

Stock Code : 9802



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

**2021 Annual Shareholders' Meeting**

**Meeting Agenda**

**Time: May 28, 2021(Friday) at 10:00 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.**

## **2021 Annual Shareholders' Meeting Procedure**

I. Call the Meeting to Order

II. Report Items

III. Proposed Items

IV. Discussion Items

V. Special Motions

VI. Adjournment

Fulgent Sun International (Holding) Co., Ltd.  
2021 Annual Shareholders' Meeting Agenda

Time: May 28, 2021 (Friday) at 10:00 a.m.

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

I. Chairman calls the meeting to order

II. Report Items

- (1) The Company's Business Report of 2020.
- (2) The Audit Committee's Review Report of 2020.
- (3) Distribution of 2020 remuneration for employees and directors.
- (4) Distribution of 2020 earnings in the form of cash dividends.
- (5) Amendment to the "Guidelines for the Codes of Ethical Conduct."
- (6) Amendment to the "Rules of Procedure for Board of Directors Meetings."

III. Proposed Items

- (1) 2020 Consolidated Financial Statements and Business Report.
- (2) Distribution of 2020 earnings.

IV. Discussion Items

- (1) Amendment to the "Procedures for the Acquisition and Disposal of Assets."
- (2) Amendment to the "Rules and Procedures of Shareholders Meeting."
- (3) Amendment to the "Procedures for Election of Directors."

V. Special Motions

VI. Adjournment

## Report Items:

1. Please review the Company's Business Report of 2020.

Description: Please refer to Attachment 1 (Pages 8-10) for the Business Report of 2020.

2. Please review the Audit Committee's Review Report of 2020.

Description: Please refer to Attachment 2 (Page 11) for the Audit Committee's Review Report of 2020.

3. Please review the distribution of 2020 remuneration for employees and directors.

Description: The Board of Directors resolved on February 26, 2021, to pass the distribution of 2020 remuneration for employees (NT\$10,000,000) and remuneration for directors (NT\$10,000,000). Please refer to Attachment 3 (Pages 12-13)

4. Please review the distribution of 2020 earnings in the form of cash dividends.

Description: (1) According to Article 34 of the Articles of Incorporation, the Board of Directors is authorized to resolve to distribute dividends and bonuses, in all or part, in the form of cash, and shall report the same to the annual shareholders' meeting.

(2) Cash dividends on common shares for the first half of 2020 at the total amount of NT\$389,623,580 (NT\$2.10 per share) were distributed on April 8, 2021; cash dividends on common shares for the second half of 2020 at the total amount of NT\$315,409,565 (NT\$1.70 per share) will be distributed separately with the Chairman of the Board of Directors authorized to set the ex-dividend date and the distribution date.

5. Please review the amendment to the “Guidelines for the Codes of Ethical Conduct.”  
Description: Please refer to Attachment 4 (Pages 14-15) for the comparison table for the amendment to the “Guidelines for the Codes of Ethical Conduct.”

6. Please review the amendment to the “Rules of Procedure for Board of Directors Meetings.”

Description: Please refer to Attachment 5 (Pages 16-19) for the comparison table for the amendment to the “Rules of Procedure for Board of Directors Meetings.”

Proposed Items:

1. Please adopt the 2020 Consolidated Financial Statements and Business Report (proposed by the Board of Directors).

Description: (1) The 2020 Consolidated Financial Statements of the Company has been audited by CPAs Shu-Hua Hung and Yu-Chuan Wang of PwC Taiwan. The 2020 Consolidated Financial Statements and Business Report have been reviewed by the Audit Committee with a review report presented.

(2) Please refer to Attachment 1 (Pages 8-10) and Attachment 6 (Pages 20-29) for the 2020 Business Report and the 2020 Consolidated Financial Statements and Independent Auditors' Report, respectively.

(3) Please adopt the above.

Resolution:

2. Please adopt the distribution of 2020 earnings (proposed by the Board of Directors).

Description: (1) The distributable earnings for 2020 amounts to NT\$1,163,653,719, which constitutes undistributed earnings in previous years, NT\$509,848,984, and net income after tax, NT\$897,574,621, net of legal surplus reserve, NT\$89,757,462, and special surplus reserve, NT\$154,012,424.

(2) Please refer to Attachment 7 (Page 30) for the distribution of 2020 earnings.

(3) Please adopt the above.

Resolution:

Discussion Items:

1. Please discuss the amendment to the “Procedures for the Acquisition and Disposal of Assets” (proposed by the Board of Directors).

Description: (1) The amendment was made in accordance with the Financial Supervisory Commission Order Jin-Guan-Zheng-Fa-Zi No. 1070341072.

- (2) Please refer to Attachment 8 (Pages 31-37) for the comparison table for the amendment to the “Procedures for the Acquisition and Disposal of Assets.”

- (3) Please resolve on the above.

Resolution:

2. Please discuss the amendment to the “Rules and Procedures of Shareholders Meeting” (proposed by the Board of Directors).

Description: (1) The amendment was made in accordance with the Taiwan Stock Exchange Corporation Orders Tai-Zheng-Zhi-Li-Zi No. 10900094681 and 11000014461.

- (2) Please refer to Attachment 9 (Pages 38-42) for the comparison table for the amendment to the “Rules and Procedures of Shareholders Meeting.”

- (3) Please resolve the above.

Resolution:



3. Please discuss the amendment to the “Procedures for Election of Directors”  
(proposed by the Board of Directors).

Description: (1) The amendment was made in accordance with the Taiwan Stock Exchange Corporation Order Tai-Zheng-Zhi-Li-Zi No. 10900094681.

(2) Please refer to Attachment 10 (Pages 43-45) for the comparison table for the amendment to the “Procedures for Election of Directors.”

(3) Please resolve on the above.

Resolution:

Special Motions

Adjournment

## 2020 Business Report

## I. Preface

2020 was a critical year in the development of the Company. Despite the financial indicators and non-financial performance in 2019, 2020 marked a milestone for the Company. As the COVID-19 pandemic broke out in early 2020, governments around the world have imposed more restrictions on crowd gathering, logistics, and transportation. With such challenges and impacts facing the operations upfront, it was imperative for management to take pragmatic, mobile, and creative ad hoc measures. Looking back on 2019 in general, the Company's production and sale slowed down at the outset of the pandemic, remained flat in the second quarter, and then picked up in the third and the fourth quarters; shipping schedules were upended by exchange fluctuations and a shortage of containers. In response to such challenges, the Company made good use of its product diversification and distribution of production bases. Adopting the make-to-order strategy, we adjusted production based on the customers' need for deferred delivery while improving production efficiency and reducing production costs. As a result of management synergy, the Company registered revenue of NT\$11,345,641 thousand in 2020, the second-highest in history. According to the financial statements for the year ended December 31, 2020, our gross profit margin and operating profit margin reached 21.0% and 11.2%, respectively; the operating expense ratio was merely 9.8%, and the operating profit came in at NT\$1,273,087 thousand; income after tax attributable to the parent company totaled NT\$897,575 thousand. As the Company continued to improve for better profitability and deliver a better performance as a whole, the gross profit margin in 2020 increased by 1.3 percentage points from 2019; excluding the effect of the one-time cost of the employee stock purchase plan in the third quarter (approximately NT\$45 million), our operating profit margin even reached 11.6%, the best over the years. Earnings per share reached NT\$5.06, topping NT\$5 for a fifth consecutive year. This reflects the Company's sound financial structure and stable business growth. Despite the wobbles in the wake of the COVID-19 pandemic such as exchange fluctuations and a shortage of containers, the results of the Company's management synergy have started to roll in, laying a solid foundation for growth in the mid-term and long-term operations.

Looking into 2021, the Company expresses optimism about the overall business operations. Management will continue to adopt business strategies such as amplifying the production capacity, distributing production bases, and diversifying products. Devastating as the pandemic is, it has become a catalyst for growth in outdoor and recreational sporting activities as it has changed people's lifestyle and consumer behavior. More and more people are aware of the new economy and the work-life balance. Since the second half of 2020, the Company has expanded the production capacity at a quick pace while developing soft power and hard power (including environmental, social, and corporate governance (ESG) practices); we have also worked more closely with customers in order to meet strong demand for new orders for shoes and mass production. With management working as one, the Company expects to better its mass production and business scale using the key advantages such as product diversification and distribution of production bases.

## II. Results of the 2020 Business Plan

### 1. Results of Business Operations in 2020

Unit: NT\$1,000

Item/Year	Consolidated Financial Statements			
	2020	2019	Amount of Increase/ Decrease	Percentage of Increase/ Decrease (%)
Operating revenue, net	11,345,641	12,842,525	(1,496,884)	(11.66%)
Operating costs	(8,963,637)	(10,313,919)	1,350,282	(13.09%)
Gross profit	2,382,004	2,528,606	(146,602)	(5.80%)
Operating expenses	(1,108,917)	(1,071,631)	(37,286)	3.48%
Operating profit	1,273,087	1,456,975	(183,888)	(12.62%)
Non-operating revenue and expenses	(224,101)	55,194	(279,295)	(506.02%)
Income before income tax	1,048,986	1,512,169	(463,183)	(30.63%)
Income tax expenses	(153,472)	(235,658)	82,186	(34.88%)
Net income	895,514	1,276,511	(380,997)	(29.85%)

### 2. Results of the 2020 Business Plan and Budget

The Company did not disclose its financial forecast in 2020.

### 3. Analysis of Financial Income and Expenditures and Profitability

Unit: NT\$1,000

Item/Year		Consolidated Financial Statements		
		2020	2019	
Income and expenditures	Operating revenue, net	11,345,641	12,842,525	
	Gross profit	2,382,004	2,528,606	
	Income after tax	895,514	1,276,511	
Profitability	Return on assets (%)	6.70	10.82	
	Return on equity (%)	10.67	17.24	
	Percentage of paid-in capital (%)	Operating profit	68.37	83.37
		Profit before tax	56.34	86.53
	Profit margin (%)	7.89	9.94	
	Earnings per share (NTD)	5.06	7.81	

### III. Conclusion

Since its establishment in 1995, the Company has been exposed to many financial system risks around the world such as the 1998 Asian financial crisis, 2008 global financial crisis, 2002 European debt crisis, 2018 China-U.S. trade war, and the outbreak of the COVID-19 pandemic in early 2020. The Company has responded well to these risks in a pragmatically and accurate manner. With our front-line employees and management working together, the Company is poised to tackle various changes and challenges and turn them into opportunities. In the past five years, the Company's revenue has increased year by year from NT\$9.08 billion in 2016 to NT\$10 billion in 2017 and hit a record high in 2019 at NT\$12.84 billion; revenue reached the second high in history as the COVID-19 pandemic raged in 2020. Earnings per share have topped NT\$5 for five consecutive years, with the annual dividend yield averaging 7%. Our gross profit margin was up from 18%~20% to 21% in 2020 while the operating profit margin has reached 11% for two years in a row. Such results show that business at the Company has become steadier year after year. Looking ahead to 2021, the Company will continue engaging in main business activities based on the business philosophy of "moral, wisdom, hard-working, and patient." Our management will take corporate governance more seriously and continue perfecting relevant policies and regulations. As we prioritize business performances, we view corporate governance as the fundamental cause of our success. The Company expects to increase revenue while fulfilling our corporate social responsibility by strengthening corporate governance practices in aspects of the Board operations, information transparency, and compliance with relevant laws and regulations. We are always adamant about realizing equal treatment to each shareholder and protecting the rights and interests of stakeholders and shareholders. We also strive for thoroughness and accuracy in order to create value for every stakeholder and to share our business results with all shareholders and employees.

Chairman: Mark Lin

President: Judy Liao

Principal Accounting Officer: Frank Fan

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

In the Company's Business Report, Consolidated Financial Statements, and Proposal for Distribution of Earnings for 2020, the Consolidated Financial Statements have been audited by CPAs Shu-Hua Hung, and Yu-Chuan Wang of PwC Taiwan, with an unqualified report issued.

The aforesaid Business Report, Consolidated Financial Statements, and Proposal for Distribution of Earnings have been reviewed by the Audit Committee with no discrepancy found. A review report is presented herein.

For the 2021 Annual Shareholders' Meeting

Convener of the Audit Committee: Kun-Hsien Chang

February 26, 2021

Attachment 3

Fulgent Sun International (Holding) Co., Ltd.  
Information on Remuneration for Employees and Directors

1. Information on remuneration for employees and directors under the Articles of Incorporation:

Based on the Articles of Incorporation of the Company, the Company, in accordance with the resolution of the Board of Directors and the resolution of the distribution of earnings in the annual shareholders' meeting, (1) shall make up the annual loss and set aside 10% of the remaining profit as the legal surplus reserve until the accumulated legal surplus reserve is equivalent to the total capital of the Company; (2) shall set aside a special surplus reserve in accordance with the rules of the public offering company or the requirements of the competent authorities; and (3) may set aside up to 3% of the remaining profit as remuneration for directors and up to 3% of the remaining profit as remuneration for employees of the Company and its subsidiaries.

2. The estimated basis of the amounts of remuneration for employees and directors, the basis for calculating the number of shares for the distribution of stock dividends, and accounting treatment in case of a difference between the actual amounts of distribution and estimates:

- (1) After the end of a year, when there is a significant change in the amount of distribution upon resolution by the Board of Directors, the change will be adjusted in the annual expenses. In case of a change in the amount of distribution at the date of the resolution by the shareholders' meeting, it will be adjusted according to the accounting estimates changes in the year of resolution by the annual shareholders' meeting.
- (2) If the shareholders' meeting resolves to distribute remuneration for employees in the form of stock dividends, the number of shares for the distribution of stock dividends will be determined by dividing the amount of remuneration by the market value of the stock. The market value of the stock is based on the closing price on the day before the date of the resolution by the annual shareholders' meeting (with the effects of ex-rights and ex-dividends taken into account).

3. Information on the proposed distribution of remuneration for employees and directors upon approval of the Board of Directors:

The Board of Directors resolved on February 26, 2021, to pass:

- (1) The distribution of remuneration for employees and directors at the amount of NT\$10,000,000 respectively.
- (2) There is no discrepancy between the above amounts and the expenses on remuneration for employees and the directors, which are NT\$10,000,000 each.

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

Comparison Table for the Amendment to the Guidelines for the Codes of Ethical  
Conduct

Amended on December 28, 2020

Before Amendment	After Amendment	Description
Article 2 Content of the code	Article 2 Content of the code	
<p>1. Prevention of conflicts of interest:</p> <p>When directors or managerial officers of the Company are unable to perform their duties in an objective and efficient manner or take advantage of their positions in the Company to obtain improper benefits for either themselves or their spouse, <del>parents, children,</del> or relatives within the second degree of kinship, the Company and the aforementioned personnel or their relatives or their affiliated companies have... (omitted).</p> <p>2~6 (Omitted)</p> <p>7. Encouraging reporting on illegal or unethical activities:</p> <p>The Company's directors or managerial officers shall raise awareness of ethics internally and encourage employees to report to managerial officers, chief internal auditors, or other appropriate individuals upon suspicion or discovery of</p>	<p>1. Prevention of conflicts of interest:</p> <p>When directors or managerial officers of the Company are unable to perform their duties in an objective and efficient manner or take advantage of their positions in the Company to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship, the Company and the aforementioned personnel or their relatives or their affiliated companies have... (omitted).</p> <p>2~6 (Omitted)</p> <p>7. Encouraging reporting on illegal or unethical activities:</p> <p>The Company's directors or managerial officers shall raise awareness of ethics internally and encourage employees to report to managerial officers, chief internal auditors, or other appropriate individuals upon suspicion or discovery of</p>	<p>1. Simplify Paragraph 1, Article 2 given that parents and children are relatives within the second degree of relatives.</p> <p>2. Revise the wording in relation to anonymous reporting under Article 23 of the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies.</p>



Before Amendment	After Amendment	Description
<p>any activity in violation of a law or regulation or the code of ethical conduct. The Company shall establish a concrete whistle-blowing system and make employees aware that the Company will use its best efforts to ensure the safety of <b>informants</b> and protect them from reprisals.</p> <p>(Omitted below)</p>	<p>any activity in violation of a law or regulation or the code of ethical conduct. The Company shall establish a concrete whistle-blowing system, <u>allow anonymous reporting</u>, and make employees aware that the Company will use its best efforts to ensure the safety of <b>whistle-blowers</b> and protect them from reprisals.</p> <p>(Omitted below)</p>	
Article 5	Article 5	
<p>The Company's Guidelines for the Codes of Ethical Conduct, and any amendments to it, shall enter into force after it has been adopted by the Board of Directors, delivered to the Audit Committee, and submitted to a shareholders' meeting.</p>	<p>The Company's Guidelines for the Codes of Ethical Conduct, and any amendments to it, shall enter into force after it has been adopted by the Board of Directors, delivered to the Audit Committee <u>and the Corporate Governance &amp; Sustainable Development Committee</u>, and submitted to a shareholders' meeting.</p>	<p>Supplement the provision.</p>

Fulgent Sun International (Holding) Co., Ltd.

Comparison Table for the Rules of Procedure for Board of Directors Meetings

Amended on December 28, 2020

Before Amendment	After Amendment	Description
Article 2	Article 2	
<p>Paragraph 1 omitted.</p> <p>The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.</p> <p>A meeting of the Board of Directors shall be called and chaired by the chairperson of the Board. However, where the first meeting of each newly elected Board of Directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; <del>if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</del></p> <p>(Omitted below)</p>	<p>Paragraph 1 omitted.</p> <p>The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.</p> <p><u>Where a meeting of the Board of Directors is called by the chairperson of the Board, the meeting shall be chaired by the chairperson.</u> However, where the first meeting of each newly elected Board of Directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</p> <p>(Omitted below)</p>	<p>Revise the working in accordance with Article 10 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies and delete repetitions.</p>

Article 4	Article 4	
<p>Agenda items for regular Board of Directors meetings shall be determined by the Board of Directors or its authorized unit,...(omitted).</p> <p>The following shall be specified in the agenda items for regular Board of Directors meetings; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason:</p> <ol style="list-style-type: none"> <li>1. Corporate business plan.</li> <li>2. Annual and semi-annual financial reports.</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.</li> <li>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.</li> </ol> <p>(Omitted below)</p>	<p>Agenda items for regular Board of Directors meetings shall be determined by the Board of Directors or its authorized unit,...(omitted).</p> <p>The following shall be specified in the agenda items for regular Board of Directors meetings; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason:</p> <ol style="list-style-type: none"> <li>1. Corporate business plan.</li> <li>2. Annual and semi-annual financial reports.</li> <li>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.</li> <li>4. Adoption or amendment, pursuant to <u>Article</u> 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or <u>disposal</u> of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.</li> </ol> <p>(Omitted below)</p>	<p>Correct the omission and typo.</p>

Article 7	Article 7	
When the time of a meeting has arrived and one-half all Board Directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting following the procedures provided in Article 4 herein.	When the time of a meeting has arrived and one-half all Board <u>of</u> Directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting following the procedures provided in Article 4 herein.	Correct the omission.
Article 10	Article 10	
Paragraph 1 omitted.  When a proposal comes to a vote at a Board of Directors meeting, if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved. If an objection is raised upon inquiry by the chair, the proposal shall come to a vote. Except as otherwise stipulated by relevant laws and regulations or in the Articles of Incorporation, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.  If there shall be an amendment or alternative to one motion, the chairperson may combine the amendment or alternative into the original motion, and determine <u>the</u> orders for resolution. any one of the above shall be resolved, the others	Paragraph 1 omitted.  When a proposal comes to a vote at a Board of Directors meeting, if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved. If an objection is raised upon inquiry by the chair, the proposal shall come to a vote. Except as otherwise stipulated by relevant laws and regulations or in the Articles of Incorporation, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.  If there shall be an amendment or alternative to one motion, the chairperson may combine the amendment or alternative into the original motion, and determine <u>their</u> orders for resolution. any one of the above shall be resolved, the others shall	Correct the typo.

<p>shall be considered as rejected, upon which no further resolution shall be required. The results of resolution(s) shall be announced in the meeting, and recorded in the meeting minutes.</p> <p>(Omitted below)</p>	<p>be considered as rejected, upon which no further resolution shall be required. The results of resolution(s) shall be announced in the meeting, and recorded in the meeting minutes.</p> <p>(Omitted below)</p>	
<p>Article 12</p>	<p>Article 12</p>	
<p>Minutes shall be prepared of the discussions at Board of Directors meetings...(omitted).</p> <p>9. Other matters required to be recorded: Any of the following matters in relation to a resolution passed at a meeting of the Board of Directors shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the Financial Supervisory Commission, <del>Executive Yuan</del>:(Omitted below)</p>	<p>Minutes shall be prepared of the discussions at Board of Directors meetings...(omitted).</p> <p>9. Other matters required to be recorded: Any of the following matters in relation to a resolution passed at a meeting of the Board of Directors shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the Financial Supervisory Commission: (Omitted below)</p>	<p>Revise the wording in accordance with the implementation of the Organic Act Governing the Establishment of the Financial Supervisory Commission.</p>

## Independent Auditor's Report

To the Board of Fulgent Sun International (Holding) Co., Ltd.:

**Opinion**

We have audited the consolidated balance sheets of Fulgent Sun International (Holding) Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

**Basis of Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on those matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2020, are stated as follows:

**Sales Revenue Recognition**Description

Please refer to the consolidated financial statements (Note 4 (29)) for the accounting policy on sales revenue. The revenue of the Group the year ended December 31, 2020, was NT\$11,345,641 thousand.

The Group is engaged in the production and sale of sports and leisure outdoor shoes. In terms of the trading conditions of sales revenue, control over the goods is transferred when the exporting goods are delivered to the forwarders designated by the customers, and the sales revenue is recognized on the day the goods are delivered.

Since the Group is based on the product delivery day as the sales revenue recognition date, the revenue recognition process involves manual control and may not properly recognize revenue in the correct period; therefore, we believe that the cut-off point for recognizing sales revenue is one of this year's key audit matters.

#### Corresponding Audit Procedures

Our audit procedures for the specific aspects described in the key audit matter above are summarized as follows:

1. We understood and evaluated the operating procedures and internal controls for the sale of goods, so as to evaluate the effectiveness of management's control over the recognition of sales revenue.
2. We verified whether the sales revenue in a certain period before and after the balance sheet date were recognized in the correct period and the changes in the inventory quantity and carry-over of cost of goods sold were recorded in an appropriate period, so as to evaluate the rationality of the revenue recognition time.

#### **Allowance for Inventory Valuation Losses**

##### Description

Please refer to the consolidated financial statements for the accounting policy on inventory evaluation (Note 4(12)), the uncertainty of accounting estimates and assumptions on inventory evaluation (Note 5(2)), and the description of the allowance for inventory valuation losses (Note 6(4)). As of December 31, 2020, the inventory balance of the Group was NT\$2,730,221 thousand, and the allowance for inventory valuation losses was NT\$93,924 thousand.

The Group measures inventories that are aged over a certain period of time and individually identified with impairment at the lower of cost or net realizable value. The net realizable value used in the evaluation of such inventories often involves subjective judgment. Considering that the Group's allowance for inventory valuation losses has a significant impact on the financial statements, we classify the allowance for inventory valuation losses as one of this year's key audit matters.

#### Corresponding Audit Procedures

Our audit procedures for the specific aspects described in the key audit matter above are summarized as follows:

1. We understood and evaluated the reasonableness of the Group's subsequent inventory evaluation and provision of obsolescence losses.
2. We reviewed the Group's annual inventory plans and participated in the annual inventory checks to assess the effectiveness of management's differentiation and control over obsolete inventory.
3. We obtained the inventory aging report and checked it against the relevant supporting documents of the inventory change date, and verified whether the aging range of the inventory was correctly classified and consistent with the accounting policy.
4. We obtained the net realizable value report of various inventories to verify whether the calculation logic was used consistently; we also tested the reference data of the estimated

net realizable value of the inventory, including checking the supporting documents such as sales prices and purchase prices, and recalculated and evaluated the rationality of the allowance for inventory valuation losses.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and applicable IFRS, IAS, IFRIC, and SIC endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management deems necessary to enable the preparation of the consolidated financial statements to be free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of the Group as a going concern, disclosing, as applicable, matters related to the going concern, and using the going concern basis of accounting unless management either intends to liquidate or to suspend the business of the Group if there are no other practical options.

Those in charge of governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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

When conducting the audit work per the auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism. We also:

1. Identified and assessed the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures in response to the risks, and obtained evidence sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Understood the internal control related to the audit in order to design the appropriate audit procedures in the circumstances, but not to express an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by management.



4. Concluded, based on the audit evidence obtained, whether management's use of the going concern basis of accounting was appropriate and whether there were significant uncertainties in the events or circumstances that could cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions were based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the consolidated statements, including related notes, and whether the consolidated statements represented the underlying transactions and events in a matter that achieved fair presentation.
6. Obtained sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and implementing the audit of the Group, and for expressing an opinion on the audit of the Group.

We communicated with those in charge of governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identified during our audit).

We provided those in charge of governance a statement that we have complied with relevant ethical requirements for independence under the Norms of Professional Ethics for Certified Public Accountants in the Republic of China. We also communicated with them regarding all relationships and other matters (including relevant protection measures) that could reasonably be thought to bear on our independence.

From the matters communicated with those in charge of governance, we determined those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020, and were therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Hua Hung and Yu-Chuan Wang.

**PricewaterhouseCoopers**  
Taipei, Taiwan  
Republic of China

February 26, 2021

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2020 and 2019  
(Expressed in thousands of New Taiwan dollars)

Assets	Note	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,567,828	11	\$ 1,373,474	10
1170	Accounts receivable, net	6(3)	2,270,550	16	2,329,423	18
1200	Other receivables		184,911	1	222,416	2
130X	Inventories	6(4)	2,730,221	19	2,142,441	16
1410	Prepayments		128,846	1	103,763	1
1470	Other current assets	6(7) and 8	164,384	1	98,000	1
11XX	<b>Total current assets</b>		<u>7,046,740</u>	<u>49</u>	<u>6,269,517</u>	<u>48</u>
<b>Non-current assets</b>						
1510	Non-current financial assets at fair value through profit or loss	6(2)	9,289	-	4,654	-
1600	Property, plant, and equipment	6(5) and 8	5,920,768	41	5,727,356	44
1755	Right-of-use assets	6(6)	946,346	7	775,909	6
1780	Intangible assets		13,637	-	16,242	-
1840	Deferred tax assets	6(23)	69,738	1	55,020	1
1900	Other non-current assets	6(7) and 8	343,539	2	140,469	1
15XX	<b>Total non-current assets</b>		<u>7,303,317</u>	<u>51</u>	<u>6,719,650</u>	<u>52</u>
1XXX	<b>Total assets</b>		<u>\$ 14,350,057</u>	<u>100</u>	<u>\$ 12,989,167</u>	<u>100</u>

(Continued)

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
December 31, 2020 and 2019  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Note	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Current borrowings	6(8) and 8	\$ 1,322,960	9	\$ 1,669,050	13
2130	Current contract liabilities	6(17)	52,618	1	28,538	-
2170	Accounts payable		1,666,662	12	1,393,220	11
2200	Other payables	6(9)	1,391,483	10	880,558	7
2230	Current tax liabilities		160,141	1	85,281	-
2280	Current lease liabilities		40,864	-	29,073	-
2300	Other current liabilities		16,256	-	12,446	-
21XX	<b>Total current liabilities</b>		<u>4,650,984</u>	<u>33</u>	<u>4,098,166</u>	<u>31</u>
<b>Non-current liabilities</b>						
2500	Non-current financial liabilities at fair value through profit or loss	6(2)	250	-	-	-
2530	Bonds payable	6(10)	483,820	3	69,780	-
2570	Deferred tax liabilities	6(23)	786	-	1,981	-
2580	Non-current lease liabilities		486,855	3	333,188	3
2600	Other non-current liabilities	6(11)	212,045	2	212,342	2
25XX	<b>Total non-current liabilities</b>		<u>1,183,756</u>	<u>8</u>	<u>617,291</u>	<u>5</u>
2XXX	<b>Total liabilities</b>		<u>5,834,740</u>	<u>41</u>	<u>4,715,457</u>	<u>36</u>
<b>Equity attributable to owners of the parent company</b>						
	Share capital	6(14)				
3110	Ordinary share		1,861,950	13	1,747,566	14
	Capital surplus	6(15)				
3200	Capital surplus		5,256,344	36	4,459,672	34
	Retained earnings	6(16)				
3310	Legal reserve		601,681	4	421,155	3
3320	Special reserve		852,629	6	420,541	3
3350	Unappropriated retained earnings		795,740	6	1,863,461	15
	Other equity					
3400	Other equity interest		( 837,187)	( 6)	( 683,175)	( 5)
3500	Treasury shares	6(14)	( 57,583)	-	-	-
31XX	<b>Total equity attributable to owners of the parent company</b>		<u>8,473,574</u>	<u>59</u>	<u>8,229,220</u>	<u>64</u>
36XX	<b>Non-controlling interests</b>		<u>41,743</u>	<u>-</u>	<u>44,490</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>8,515,317</u>	<u>59</u>	<u>8,273,710</u>	<u>64</u>
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9				
3X2X	<b>Liabilities and total equity</b>		<u>\$ 14,350,057</u>	<u>100</u>	<u>\$ 12,989,167</u>	<u>100</u>

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2020 and 2019  
(Expressed in Thousands of New Taiwan Dollars, except for Earnings Per Common Share)

Item	Note	2020		2019		
		Amount	%	Amount	%	
4000	Operating revenue	6(17)	\$ 11,345,641	100	\$ 12,842,525	100
5000	Operating costs	6(4)	( 8,963,637)	( 79)	( 10,313,919)	( 80)
5950	Gross profit from operations		<u>2,382,004</u>	<u>21</u>	<u>2,528,606</u>	<u>20</u>
	Operating expenses	6(22)				
6100	Selling expenses		( 196,991)	( 2)	( 215,464)	( 2)
6200	Administrative expenses		( 745,366)	( 7)	( 711,346)	( 6)
6300	Research and development expenses		( 166,560)	( 1)	( 144,821)	( 1)
6000	Total operating expenses		<u>( 1,108,917)</u>	<u>( 10)</u>	<u>( 1,071,631)</u>	<u>( 9)</u>
6900	Net operating income		<u>1,273,087</u>	<u>11</u>	<u>1,456,975</u>	<u>11</u>
	Non-operating income and expenses					
7100	Interest income	6(18)	9,727	-	10,529	-
7010	Other income	6(19)	64,486	-	63,036	1
7020	Other gains and losses	6(20)	( 273,360)	( 2)	16,409	-
7050	Finance costs	6(21)	( 24,954)	-	( 34,780)	-
7000	Total non-operating income and expenses		<u>( 224,101)</u>	<u>( 2)</u>	<u>55,194</u>	<u>1</u>
7900	<b>Profit from continuing operations before tax</b>		1,048,986	9	1,512,169	12
7950	Tax expenses	6(23)	( 153,472)	( 1)	( 235,658)	( 2)
8200	<b>Profit</b>		<u>\$ 895,514</u>	<u>8</u>	<u>\$ 1,276,511</u>	<u>10</u>
	<b>Other comprehensive income, net</b>					
	<b>Items that may be subsequently reclassified to profit or loss</b>					
8361	Exchange differences on translation		( \$ 154,698)	( 1)	( \$ 264,473)	( 2)
8300	<b>Other comprehensive income, net</b>		<u>( \$ 154,698)</u>	<u>( 1)</u>	<u>( \$ 264,473)</u>	<u>( 2)</u>
8500	<b>Total comprehensive income</b>		<u>\$ 740,816</u>	<u>7</u>	<u>\$ 1,012,038</u>	<u>8</u>
	Profit attributable to:					
8610	Owners of the parent company		<u>\$ 897,575</u>	<u>8</u>	<u>\$ 1,279,195</u>	<u>10</u>
8620	Non-controlling interests		<u>( \$ 2,061)</u>	<u>-</u>	<u>( \$ 2,684)</u>	<u>-</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		<u>\$ 743,563</u>	<u>7</u>	<u>\$ 1,016,560</u>	<u>8</u>
8720	Non-controlling interests		<u>( \$ 2,747)</u>	<u>-</u>	<u>( \$ 4,522)</u>	<u>-</u>
	Basic earnings per share	6(24)				
9750	Total basic earnings per share		<u>\$ 5.06</u>		<u>\$ 7.81</u>	
	Diluted earnings per share					
9850	Total diluted earnings per share		<u>\$ 5.00</u>		<u>\$ 7.31</u>	

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2020 and 2019  
(Expressed in thousands of New Taiwan dollars)

	Equity Attributable to Owners of Parent											
	Share Capital			Retained Earnings				Exchange Differences on Translation of Foreign Financial Statements	Treasury shares	Total	Non-controlling Interests	Total Equity
	Note	Ordinary share	Advance Receipts for Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings					
Balance, January 1, 2019		\$ 1,462,735	\$ 65,886	\$ 3,377,120	\$ 346,855	\$ 446,134	\$ 1,221,151	(\$ 420,541)	\$ -	\$ 6,499,340	\$ 38,276	\$ 6,537,616
Profit for the year		-	-	-	-	-	1,279,195	-	-	1,279,195	( 2,684 )	1,276,511
Other comprehensive income		-	-	-	-	-	-	( 262,634 )	-	( 262,634 )	( 1,839 )	( 264,473 )
Total comprehensive income		-	-	-	-	-	1,279,195	( 262,634 )	-	1,016,561	( 4,523 )	1,012,038
Distribution of earnings for 2018	6(16)											
Legal reserve appropriated		-	-	-	74,300	-	( 74,300 )	-	-	-	-	-
Reversal of special reserve		-	-	-	-	( 25,593 )	25,593	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	-	( 588,178 )	-	-	( 588,178 )	-	( 588,178 )
Issue of shares	6(14)(15)	60,000	( 65,886 )	168,427	-	-	-	-	-	162,541	-	162,541
Conversion of convertible bonds	6(15)(25)	224,831	-	914,125	-	-	-	-	-	1,138,956	-	1,138,956
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	10,737	10,737
Balance, December 31, 2019		<u>\$ 1,747,566</u>	<u>\$ -</u>	<u>\$ 4,459,672</u>	<u>\$ 421,155</u>	<u>\$ 420,541</u>	<u>\$ 1,863,461</u>	<u>(\$ 683,175)</u>	<u>\$ -</u>	<u>\$ 8,229,220</u>	<u>\$ 44,490</u>	<u>\$ 8,273,710</u>
Balance, January 1, 2020		<u>\$ 1,747,566</u>	<u>\$ -</u>	<u>\$ 4,459,672</u>	<u>\$ 421,155</u>	<u>\$ 420,541</u>	<u>\$ 1,863,461</u>	<u>(\$ 683,175)</u>	<u>\$ -</u>	<u>\$ 8,229,220</u>	<u>\$ 44,490</u>	<u>\$ 8,273,710</u>
Profit for the year		-	-	-	-	-	897,575	-	-	897,575	( 2,061 )	895,514
Other comprehensive income		-	-	-	-	-	-	( 154,012 )	-	( 154,012 )	( 686 )	( 154,698 )
Total comprehensive income		-	-	-	-	-	897,575	( 154,012 )	-	743,563	( 2,747 )	740,816
Distribution of earnings for 2019	6(16)											
Legal reserve appropriated		-	-	-	127,920	-	( 127,920 )	-	-	-	-	-
Special reserve appropriated		-	-	-	-	262,634	( 262,634 )	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	-	( 963,059 )	-	-	( 963,059 )	-	( 963,059 )
Distribution of earnings for the six-month period ended June 30, 2020	6(16)											
Legal reserve appropriated		-	-	-	52,606	-	( 52,606 )	-	-	-	-	-
Special reserve appropriated		-	-	-	-	169,454	( 169,454 )	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	-	( 389,623 )	-	-	( 389,623 )	-	( 389,623 )
Issue of shares	6(14)(15)	100,000	-	692,844	-	-	-	-	-	792,844	-	792,844
Due to recognition of equity component of convertible bonds issued	6(10)(15)	-	-	48,201	-	-	-	-	-	48,201	-	48,201
	6(15)(25)											
Conversion of convertible bonds		14,384	-	55,627	-	-	-	-	-	70,011	-	70,011
Purchase of treasury shares	6(14)	-	-	-	-	-	-	-	( 57,583 )	( 57,583 )	-	( 57,583 )
Balance, December 31, 2020		<u>\$ 1,861,950</u>	<u>\$ -</u>	<u>\$ 5,256,344</u>	<u>\$ 601,681</u>	<u>\$ 852,629</u>	<u>\$ 795,740</u>	<u>(\$ 837,187)</u>	<u>(\$ 57,583)</u>	<u>\$ 8,473,574</u>	<u>\$ 41,743</u>	<u>\$ 8,515,317</u>

The notes set out below form an integral part of the consolidated financial statements.

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2020 and 2019  
(Expressed in thousands of New Taiwan dollars)

	Note	2020	2019
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 1,048,986	\$ 1,512,169
Adjustments			
Adjustments to reconcile profit or loss			
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(20)	( 4,785 )	( 8,871 )
Depreciation expense	6(5)(6)(22)	699,969	616,174
Amortization expenses	6(22)	33,104	39,051
Expected credit losses (gain)	12(2)	( 3,770 )	5,383
Loss on disposal of property, plant, and equipment	6(20)	8,041	8,861
Interest income	6(18)	( 9,727 )	( 10,529 )
Interest expenses	6(21)	24,954	34,780
Share-based payment	6(13)	45,570	-
Changes in operating assets and liabilities			
Net changes in operating assets			
Accounts receivable		( 40,922 )	( 249,196 )
Other receivables		33,762	( 35,377 )
Inventories		( 703,443 )	( 332,026 )
Prepayments		( 31,257 )	( 30,452 )
Other current assets		( 15,083 )	( 16,982 )
Changes in operating liabilities			
Contract liabilities		26,354	1,618
Accounts payable		298,638	415,296
Other payables		108,690	( 12,832 )
Other current liabilities		4,010	( 802 )
Other non-current liabilities		( 3,037 )	( 3,306 )
Cash flows generated from operating		1,520,054	1,932,959
Interest received		9,588	9,873
Interest paid		( 17,967 )	( 23,991 )
Income tax paid		( 126,413 )	( 215,445 )
Net cash flows from operating activities		1,385,262	1,703,396

(Continued)

Fulgent Sun International (Holding) Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2020 and 2019  
(Expressed in thousands of New Taiwan dollars)

	Note	2020	2019
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		(\$ 23,865 )	(\$ 61,428 )
Acquisition of property, plant, and equipment	6(25)	( 1,240,894 )	( 1,506,853 )
Proceeds from disposal of property, plant and equipment		4,044	8,091
Acquisition of use-of-right assets	6(6)	( 1,428 )	( 23,227 )
Acquisition of intangible assets		( 1,180 )	( 3,271 )
Decrease (increase) in other non-current assets		3,523	( 82,062 )
Decrease in refundable deposits		1,805	312
Net cash flows used in investing activities		( 1,257,995 )	( 1,668,438 )
<u>Cash flows from financing activities</u>			
(Decrease) Increase in short-term loans	6(26)	( 272,559 )	618,597
Proceeds from long-term debt	6(26)	-	204,411
Repayment of long-term debt	6(26)	-	( 214,171 )
Payments of lease liabilities	6(6)(26)	( 61,461 )	( 50,729 )
Proceeds from issuing convertible bonds	6(26)	532,744	-
Repayments of convertible bonds	6(26)	-	( 5,300 )
Cash dividends paid	6(16)	( 963,059 )	( 588,178 )
Proceeds from issuing shares	6(14)	750,000	165,114
Payments to acquire treasury shares	6(14)	( 57,583 )	-
Changes in non-controlling interests		-	10,737
Net cash flows (used in) generated from financing activities		( 71,918 )	140,481
Effects of exchange rate changes		139,005	( 115,038 )
Net increase in cash and cash equivalents		194,354	60,401
Cash and cash equivalents at beginning of period		1,373,474	1,313,073
Cash and cash equivalents at end of period		\$ 1,567,828	\$ 1,373,474

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

## Distribution of 2020 Earnings

Unit: NTD

Item	Amount	
<b>Undistributed earnings at the beginning of the period</b>		<b>509,848,984</b>
<b>Add: Net income for 2020</b>		<b>897,574,621</b>
<b>Subtotal</b>		<b>1,407,423,605</b>
<b>Less: 10% as legal surplus reserve</b>		<b>(89,757,462)</b>
Set aside in the first half of 2020	(52,606,585)	
Set aside in the second half of 2020	(37,150,877)	
<b>Special surplus reserve</b>		<b>(154,012,424)</b>
Set aside in the first half of 2020	(169,453,840)	
Reversed in the second half of 2020	15,441,416	
<b>Distributable earnings</b>		<b>1,163,653,719</b>
<b>In the form of:</b>		
Cash dividends on common shares in the first half of 2020 (NT\$2.10 per share)	(389,623,580)	
Cash dividends on common shares in the second half of 2020 (NT\$1.70 per share)	(315,409,565)	
<b>Total distributed earnings</b>		<b>(705,033,145)</b>
<b>Undistributed earnings at the end of the period</b>		<b>458,620,574</b>

Note 1: Cash dividends are distributed upon resolution of the Board of Directors and reported in the annual shareholders' meeting.

Note 2: For the cash dividends on common shares in the above table, dividends per share are calculated based on a total of 185,535,038 shares from the current paid-in capital of 186,195,038 common shares net of 660,000 treasury shares. In case of a change in the dividend yield caused by a change in the number of the Company's outstanding shares arising from the conversion of the Company's convertible bonds or other laws and regulations, the Chairman is authorized to resolve at his discretion.

Chairman: Mark Lin

President: Judy Liao

Principal Accounting Officer: Frank Fan



Fulgent Sun International (Holding) Co., Ltd.  
Comparison Table for the Amendment to the Procedures for the Acquisition and  
Disposal of Assets

Before Amendment	After Amendment	Description
Article 3	Article 3	
<p>Paragraph 1 omitted.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under <del>Paragraph 8,</del> Article 156 of the Company Act.</p> <p>(Omitted below)</p>	<p>Paragraph 1 omitted.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>(Omitted below)</p>	<p>Change Paragraph 6, Article 156 to Article 156-3 in response to the amendment to the Company Act promulgated on August 1, 2018 and taking effect on November 1, 2018.</p>
Article 8	Article 8	
<p>Paragraph 1 omitted.</p> <p>2. Use of report of an expert</p> <p style="padding-left: 40px;">(1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing</p>	<p>Paragraph 1 omitted.</p> <p>2. Use of report of an expert</p> <p style="padding-left: 40px;">(1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for</p>	<p>Change the Statement of Auditing Standards No. 20 published by the ARDF to No. 71 "Use of Experts in Audit Work," which took effect on July 1, 2019.</p>

Before Amendment	After Amendment	Description
<p>company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. <del>20</del> published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where</p>	<p>the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. <b>71</b> published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the</p>	

Before Amendment	After Amendment	Description
<p>otherwise provided by regulations of the Financial Supervisory Commission (FSC). (Omitted below)</p>	<p>Financial Supervisory Commission (FSC). (Omitted below)</p>	
<p>Article 9</p>	<p>Article 9</p>	
<p>Paragraph 1 omitted.</p> <p>2. Appraisal report of real property, equipment, and right-of-use assets ... (Omitted).</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation</p>	<p>Paragraph 1 omitted.</p> <p>2. Appraisal report of real property, equipment, and right-of-use assets ... (Omitted).</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 71 published by the ROC Accounting Research and Development Foundation (ARDF) and render a</p>	<p>Change the Statement of Auditing Standards No. 20 published by the ARDF to No. 71 "Use of Experts in Audit Work," which took effect on July 1, 2019.</p>

Before Amendment	After Amendment	Description
<p>(ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (Omitted below)</p>	<p>specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (Omitted below)</p>	
<p>Article 10</p>	<p>Article 10</p>	
<p>Paragraph 1 omitted. 2. Expert opinion on the acquisition or disposal of intangible assets and right-of-use assets or memberships (1) Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA</p>	<p>Paragraph 1 omitted. 2. Expert opinion on the acquisition or disposal of intangible assets and right-of-use assets or memberships (1) Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the</p>	<p>Change the Statement of Auditing Standards No. 20 published by the ARDF to No. 71 “Use of Experts in Audit Work,” which took effect on July 1, 2019.</p>

Before Amendment	After Amendment	Description
<p>shall comply with the provisions of Statement of Auditing Standards No. <del>20</del> published by the ARDF. (Omitted below)</p>	<p>provisions of Statement of Auditing Standards No. <b>71</b> published by the ARDF. (Omitted below)</p>	
<p>Article 12</p>	<p>Article 12</p>	
<p>Paragraphs 1~2 omitted. 3. Restrictive covenants and other important stipulations associated with the transaction ... (Omitted). (2) With respect to the types of transactions listed below, when to be <b>conducted</b> between the Company and its subsidiaries, the Company's Board of Directors may pursuant to Subparagraph 3, Paragraph 1, Article 9 delegate the Board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting: 1. Acquisition or disposal of</p>	<p>Paragraphs 1~2 omitted. 3. Restrictive covenants and other important stipulations associated with the transaction ... (Omitted). (2) With respect to the types of transactions listed below, when to be <b>conducted</b> between the Company and its subsidiaries, <b>or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</b>, the Company's Board of Directors may pursuant to Subparagraph 3, Paragraph 1, Article 9 delegate the Board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted</p>	<p>Amend Paragraph 3, allowing the Board chairman to decide on the acquisition or disposal of equipment or right-of-use assets thereof held for business use or real property right-of-use assets held for business use given that due to the overall business planning, a public company, and its parent or subsidiaries, or its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares, have the necessity and need of collectively purchasing or leasing equipment for business use and then transfer (including trading or subletting), or are likely to lease real estate for subletting, of which the risk is relatively low.</p>

Before Amendment	After Amendment	Description
<p>equipment or right-of-use assets thereof held for business use.</p> <p>2. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>4. Evaluation of the reasonableness of the transaction costs ...(Omitted).</p> <p>(4) Where the Company acquires real property or right-of-use assets thereof from a related party,...(omitted).</p> <p>4. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries.</p> <p>(Omitted below)</p>	<p>to and ratified by the next Board of Directors meeting:</p> <p>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>2. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>4. Evaluation of the reasonableness of the transaction costs ...(Omitted).</p> <p>(4) Where the Company acquires real property or right-of-use assets thereof from a related party,...(omitted).</p> <p>4. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, <b>or by its subsidiaries in which it directly or indirectly holds 100</b></p>	<p>Add Subparagraph 4, Paragraph 4, removing the provision that the reasonableness of such transaction costs (acquisition prices of real estate from related parties or lease prices of real estate) shall be evaluated under this article given that due to the overall business planning, a public company, and its parent or subsidiaries, or its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares, are likely to lease real estate collectively for subletting, of which the risk of involving</p>

Before Amendment	After Amendment	Description
	<p style="text-align: center; color: red;">percent of the issued shares or authorized capital.</p> <p>(Omitted below)</p>	<p>unconventional transactions is relatively low; as this article does not apply to such transactions, evidence regarding the reasonableness of transaction prices under Article 17 and provision of the special surplus reserve under Article 18 shall not apply.</p>

Fulgent Sun International (Holding) Co., Ltd.  
Comparison Table for the Amendment to the Rules and Procedures of Shareholders Meeting

Before Amendment	After Amendment	Description
Article 2	Article 2	
<p>Paragraphs 1~4 omitted.</p> <p>The following shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting; none of the above matters may be raised by an extraordinary motion; <del>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice:</del></p> <p>...(Omitted).</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a <del>written</del> proposal for discussion at a regular shareholders' meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda; <del>provided a shareholder proposal for urging the Company to promote public</del></p>	<p>Paragraphs 1~4 omitted.</p> <p>The following shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting; none of the above matters may be raised by an extraordinary motion:</p> <p>...(Omitted).</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when one of the following circumstances</p>	<p>Adjust the method of the announcement in accordance with the provision.</p> <p>Amend Paragraph 7 in accordance with Paragraph 5, Article 172-1 of the Company Act and the Order Jing-Shang-Zi No. 10700105410.</p>



Before Amendment	After Amendment	Description
<p><del>interests or fulfill its social responsibilities may still be included in the agenda by the board of directors.</del> In addition, when one of the following circumstances under the Articles of Incorporation applies to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda:</p> <ol style="list-style-type: none"> <li>1. Where the number of shares of the shareholder making the proposal is less than one percent (1%) of the total number of outstanding shares;</li> <li>2. Where the subject (the issue) of the proposal cannot be settled or resolved by a resolution to be adopted at a shareholders' meeting;</li> <li>3. Where the proposal contains more than one matters; or</li> <li>4. Where the said proposal is submitted on a day beyond the deadline fixed and announced by the Company for accepting shareholders' proposals.</li> </ol>	<p>under the Articles of Incorporation applies to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda:</p> <ol style="list-style-type: none"> <li>1. Where the number of shares of the shareholder making the proposal is less than one percent (1%) of the total number of outstanding shares;</li> <li>2. Where the subject (the issue) of the proposal cannot be settled or resolved by a resolution to be adopted at a shareholders' meeting;</li> <li>3. Where the proposal contains more than one matters; or</li> <li>4. Where the said proposal is submitted on a day beyond the deadline fixed and announced by the Company for accepting shareholders' proposals.</li> </ol> <p><u>A shareholder proposal for urging the Company to promote public interests or fulfill its social responsibilities may be made, provided that the number of items so propose is limited to</u></p>	

Before Amendment	After Amendment	Description
<p>Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.(Omitted below)</p>	<p><u>one only, and no proposal containing more than one item will be included in the meeting agenda in accordance with Article 172-1 of the Company Act.</u></p> <p>Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.(Omitted below)</p>	
Article 3	Article 3	
<p>Paragraphs 1~2 omitted.</p> <p>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person, a written notice of proxy cancellation shall be submitted to the Company <del>one business day</del> before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p>	<p>Paragraphs 1~2 omitted.</p> <p>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person, a written notice of proxy cancellation shall be submitted to the Company <u>two business days</u> before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p>	<p>Amend Paragraph 3 in accordance with Paragraph 4, Article 177 of the Company Act.</p>
Article 8	Article 8	

Before Amendment	After Amendment	Description
<p>Paragraph 1 omitted.</p> <p>The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.</p>	<p>Paragraph 1 omitted.</p> <p>The chair shall call the meeting to order at the appointed meeting time <u>while announcing relevant information such as the number of non-voting rights and the number of shares present.</u></p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.</p>	<p>Amend Paragraph 2 to improve corporate governance and protect the rights and interests of shareholders.</p>

Article 13	Article 13	
<p>The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately</p> <p>Paragraph 2 omitted.</p>	<p>The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, <u>including the names of those elected as directors and those losing the election and the numbers of votes with which they were elected or lose the election.</u></p> <p>Paragraph 2 omitted.</p>	<p>Amend Paragraph 1 to improve corporate governance and protect the rights and interests of shareholders.</p>

Fulgent Sun International (Holding) Co., Ltd.  
Comparison Table for the Amendment to the Procedures for Election of  
Directors

Before Amendment	After Amendment	Description
<del>Regulations Governing Election of Directors and Independent Directors</del>	<u>Procedures for Election of Directors</u>	Adjust the name of the Procedures based on the sample template.
Article 5	Article 5	
Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act; <del>in order to review the qualifications of director candidates and their education and the presence or absence of the circumstances specified in Article 30 of the Company Act, other qualification documents shall not be added without permission, and the results of the review shall be submitted to shareholders for reference, so as to elect a competent director.</del>	Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.	Amend Paragraph 1 in accordance with the amendment to Article 192-1 of the Company Act regarding the streamlined procedures for the nomination of directors.
Article 10		
<del>If a candidate is a shareholder, voters shall enter the candidate's account name and shareholder account number in the ballot; if a candidate is not a shareholder, voters shall enter the candidate's</del>	(Deleted)	Delete this article according to the Financial Supervisory Commission Order Jin-Guan-Zhen-Jiao-Zi No. 1080311451 dated April 25, 2019, requiring that

Before Amendment	After Amendment	Description
<p><del>name and ID number in the ballot. If a candidate is a government or corporate shareholder, the name of the government or corporate shareholder shall be entered in the candidate's account name in the ballot, or the representative of the government or corporate shareholder may be entered instead. When there are several representatives, the names of the representatives shall be entered separately.</del></p>		<p>TWSE/TPEX listed companies should conduct the elections of directors and supervisors using the candidate nomination system, effective in 2021. Shareholders shall elect directors from the list of director candidates. Shareholders may learn the name, education, and other information of each candidate from the list of director candidates before the shareholders' meeting is held. Thus, it is not necessary to use shareholder account number or ID number as the way to identify the candidate.</p>
<p>Article 14</p>	<p>Article 10</p>	<p>Adjust the article number due to the deletion of Article 10.</p>
<p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by the <del>Board of Directors</del>.</li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate whose name is entered in the ballot does not conform to <del>his/her/its account name, shareholder account number, and shareholder</del></li> </ol>	<p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by <u>a person with the right to convene</u>.</li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate whose name is entered on the ballot does not conform to <u>the director candidate list</u>.</li> </ol>	<p>Amend Subparagraph 1 in accordance with Article 173 of the Company Act, stipulating that shareholders may, upon approval of the competent authority, convene a special shareholders' meeting under certain circumstances (e.g., the Board of Directors' failure to give a notice for convening a special shareholders' meeting); amend Subparagraphs 4 and 5 and delete Subparagraph 6 according to the Financial Supervisory Commission Order Jin-Guan-Zhen-Jiao-Zi</p>

Before Amendment	After Amendment	Description
<p><del>register if holding a shareholder status or his/her/its name and ID number if not holding a shareholder status.</del></p> <p>5. Other words or marks are entered in addition to <del>the account name (name) or shareholder account number (ID number) of the candidate</del> and the number of voting rights allotted.</p> <p><del>6. The name of the candidate entered in the ballot is the same as that of another shareholder, but no shareholder account number or ID number is entered for identification.</del></p>	<p>5. Other words or marks are entered in addition to the number of voting rights allotted.</p>	<p>No. 1080311451 dated April 25, 2019, requiring that TWSE/TPEX listed companies should conduct the elections of directors and supervisors using the candidate nomination system, effective in 2021. Shareholders shall elect directors from the list of director candidates.</p>
<p>Article <del>12</del></p>	<p>Article <u>11</u></p>	<p>Adjust the article number due to the deletion of Article 10.</p>
<p>Article <del>13</del></p>	<p>Article <u>12</u></p>	<p>Adjust the article number due to the deletion of Article 10.</p>
<p>Article <del>14</del></p>	<p>Article <u>13</u></p>	<p>Adjust the article number due to the deletion of Article 10.</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 Procedure 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.
7. Issuance of an employee stock option certificate whose subscription price shall not be lower than the closing price of the underlying stock on the date of issuance.
8. The issuer declares for the issuance of new shares that restrict the rights of employees.

Reasons for convening a shareholders' meeting has been enshrined in a comprehensive re-election of directors, and shall state the date of taking office, the shareholders' meeting after the election is completed, the same meeting, not be permitted to temporarily move or otherwise change the date of their taking office.

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.

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

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

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

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

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

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

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

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

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

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

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

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

issued shares is 3% of the total number of shares, and the voting rights exceeding the voting amount shall not be calculated.

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

During the shareholders' meeting, it may exercise its written or electronic approach to practice its voting rights. When exercising its voting rights in writing or electronically, the method of exercise shall be set out in the notice of the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to have appointed the Chairman of the Shareholders' Meeting to act as their agent at the Shareholders' Meeting in accordance with their instructions in writing or electronic documents, provided that such assignments shall not constitute a agency for the rules of the Companies agent. The Chairman of the Shareholders' Meeting shall not be entitled to exercise the voting rights of the Shareholders on the basis of the status of the Agent and the matters not stated in the written or electronic document and the amendments or interim motions of the original motion proposed by the Shareholders' Meeting. For the avoidance of doubt, the exercise by the Shareholders in writing or electronically shall be deemed to have waived the exercise of the voting rights in respect of the provisional motion and the original motion of the Shareholders' Meeting. If the chairman of the shareholders' meeting does not exercise the voting right on behalf of such shareholders, the number of shares shall not be counted as the number of voting rights in the shareholders who are present, but shall be counted as the number of shares at the minimum number of attendees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(adopted by a special resolution passed on June 12, 2020)

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 3,000,000,000 divided into 300,000,000 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 12, 2020)

**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.

**"Book Closure Period"** means a certain period of time that the Board closes the Register of Members for transfers as prescribed by the Applicable Public Company Rules for the purpose of (i) determining the Members entitled to receive notice(s) of, to attend at and to vote at any general meeting; (ii) determining the Members entitled to receive payment of any Dividend or other distribution; (iii) determining the Members for any other purpose.

**"Capital Redemption Reserve"** means a reserve established by the Company for the purpose of section 37(4) of the Statute which shall comprise of, inter alia, (i) where Shares of the Company are redeemed or purchased wholly out of the Company's profits, amounts by which the

Company's issued share capital is diminished in accordance with section 37(3)(g) of the Statute on cancellation of the Shares redeemed or purchased; (ii) where Shares of the Company are redeemed or purchased wholly or partly out of the proceeds of a fresh issue and the aggregate amount of those proceeds is less than the aggregate nominal value of the Shares redeemed or purchased, the amount of such difference, unless section 37(4)(c) of the Statute applies; (iii) where Shares of the Company are redeemed or purchased out of capital and the capital payment for Shares redeemed or purchased and cancelled is less than their nominal amount, the amount of such difference, subject to section 37(5)(f) of the Statute; subject to any reduction in accordance with section 37(5)(e) of the Statute and other provisions of the Statute.

<b>"Capital Reserve"</b>	means the premium paid on the issuance of any Share and income from endowments received by the Company.
<b>"Cayman Merger"</b>	means the merger or consolidation as defined in the Statute.
<b>"Chairman"</b>	means the Director elected amongst all the Directors as the chairman of the Board.
<b>"Company"</b>	means the above named company.
<b>"Compensation Committee"</b>	means the compensation committee to be established by the Board, which shall comprise of professional individuals and have the functions prescribed by the Applicable Public Company Rules.
<b>"Directors"</b>	means the directors for the time being of the Company and shall include any and all Independent Director(s).
<b>"Dividend"</b>	means any dividend (whether interim or final) resolved to be paid on Shares pursuant to the Articles.
<b>"Electronic Record"</b>	has the same meaning as in the Electronic Transactions Law.
<b>"Electronic Transactions Law"</b>	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands.
<b>"FSC"</b>	means the Financial Supervisory Commission of the ROC.
<b>"Independent Directors"</b>	means the Directors who are elected as "Independent Directors" for the purpose of the Applicable Public Company Rules.
<b>"Listed Company"</b>	means the public company whose shares are listed on TSE for trading.
<b>"Member"</b>	has the same meaning as in the Statute.

<b>"Memorandum"</b>	means the memorandum of association of the Company.
<b>"Market Observation Post System"</b>	means the public company reporting system maintained by the TSE.
<b>"Ordinary Resolution"</b>	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
<b>"OTC Company"</b>	means the public company whose shares are listed on TPEx for trading.
<b>"Register of Members"</b>	means the register of members maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.
<b>"Registered Office"</b>	means the registered office for the time being of the Company.
<b>"ROC"</b>	means Taiwan, the Republic of China.
<b>"Seal"</b>	means the common seal of the Company and includes every duplicate seal.
<b>"Share" and "Shares"</b>	means a share or shares in the Company.
<b>"Special Resolution"</b>	has the same meaning as in the Statute.
<b>"Statute"</b>	means the Companies Law (as amended) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force.
<b>"Subsidiary"</b>	means, with respect to any company, (i) the entity, more than one half of whose total number of the outstanding voting shares or the total amount of the capital stock are directly or indirectly held by such company; (ii) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (iii) the entity, one half or more of whose executive shareholders or board directors are concurrently acting as the executive shareholders or board directors of such company; and (iv) the entity, one half or more of whose total number of outstanding voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company.
<b>"Supermajority Resolution"</b>	means a resolution passed by a majority vote of the Members at a general meeting attended by Members who represent two-thirds or more of the total outstanding Shares or, if the

total number of Shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding Shares, but more than one half of the total outstanding Shares, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting.

- "TDCC"** means the Taiwan Depository & Clearing Corporation.
- "TPEx"** means the Taipei Exchange.
- "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 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.

3.6.1 The pre-emptive right of the employees of the Company under Article 3.3 and 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 with another company, or for the merger between the Subsidiary of the Company and other companies, or the Spin-off of the Company;
- (b) in connection with the Shares issued for being acquired;
- (c) in connection with acquisition of issued Shares, business, or assets of another company; or
- (d) in connection with share swap.

Any new Shares issued under this Article may be paid up in cash or assets required in the business of the Company.

3.7 The Company shall not issue any unpaid Shares or partly paid-up shares. When the total number of Shares in the issuance of new Shares has been subscribed to in full, the Company shall immediately press each of the subscribers for payment. Where share certificates are issued above the par value thereof, the amount in excess of such value shall be collected at the same time with the payment for Shares. Where subscriber delays payment for Shares as provided in this Article, the Company shall

fix a period of not less than one month and call upon each subscriber to pay up, declaring that in case of default of payment within the stipulated period their right shall be forfeited. After the Company has made the aforesaid call, the subscribers who fail to pay accordingly shall forfeit their rights and the Shares subscribed to by them shall be otherwise sold. Under the aforesaid circumstances, compensation for loss or damage, if any, may still be claimed against such defaulting subscribers.

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

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

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

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

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

#### **4 Register of Members**

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

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



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

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

5.1 For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose, the Board may provide that the Register of Members shall be closed for transfers for a stated period as prescribed by the Applicable Public Company Rules.

5.2 In lieu of, or apart from, closing the Register of Members, the Board may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose.

5.3 If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend or other distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Board resolving to pay such Dividend or other distribution is passed, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

## **6 Certificates for Shares**

6.1 Subject to the provisions of the Statute, the Company shall issue shares without printing share certificates for the Shares issued. So long as the Shares are listed on the TSE, notwithstanding anything contained in these Articles and subject always to the law of the Cayman Islands, the details regarding such issue of shares shall be recorded by TDCC in accordance with the Applicable Public Company Rules, and

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

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

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

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

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

## **7 Transfer of Shares**

7.1 Subject to Article 3.1, Shares are transferable.

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

7.3 Notwithstanding the foregoing, transfers of Shares which are listed on the TSE may be effected by any method of transferring or dealing securities permitted by the TSE

which is in accordance with the Applicable Public Company Rules and which has been approved by the Board for such purpose.

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

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

- 8.6 Subject to the Statute and Applicable Public Company Rules, the Company may by Ordinary Resolution redeem or purchase its own Shares by reducing and making payment out of its share capital. Any such redemption or purchase and the payment out of share capital must be made to all Members pro rata based on the percentage of shareholdings of the Members, unless otherwise provided for in the Statute or the Applicable Public Company Rules. Prior to the passing of the Ordinary Resolution in accordance with this Article 8.6, the Company shall (i) prepare a balance sheet and an inventory of its property; (ii) give notice of the proposed resolution to each creditor of the Company and make a public announcement in respect of the proposed resolution; and (iii) fix a period of not less than thirty days within which the creditors of the Company may raise their objections, if any, to such resolution. Upon approval by Ordinary Resolution, the Company may make payments to any Member in proportion to their respective shareholdings in the Company either by cash or by distribution of specific assets of the Company, provided however, that where assets other than cash are distributed to the Members, the type of assets, the value of the assets and the corresponding amount of such substitutive distribution shall be (a) assessed by an ROC certified public accountant before being submitted to the Members for approval; (b) approved by the Members by Ordinary Resolution and (c) agreed to by the Member who will receive such assets.
- 8.7 The Company may accept the surrender for no consideration of any fully paid Share.
- 8.8 The Board may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.
- 8.9 Subject to the provisions of the Statute, these Articles and the Applicable Public Company Rules, the Board may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as the Board think proper (including, without limitation, for nil consideration).
- 8.10 After the Company purchases the Shares listed on the TSE, any proposal to transfer Treasury Shares to any employee of the Company and its Subsidiaries by the Company at a price below the average repurchase price paid by the Company shall be approved by a resolution passed by two-thirds or more of the Members present at the general meeting who represent a majority of the total outstanding Shares at the most recent general meeting. The handbook of the general meeting shall specify the following matters, which may not be made by an ad hoc motion:
- (a) the basis and reasonableness of the determined transfer price, discount ratio and calculation;
  - (b) the number, purpose and reasonableness of the share transfer;
  - (c) conditions for and volume of share to be purchased by relevant employees; and

- (d) any effect on the shareholders' rights, including:
  - (i) the amount which may be recorded as expenses and any dilution on retained earnings per Share; and
  - (ii) any financial burden on the Company caused by such transfer of Treasury Shares to relevant employees at a price lower than the average repurchase price paid by the Company.

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

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

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

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

## **10 Non Recognition of Trusts**

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

## **11 Transmission of Shares**

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

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

- 12.1 The Company may by Ordinary Resolution:
- (a) increase the share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
  - (b) consolidate and divide all or any of its share capital into Shares of larger

- amount than its existing Shares;
- (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination; and
  - (d) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorized share capital by the amount of the Shares so cancelled.
- 12.2 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to transfer, transmission and otherwise as the Shares in the original share capital.
- 12.3 Subject to the provisions of the Statute and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:
- (a) change its name; and
  - (b) reduce its share capital and any Capital Redemption Reserve.
- 12.4 (A) Subject to the Statute , the Company may from time to time by Supermajority Resolution:
- (a) alter or add to these Articles;
  - (b) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein;
  - (c) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;
  - (d) effect any dissolution, merger (other than a Cayman Merger), share swap or spin-off of the Company;
  - (e) 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;
  - (f) transfer its business or assets, in whole or in any essential part;
  - (g) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation; or
  - (h) ratify an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business.
- (B) In case the Company has issued Preferred Shares, any modification or alteration in these Articles prejudicial to the privileges of the holders of Preferred Shares shall also be adopted by a meeting of the holders of Preferred Shares.
- 12.4.1 Subject to the Statute, the resolution of the general meeting shall be adopted by two-thirds or more of the votes of the shareholders who represent the total number of issued shares of the Company:

- (a) if the Company participates in the merger/consolidation and is dissolved thereafter while the surviving company is not a listed or OTC company;
- (b) if the trading of shares on TSE market is terminated because the Company carries on the general transfer so that the transferee company is not a listed or OTC company anymore;
- (c) if the trading of shares on TSE market is terminated because the Company is acquired by any other surviving or newly incorporated company as a 100% held subsidiary company by means of share exchange while the surviving or newly incorporated company is not a listed or OTC company; or
- (d) if the company carries on a division and the trading of the shares then traded on TSE market shall be terminated while the surviving or newly incorporated transferee company after the division is not a listed or OTC company.

12.5 Subject to the Statute, 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.

12.6 The resolution to approve the issue of equity-linked securities through a private placement in accordance with Article 12.5 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.



- 12.7 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 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 14.4 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).
- 14.5 The Board may convene general meetings.
- 14.6 Subject to the condition that the Board does not or is unable to convene a general meeting, the Independent Directors of the Audit Committee may, for the behalf of the Company, convene a general meeting when it is deemed necessary.
- 14.7 Any Member(s) holding three percent (3%) or more of the total number of the issued Shares of the Company for one (1) consecutive year or longer may request the Board to convene an extraordinary general meeting, and the Board shall forthwith proceed to convene the meeting after receiving such request.
- 14.8 The Member's request must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requestor(s) and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requestors.

- 14.9 If the Board does not within fifteen days from the date of the deposit of the Member's request dispatch the notice of an extraordinary general meeting, the requestor(s) may himself/herself/itself convene an extraordinary general meeting.
- 14.10 Any Member(s) holding one half or more of the total number of the issued Shares of the Company for three (3) consecutive months or longer may himself/herself/itself convene an extraordinary general meeting. The calculation of the holding period and holding number of Shares shall be based on the holding at the time of share transfer suspension date.
- 14.11 The extraordinary general meetings convened as aforesaid by the Member(s) or the Independent Director(s) of the Audit Committee shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board.

## **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; the material content shall be posted on the website designated by the FSC, the TPEX, the TSE or the Company, and such website shall be indicated in the above notice.
- (a) election or discharge of Directors;
  - (b) alteration of the Articles;
  - (c) (i) dissolution, merger, share swap 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;
  - (f) capitalization of statutory reserve, Capital Reserve and any other amount in accordance with Article 35 by issuing new Shares or cash to its then Members in proportion to the number of the Shares being held by them;
  - (g) private placement of any equity-type securities issued by the Company;
  - (h) reduction of capital; and

- (i) application for the approval of ceasing the Company's status as a public 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, transcribe or make copies of the foregoing documents, the Company shall make its stock affairs agent to provide with the access.
- 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 or other authorized conveners of general meetings may require the Company or its stock affairs agent to provide with the Register of Members.
- 15.11 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.
- 15.12 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 one percent (1%) or more of the total number of the issued Shares of the Company for six (6) consecutive months 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 Closure 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 or by way of electronic transmission. Unless any of the following circumstances is satisfied, the Board shall include the proposal 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; (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s); or (e) the proposal contains more than three hundred words. Provided that if the proposing Member(s) propose a proposal for urging the Company to promote public interests or fulfill its social responsibilities, the proposal may still be included in the agenda of the general meeting by the Board.

- 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 Closure 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 the Company is involved in any merger, acquisition or share swap, 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.
- 20.3 The Member filing a request under the Article 20.1 and Article 20.2 shall make it in writing within 20 days since the resolution of the general meeting was made and specify the price for the Company to purchase back his/her/its Shares. If the Company and the Member reach an agreement about the price of purchasing back his/her/its Shares, the Company shall pay for the Shares within 90 days since the resolution of the general meeting was made. In case no agreement is reached, the Company shall pay the fair price it has recognized to the Member who asks for a higher price within 90 days since the resolution of the general meeting was made. If the Company did not pay, the Company shall be deemed to be agreeable to the price requested by the Member.
- 20.4 In the event that the Member filing a request under the Article 20.2 and in case no agreement is reached about the price of purchasing back his/her/its Shares within 60 days since the resolution of the general meeting was made, the Company shall apply to the court for a ruling on the fair price against all the dissenting Members as the opposing party within 30 days after that duration. The Taiwan Taipei District Court, ROC, may be the court of first instance for this matter.

## **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/her/its period of office

notwithstanding anything in these Articles, and may elect another person to fill in the vacancy in accordance with Article 24.2; provided that the Company may remove all Directors and elect new Directors to fill the vacancies at the same time in accordance with this Article and Article 24.2 without having to pass a prior resolution regarding the re-election of all Directors by a general meeting and unless the resolution approving such removal and election provides otherwise, the existing Directors' office shall be deemed discharged upon the passing of such resolution prior to the expiration of such Directors' applicable period of office.

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

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

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

- (a) is removed from office pursuant to the Articles;
- (b) gives notice in writing to the Company that he/she/it resigns the office of Director;
- (c) dies, becomes bankrupt, has been adjudicated of the commencement of liquidation process by the competent court 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/she is or will be suffering from mental disorder or is otherwise incapable of managing his/her affairs, or his/her legal capacity is restricted according to the applicable laws;
- (f) an order is made by any competent court or official on the grounds that he/she has been adjudicated of the commencement of assistantship and such assistantship has not been revoked yet;
- (g) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and has not started serving the sentence, has not completed serving the sentence, or the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than five years;

- (h) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two years;
- (i) having committed an offence as specified in the Anti-corruption Act and subsequently adjudicated guilty by a final judgment, and has not started serving the sentence, has not completed serving the sentence, or the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two years; or
- (j) having been dishonored for unlawful use of credit 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), (i) and (j) 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; unless otherwise, he/she/it is the Independent Director.

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/it 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 general meeting, then his/her/its election as a Director shall be deemed invalid; unless otherwise, he/she/it is the Independent Director.

## **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. If the Company participates in the merger/consolidation and acquisition, a Director who has a personal interest in the transaction of such merger/consolidation and acquisition shall disclose the material information regarding such conflict of interests and the cause of approval or dissent to the resolution of merger /consolidation or acquisition at the Board and the general meeting. 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.

- 27.7 Where the spouse, a blood relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has an interest in the matter under discussion at a meeting of Article 27.6, such Director shall be deemed to have a personal interest in the matter.

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

### **30 Alternate Directors**

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

### **31 Tender Offer**

- 31.1 Within seven days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Public Company Rules, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:
- (a) the types and number of the Shares held by the Directors and the Members holding more than 10% of the outstanding Shares in their own names or in the names of other persons.
  - (b) recommendations to the Members on the tender offer with respect to the status of verification of the identity and financial condition of the Offeror, fairness of the tender offer conditions, and reasonableness of the sources of the tender offer funds and the specific assenting and dissenting opinions of the directors and the reason(s) therefor.
  - (c) whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any.

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

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

### **32 Remuneration of Directors**

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

### **33 Seal**

33.1 The Company may, if the Board so determine, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of the Directors authorized 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 20% 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 20% 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. In the event that the Company distributes its profits pursuant to this Article in the form of new Shares to be issued by the Company, it shall be approved by the Supermajority Resolution; if such profits are distributed in the form of cash, it shall be approved by the Board.

- 34.1.1 Subject to the Statute and this Article, the Company may declare dividends at the end of each half fiscal year. The business reports, the financial statements and the proposal for distribution of profits for the half fiscal year shall be submitted to the Board for a resolution after being audited by the Audit Committee. When distributing profits pursuant to this Article, the Company shall pay all relevant taxes, offset losses and set aside the statutory reserve; if such statutory reserve reaches the Company's paid-in capital, this provision shall not apply. In the event that the Company distributes its profits pursuant to this Article in the form of new Shares to be issued by the Company, it shall be approved by the Supermajority Resolution; if such profits are distributed in the form of cash, it shall be approved by the Board.

When the Company distributes its profits pursuant to this Article, such profit distribution shall be based on financial statements audited or reviewed by the certified public accountant.

- 34.2 No Dividend or other distribution shall be paid except out of the realized or unrealized 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 Capitalization**

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.

37.3 Independent Director of the Audit Committee shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, inspect, transcribe or make copies of the accounting books and documents, and request the Board or manager of the Company to make reports thereon.

37.4 Before the Board is held to resolve matters of merger/consolidation and acquisition, the Audit Committee shall review the fairness and reasonableness of the plan and transaction of the merger/consolidation or acquisition and report the review results to the Board and the general meeting. When the Audit Committee reviews the fairness and reasonableness of the plan and transaction of the merger/consolidation or acquisition, the Audit Committee shall seek opinions from an independent expert on the reasonableness of the share swap ratio or distribution of cash or other assets. The review results of the Audit Committees and opinions of independent experts shall be delivered to the Members together with the notice of a general meeting for the merger/consolidation or acquisition. If the Company has made a public announcement publishing the same content as in the aforementioned documents which shall be delivered to the Members on the website designated by the competent securities authority in the ROC and the aforementioned documents are prepared at the venue of the general meeting, those documents shall be deemed as having been sent to the Members.

## **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.

#### **44 Corporate Social Responsibility**

The Company shall comply with the laws and regulations as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities when conducting its business.

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

### Shareholdings of All Directors

Date of Termination of Stocks Transfer: March 30, 2021

Positions	Names	Shares held	Percentage
Chairman	LIN, WEN-CHIH (Note3)	28,187,192	15.14%
Director	LIAO, FANG-CHU (Note4)	23,218,801	12.47%
Director	LIAO, CHIH-CHENG	326,185	0.18%
Independent director	HUANG, JIN-HUANG	-	-
Independent director	CHANG, KUN-HSIEN	-	-
Independent director	HSU, AI-CHI	-	-
Independent director	LI, CHUN-AN	-	-
Independent director	WU, CHUN-MING	-	-
<b>Total shares held by the Directors</b>		<b>51,732,178</b>	<b>27.78%</b>

The Company has issued 186,195,038 shares as in March 30, 2021.

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 23,846,151 shares Chairman LIN, WEN-CHIH indirectly holds from LASPORTIVA INT'L CO., LTD
4. Including the 21,420,465 shares Director LIAO, FANG-CHU indirectly holds from MEINDL INT'L CO., LTD.