU, AI-CHI	-	-
Independent director	KUO, SHAO-LUNG	-	-
Total shares held by the Directors		48,383,751	33.08%

The Company has issued 146,273,538 shares as in April 10, 2018.

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

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

3. Including the 21,055,843 shares Chairman LIN, WEN-CHIH indirectly holds from LASPORTIVA INT'L CO., LTD

4. Including 18,442,594 shares Director LIAO, FANG-CHU indirectly holds from MEINDL INT'L CO., LTD.

Fulgent Sun International (Holding) Co., Ltd

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

1. The related information of employees and directors' remuneration listed in Articles of Incorporation Based on the Articles of Incorporation of the Company, the Company shall, in accordance with the resolutions of the Board of Directors and the resolution of the surplus adopted by the resolution of the shareholders' meeting, (1) make up the annual loss on the annual net profit and obtain 10% of the remaining profits as the statutory surplus (2) in accordance with the rules of the public offering company or in accordance with the requirements of the competent authorities to provide special surplus reserve; (3) may not exceed the surplus of the surplus; the amount of the accumulated surplus reserve is equivalent to the total capital of the Company; 3% as directors' remuneration and 3% of the remaining profits as employees of the Company and its employees.

2. The estimated basis of the amount of employees' remuneration and the amount of the remuneration of the directors, the basis for the calculation of the dividends of the stock dividends and the actual treatment amount when the difference is estimated:
 - (1) After the end of the business year, when there is a significant change in the amount of the resolution of the board of directors, the change will be adjusted for the annual expenses. At the date of the resolution of the shareholders' meeting, if the amount is still changed, it will be adjusted according to the accounting changes and shall be recorded in the annual resolution of the shareholders' meeting.
 - (2) If the amount of dividends paid by the shareholders' committee is determined by dividing the amount of the remuneration of the shares by the value of the stock market, the stock market value shall be the closing price of the day before the date of the resolution of the shareholders' (After the impact) for the calculation basis.

3. The related information of proposed distribution of employees and directors' remuneration approved by the Board of Directors:

Approve by the Board of Directors of the Company on March 8, 2018

 - (1) The proposed distribution of employees' profit sharing bonus and directors' remuneration are 5,000,000 NTD for each.
 - (2) There is no difference between the above assigned amount and the original remunerated remuneration for employee and the directors, which are 5,000,000 NTD for each.