

Stock Code : 8426



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# **Redwood Group 2019 Shareholder's Meeting Agenda**

10 Jun 2019

**Stock Code: 8426**

# **Redwood Group Ltd**

## **2019 Annual General Meeting Meeting Agenda**

Time: 9:00 a.m., June 10, 2019

Venue: Third-floor meeting room at the New Taipei Industrial Park

Service Center

(No. 95, Wugong Road, Xinzhuang District, New Taipei City)

## Table of Contents

Chapter I	Meeting Procedure -----	1
Chapter II	Meeting Agenda -----	2
	I. Report Items -----	3
	II. Proposed Resolutions-----	4
	III. Discussion Items -----	5
	IV. Elections-----	7
	V. Special Motions -----	9
Chapter III	Attachments-----	10
	I. 2018 Annual Operating Results-----	10
	II. Audit Committee’s Approval and Audit Report for 2018-----	14
	III. Comparison Table of Amendments to the Rules of Procedure for the Board of Directors’ Meetings-----	15
	IV. 2018 Annual Financial Statements -----	18
	V. 2018 Annual Statement of Deficit Compensation-----	28
	VI. Comparison Table of Amendments to the Articles of Incorporation -----	29
	VII. Comparison Table of Amendments to the Procedures for Derivative Transactions -----	48
	VIII. Comparison Table of Amendments to the Procedures for Lending Funds to Other Parties-----	49
	IX. Comparison Table of Amendments to the Procedures for Endorsement and Guarantee -----	52
	X. Comparison Table of Amendments to the Procedures for Acquisition or Disposal of Assets-----	55
	XI. List of Independent Directors Candidates -----	80
Chapter IV	Appendices	
	I. Rules of Procedure for the Board of Directors’ Meetings (before Amendment)	81
	II. Articles of Incorporation-----	88
	III. Procedures for Derivative Transactions (Before Amendment)-----	102
	IV. Procedures for Lending Funds to Other Parties (before Amendment) -----	107
	V. Procedures for Endorsement and Guarantee (before Amendment)-----	113
	VI. Procedures for Acquisition or Disposal of Assets (before Amendment)-----	118
	VII. Rules of Procedure for Shareholders’ Meeting -----	133
	VIII. Rules for Election of Directors-----	139
	IX. Shareholdings of All Directors-----	141
	X. Other Information-----	142

# **Redwood Group Ltd**

## **Procedure of 2019 Annual General Meeting**

- I. Call the Meeting to Order
- II. Chairman's Remarks
- III. Report Items
- IV. Proposed Resolutions
- V. Discussion Items
- VI. Elections
- VII. Special Motions
- VIII. Adjournment

# **Redwood Group Ltd**

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

- I. Time: 9:00 a.m., Monday, June 10, 2019
- II. Venue: Third-floor meeting room at the New Taipei Industrial Park Service Center (No. 95, Wugong Road, Xinzhuang District, New Taipei City)
- III. Call the meeting to order
- IV. Chairman's remarks
- V. Report items
  - (I) 2018 annual operating results.
  - (II) Audit Committee's approval and audit report for 2018.
  - (III) Amendments to certain articles within the Company's "Rules of Procedure for the Board of Directors' Meetings."
- VI. Proposed resolutions
  - (I) To adopt the 2018 annual financial statements.
  - (II) To adopt the 2018 annual statement of deficit compensation.
- VII. Discussion items
  - (I) Amendments to certain articles within the Company's "Articles of Incorporation"
  - (II) Amendments to certain articles within the Company's "Procedures for Derivative Transactions"
  - (III) Amendments to certain articles within the Company's "Procedures for Lending Funds to Other Parties"
  - (IV) Amendments to certain articles within the Company's "Procedures for Endorsement and Guarantee"
  - (V) Amendments to certain articles within the Company's "Procedures for Acquisition or Disposal of Assets"
- VIII. Elections
  - (I) Election of the Company's fourth-term Directors (including Independent Directors).
- IX. Special motions
- X. Adjournment

# Report Items

Item 1 Proposed by the Board of Directors

Subject: To approve the 2018 annual operating results.

Explanation: Please refer to Attachment I (P.10) of the Meeting Agenda.

Item 2 Proposed by the Board of Directors

Proposal: To approve the Audit Committee's approval and audit report for 2018.

Explanation: Please refer to Attachment II (P.14) of the Meeting Agenda.

Item 3 Proposed by the Board of Directors

Subject: To approve the amendments of certain articles within the Company's "Rules of Procedure for the Board of Directors' Meetings."

Explanation: Please refer to Attachment III (P.88) of the Meeting Agenda.

# Proposed Resolutions

Item 1 Proposed by the Board of Directors

Subject: To adopt the 2018 annual financial statements.

Explanation: The Company's 2018 annual financial statements were audited by the Certified Public Accountants (CPAs) of Deloitte Taiwan, Ming-chung Hsieh and Po-jen Weng. Relevant reports were reviewed by the Audit Committee and approved by a resolution by the Board of Directors. Please refer to Attachment IV (P.107) of the Meeting Agenda.

Resolution:

Item 2 Proposed by the Board of Directors

Proposal: To adopt the 2018 annual statement of deficit compensation.

Explanation: 1. The Company's consolidated net loss after tax amounted to NT\$24,481,896 in the financial year of 2018. It is proposed not to distribute dividends for the year.

2. Please refer to Attachment V (P.113) of the Meeting Agenda for the 2018 annual statement of deficit compensation.

Resolution:

## Discussion Items

Item 1 Proposed by the Board of Directors

Subject: To approve the amendments of certain articles within the Company's "Articles of Incorporation."

Explanation: In line with changes in laws and regulations, it is proposed to amend the Company's "Articles of Incorporation." Please refer to Attachment VI (P.118) of the Meeting Agenda for a comparison table of amendments.

Resolution:

Item 2 Proposed by the Board of Directors

Subject: To approve the amendments of certain articles within the Company's "Procedures for Derivative Transactions."

Explanation: In line with changes in laws and regulations, it is proposed to amend the Company's "Procedures for Derivative Transactions." Please refer to Attachment VII (P.133) of the Meeting Agenda for a comparison table of amendments.

Resolution:

Item 3 Proposed by the Board of Directors

Subject: To approve the amendments of certain articles within the Company's "Procedures for Lending Funds to Other Parties."

Explanation: In line with changes in laws and regulations, it is proposed to amend the Company's "Procedures for Lending Funds to Other Parties." Please refer to Attachment VIII (P.139) of the Meeting Agenda for a comparison table of amendments.

Resolution:

Item 4 Proposed by the Board of Directors

Subject: To approve the amendments of certain articles within the Company's "Procedures for Endorsement and Guarantee."

Explanation: In line with changes in laws and regulations, it is proposed to amend the Company's "Procedures for Endorsement and Guarantee." Please refer to Attachment IX (P.141) of the Meeting Agenda for a comparison table of amendments.

Resolution:



Item 5 Proposed by the Board of Directors

Subject: To approve the amendments of certain articles within the Company's "Procedures for Acquisition or Disposal of Assets."

Explanation: In line with changes in laws and regulations, it is proposed to amend the Company's "Procedures for Acquisition or Disposal of Assets." Please refer to Attachment X (P.142) of the Meeting Agenda for a comparison table of amendments.

Resolution:

# Elections

Item 1 Proposed by the Board of Directors

Subject: To elect the Company's fourth-term Directors (including Independent Directors).

Explanation: 1. The tenure of the Company's third-term Directors and Independent Directors is to expire on June 12, 2019. However, to accommodate the convention of 2019 Annual General Meeting, it is proposed to expire the term of outgoing Directors after the election which is to be held during the meeting on June 10, 2019.

2. According to the securities acts and regulations of the Republic of China as well as Articles 23 and 25 of the Company's Articles of Incorporation, the Company shall have at least five (5) Directors, among which, at least three (3) shall be Independent Directors. Both Directors and Independent Directors are to serve a term of three years. They are elected from shareholders with legal capacity and are eligible for re-election.

3. The Audit Committee is established in accordance with the securities acts and regulations of the Republic of China and Article 38 of the Company's Articles of Incorporation. This new term of Audit Committee comprises all newly-elected Independent Directors. Its exercise of power shall comply with the securities acts and regulations of the Republic of China and the Company's Articles of Incorporation.

4. The tenure of the Company's third-term Directors and Independent Directors will expire immediately after the tenure of new Directors and Independent Directors elected in the Annual General Meeting on June 10, 2019 commences.

5. Matters pertaining to the election of the fourth-term Directors and Independent Directors:

(1) Proposed number of seats: A total of six (6) Directors, including three (3) Independent Directors.

(2) Tenure: Three years. It commences immediately after the election in the Annual General Meeting on June 10, 2019 and expires on June 9, 2022. Directors and Independent Directors are eligible for re-election.

6. In compliance with the securities acts and regulations of the Republic of China and Article 25.2 of the Company's Articles of Incorporation, the election of Independent Directors adopts the candidate nomination system. Shareholders shall elect from the list of Independent Directors candidates announced before the Annual General Meeting. Please

refer to Attachment XI (P.76) of the Meeting Agenda for candidates' education, work experience, and other relevant information.

Election results:

# **Special Motions**

## **Adjournment**

## **[Attachment 1] 2018 Business Report**

### **Letter to Shareholders**

FY2018 had been a very tough year for the Group. The overall global economy in industrial production and trade was slowed, and business confidence fell. This has a direct impact to the luxury market, particularly in the personal luxury market sector, in which the reported growth for 2017-18 was 2% compared to a 5% growth for 2016-17. In FY2018, Redwood Group has booked a total revenue of NT1,506 million, with a gross margin of 21.91%

In the coming year, we continue to see vast opportunities to differentiate ourselves through solutions leadership and transformation initiatives. In 2018, the group has expanded our strategic overseas offices in Japan, France, and the U.S. in order to reach out to our clients more effectively. These offices will allow the company to increase the opportunity for exploring these markets where we have not been fully developing. Redwood Group will continue to stay focused in our core business in providing world-class services to the fit-out sector of luxury retail stores. We also plan to explore new business opportunities in other high-end sectors when the new facilities for the Group, scheduled to be completed by the end of 2019, are in place.

Amidst the challenging environment, I would like to express my heartfelt appreciation to my fellow Board members. With a focused strategy in mind, their counsel and guidance has successfully steered Redwood Group's strategic direction.

To our management team and staff, I would like to thank you for your hard work and dedication to Redwood Group. I would also like to express my gratitude to our business associates, partners, suppliers, and loyal customers, all of whom have lent us strong support. Finally, I would like to thank all of our shareholders for their unwavering faith in Redwood Group.

Redwood Group is on our path to transformation, hoping to a new motivation for growth so as to propel ourselves into the next decade and beyond. With the industry landscape rapidly changing, we need take action to adapt. I believe that we have a capable team in the right positions to execute our plans. However, since we need the understanding and patience of our stakeholders to see the fruits of our efforts, we will provide progress updates as we navigate the winds of change and continue to tap into new opportunities. We have weathered through various cycles in history and seen the industry and its players undergo ups and downs. I believe that with our determination, teamwork, and the support of our honorable investors, we will prevail once again and emerge a stronger organization.

I. Implementation results of 2018 business plan

(I) Implementation results of business plan

Unit: NT\$1,000

Item	FY2018	
	Amount	%
Operating revenue	1,506,228	100.00%
Operating costs	1,176,203	78.09%
Gross profit	330,025	21.91%
Net operating income	(6,305)	(0.42)%
Net income before tax	(16,858)	(1.12)%

(II) Budget execution status: This is not applicable as Company does not have to disclose its financial forecasts to the public.

(III) Cash flows and profitability analysis

Unit: NT\$1,000

Item		FY2018	
Cash flows	Operating revenue	1,506,228	
	Gross profit	330,025	
	Net income before tax	(16,858)	
Profitability	Return on assets (%)	(0.45)%	
	Return on shareholders' equity (%)	(2.44)%	
	Percentage of paid-in capital (%)	Net operating income	(1.25)%
		Net income before tax	(3.36)%
	Net profit margin (%)	(1.63)%	
	Earnings per share (NT\$)	(0.49)	

(IV) Research and development:

The Group has established a technical research and development team to enhance its overall competitiveness. The team is mainly responsible for the research and development of a project prior to its manufacturing. The purpose of testing on the new methods and materials via advanced 3D drawing is to improve production efficiency as well as to reduce production defects, making the Company's production services more comprehensive and professional.

## II. Summary of 2018 business plan

### (I) Business directions

1. To offer quality crafted products and satisfying services at luxury display locations worldwide.
2. To improve project management capabilities and provide customers with more comprehensive “one-stop” service.
3. To actively train technical talents.
4. To develop new customers and expand the service scope of existing customers to increase market share.

### (II) Expected market conditions and reasons of forecasts

Bain & Company 2018 luxury market report has projected the sales up to 2025 and the forecast remains positive in the personal luxury goods sector. Europe and US will share 50% of the total global sales forecasted to be €365 billion, with an average year-to-year growth of about 4%. Mainland China market is expected to enjoy the highest market share growth from 8% to 22% by 2025 while the rest of Asia and other markets will remain a moderate growth.

### (III) Significant production and sales policies

The Group accelerates in setting up overseas operation bases to serve existing customers and explore new brand customers. In 2018, the Company has established subsidiaries in Japan, France, and the USA with the aims of providing faster services to customers and responding to customer needs. We create value for our customers and enhance customer service quality to ensure customers' loyalty to the Redwood Group.

## III. Future development strategies of the Company

- (I) To research and develop automated manufacturing processes, improve production efficiency, increase productivity, train technical talents, etc.
- (II) To continuously improve the project management capabilities and production technologies of projects and provide customers with satisfying products and services.
- (III) To explore new customers with high growth potential on the basis of interior fittings for luxury brands.
- (IV) The Group actively seeks merger and acquisition targets which can complement the Group in operation, business, and customer aspects.

## IV. Impacts from external competition, regulatory compliance, and macro-environment

The unstable macro-economic environment or external business conditions have a certain degree of influence on the global luxury market. With countermeasures for downturns and joint efforts from employees and suppliers, the Group still continues to perform well. We believe that, despite the dire environment and under competitive pressure, the Group can still achieve outstanding performance, by operating and managing our business well and continuously strengthening our competitive advantages.

With the growth of the luxury market and its mounting pricing pressure, it can be expected that there will be more competitors lowering their prices to secure a project. However, the Company will place particular emphasis on the overall operations and further enhance and improve the quality, service quality, technology, and cost control policies of the products, so as to strengthen our competitive advantages and continue to enjoy our competitive edge, ahead of other competitors.

At present, world-famous luxury brands are highly concerned with corporate social responsibility (CSR) issues. Therefore, the Group ensures that we meet relevant ethical standards in the production process and receive customers' recognitions for our CSR to further enhance our competitive advantages and brand benefits.

Chairman:  
Thong-ming Soh

General Manager:  
Sheng-chiang Li

Accounting Officer:  
Ai-ai Hsiao



## **[Attachment II] Audit Committee's Approval and Audit Report for 2018**

### **Redwood Group Ltd Audit Committee's Approval and Audit Report**

The Company's 2018 consolidated financial statements were approved by the Audit Committee and resolved by the Board of Directors. Deloitte Taiwan was appointed by the Board to audit the consolidated financial statements and it had issued an audit report with unqualified opinion.

The Audit Committee was responsible for overseeing the Company's financial reporting process.

Certified Public Accountants (CPAs) communicated the following matters with the Audit Committee during their audit of the Company's 2018 financial statements:

1. There was no significant audit findings within the audit scope and time frame planned by the CPAs.
2. The CPAs provided the Audit Committee with a statement that they had complied with relevant ethical requirements with regard to independence. No other relationships or matters which might affect the independence of CPAs had been identified.
3. The communication of key audit matters between CPAs and the Audit Committee determined the key audit matters to be communicated in the audit report.

In addition, the Company's 2018 annual operating results and earning distribution proposal resolved by the Board had been audited by the Audit Committee and deemed as in compliance with relevant laws and regulations.

In summary, the Company's 2018 financial statements approved by the Audit Committee and resolved by the Board of Directors, and the Company's 2018 annual operating results and earning distribution proposal resolved by the Board of Directors and audited by the Audit Committee were in compliance with relevant laws and regulations. We hereby submit this report in accordance with Article 219 of the Company Act.

Sincerely,

Redwood Group Ltd

Convener of the Audit Committee

Min-chiu Chien

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**[Attachment III] Comparison Table of Amendments to the "Rules of Procedure for the Board of Directors' Meetings"**

**REDWOOD GROUP LTD**

**Comparison Table of Amendments to the "Rules of Procedure for the Board of Directors' Meetings"**

After the Amendment	Before the Amendment	Description
<p>Article 1 The Rules are drawn up in accordance with the Company's Articles of Incorporation and relevant laws <u>and regulations in order to build a sound governance system for the Board of Directors, reinforce its supervisory functions, strengthen its management functions, as well as build a sound corporate governance so as to assist Directors in carrying out their duties and enhance the Board's efficiency.</u></p>	<p>Article 1 The Rules are drawn up in accordance with the Company's Articles of Incorporation and relevant laws and regulations in order to build a sound governance system for the Board of Directors, reinforce its supervisory functions, and strengthen its management functions.</p>	<p>This article is amended in line with amendments to the "Regulations Governing the Appointment and Exercise of Powers by the Board of Directors of TPEX Listed Companies."</p>
<p>Article 2 With regards to the Company's Board meetings, the main agenda, procedures, matters required in the meeting minutes, public announcement, and other compliance requirements shall be conducted in accordance with the provisions of the Rules. <u>Unless otherwise stipulated in laws or regulations or the Articles of Incorporation, requests from Directors shall be handled in accordance with the Rules.</u></p>	<p>Article 2 With regards to the Company's Board meetings, the main agenda, procedures, matters required in the meeting minutes, public announcement and other compliance requirements shall be conducted in accordance with the provisions of the Rules.</p>	<p>This article is amended in line with amendments to the "Regulations Governing the Appointment and Exercise of Powers by the Board of Directors of TPEX Listed Companies."</p>
<p>Article 2-1 <u>The Company's Directors shall be provided with appropriate and timely information in the form and quality that allow them to make informed decisions and carry out their duties.</u></p>		<p>I. This article is added. II. This article is added in line with amendments to the "Regulations Governing the Appointment and Exercise of Powers by the Board of Directors of TPEX Listed Companies."</p>
<p>Article 5</p>	<p>Article 5</p>	<p>This article is amended in line</p>

After the Amendment	Before the Amendment	Description
<p>The Company’s Board of Directors appoints the Administration Department to be the unit in charge for the Board meetings.</p> <p>The unit in charge of the Board meetings shall draft the agenda of the Board meetings and provide sufficient meeting materials to be sent with the meeting notice.</p> <p>If Directors consider the meeting materials to be insufficient, they may request the unit in charge to provide supplementary information, of which <u>the unit in charge shall provide within three (3) days</u>. If Directors consider the materials concerning the proposals to be insufficient, the deliberation may be postponed upon a resolution of the Board.</p>	<p>The Company’s Board of Directors appoints the Administration Department to be the unit in charge for the Board meetings.</p> <p>The unit in charge of the Board meetings shall draft the agenda of the Board meetings and provide sufficient meeting materials to be sent with the meeting notice.</p> <p>If Directors consider the meeting materials to be insufficient, they may request the unit in charge to provide supplementary information. If Directors consider the materials concerning the proposals to be insufficient, the deliberation may be postponed upon a resolution of the Board.</p>	<p>with amendments to the “Regulations Governing the Appointment and Exercise of Powers by the Board of Directors of TPEX Listed Companies.”</p>
<p>Article 5-1</p> <p>The Company does not have a chief governance officer; <u>thus, the Administration Department is responsible for handling requests from Directors. The Administration Department shall fulfill such requests within three (3) days by the principle of assisting Directors in carrying out their duties in a timely and effectively manner.</u></p>		<p>I. This article is added.</p> <p>II. This article is added in line with amendments to the “Regulations Governing the Appointment and Exercise of Powers by the Board of Directors of TPEX Listed Companies.”</p>
<p>Date of establishment of the Rules: December 30, 2010</p> <p>First amendment: March 3, 2011</p> <p>Second amendment: March 20, 2012</p> <p>Third amendment: June 18, 2012</p> <p>Fourth amendment: September 5, 2012</p> <p>Fifth amendment: December 22, 2014</p> <p>Sixth amendment:</p>	<p>Date of establishment of the Rules: December 30, 2010</p> <p>First amendment: March 3, 2011</p> <p>Second amendment: March 20, 2012</p> <p>Third amendment: June 18, 2012</p> <p>Fourth amendment: September 5, 2012</p> <p>Fifth amendment: December 22, 2014</p> <p>Sixth amendment:</p>	<p>A new amendment date is added.</p>

After the Amendment	Before the Amendment	Description
November 14, 2017 <u>Seventh amendment:</u> <u>March 20, 2019</u>	November 14, 2017	

## **[Attachment IV] 2018 Annual Financial Statements INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Redwood Group Ltd

### **Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

Revenue recognized based on construction in progress:

As described in Notes 4, section 10 and Note 5 of the consolidated financial statements, the

construction revenue of the Group was 1,506,228 thousand for the year ended December 31, 2018, the recognition of revenue and cost are based on the percentage of completion of construction. However, the calculation of estimated total cost was subject to historical experience and fluctuation of construction materials, and management's significant judgement. Because the calculation of percentage of completion of construction is significant with regard to revenue recognition, therefore, we identified the estimation of construction cost to be a key audit matter.

With evaluation of the industry and economic environment and testing of related internal controls, major audit procedures performed are the following:

1. We sampled all construction proposals and examined its estimation sheet of construction cost and amount of estimated materials, labor and manufacturing expense in accordance with the estimated total cost of the proposal.
2. We sampled all construction proposals, examined and matched unit cost with its construction cost in the estimation sheet with the latest purchasing unit cost in similar proposals.
3. We verified the percentage of actual cost input accounted for estimated total cost and compared with the completion of construction in progress accepted by the owner to evaluate the rationality of estimated total cost. If there is any difference, we obtained the statement from management and verified the rationality.
4. We sampled all construction proposals, examined its manufacturing cost in its estimated cost sheet; the expenses accrued should obtain quotation from supplier and should base on quotation, matching the amount with quotation.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the

planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ming Chung Hsieh and Po-Jen Weng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 20, 2019

Notice to Readers

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

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



## REDWOOD GROUP LTD AND SUBSIDIARIES

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

ASSETS	2018		2017	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 353,259	21	\$ 348,794	21
Contract assets - current (Note 21)	159,901	10	-	-
Trade receivables (Notes 9 and 28)	347,679	21	492,734	30
Other receivables (Notes 9 and 28)	193	-	90	-
Other receivables from related parties (Notes 9, 28 and 29)	59	-	431	-
Current tax assets (Note 23)	29,939	2	36,534	2
Inventories (Note 11)	59,270	3	69,665	4
Prepayments (Notes 14 and 15)	47,915	3	69,072	4
Amounts due from customers for construction contracts (Note 10)	-	-	67,495	4
Other current assets (Note 15)	4,499	-	4,726	-
Total current assets	<u>1,002,714</u>	<u>60</u>	<u>1,089,541</u>	<u>65</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	92,092	6	-	-
Financial assets measure at cost - non-current (Note 8)	-	-	101,921	6
Property, plant and equipment (Notes 13 and 30)	508,874	30	475,134	28
Deferred tax assets (Note 23)	1,959	-	45	-
Prepayment for lease - non-current (Notes 14 and 15)	45,455	3	-	-
other non-current assets (Note 15)	16,424	1	11,735	1
Total non-current assets	<u>664,804</u>	<u>40</u>	<u>588,835</u>	<u>35</u>
<b>TOTAL</b>	<u>\$ 1,667,518</u>	<u>100</u>	<u>\$ 1,678,376</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ 143,872	9	\$ 22,825	1
Contract liabilities-current (Note 21)	104,903	6	-	-
Trade payables (Notes 17 and 28)	160,378	10	209,149	13
Trade payables to related parties (Notes 17, 28 and 29)	22	-	1,118	-
Amounts due to customers for construction contracts (Note 10)	-	-	50,643	3
Other payables (Notes 18, 28 and 29)	120,863	7	104,519	6
Other payables to related parties (Notes 18 and 29)	1,554	-	625	-
Current tax liabilities (Note 23)	15,932	1	35,135	2
Current portion of long-term borrowings (Note 16)	58,486	3	62,217	4
Other current liabilities (Note 18)	1,351	-	13,775	1
Total current liabilities	<u>607,361</u>	<u>36</u>	<u>500,006</u>	<u>30</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 16)	101,799	6	93,625	5
Deferred tax liabilities (Note 23)	12,211	1	27,078	2
Total non-current liabilities	<u>114,010</u>	<u>7</u>	<u>120,703</u>	<u>7</u>
Total liabilities	<u>721,371</u>	<u>43</u>	<u>620,709</u>	<u>37</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>				
Share capital - ordinary shares	<u>502,425</u>	<u>30</u>	<u>506,925</u>	<u>30</u>
Capital surplus	<u>293,911</u>	<u>18</u>	<u>313,601</u>	<u>19</u>
Retained earnings				
Special reserve	244,592	14	253,341	15
Unappropriated earnings	94,699	6	195,846	12
Total retained earnings	<u>339,291</u>	<u>20</u>	<u>449,187</u>	<u>27</u>
Other equity				
Exchange differences on translation of foreign financial statements	(178,644)	(11)	(187,856)	(11)
Unrealized gain on financial assets of fair value through other comprehensive income	(10,836)	-	-	-
Total other equity	<u>(189,480)</u>	<u>(11)</u>	<u>(187,856)</u>	<u>(11)</u>
Treasury shares	-	-	(24,190)	(2)
Total equity attributable to owners of the Company	<u>946,147</u>	<u>57</u>	<u>1,057,667</u>	<u>63</u>
<b>TOTAL</b>	<u>\$ 1,667,518</u>	<u>100</u>	<u>\$ 1,678,376</u>	<u>100</u>

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

## REDWOOD GROUP LTD AND SUBSIDIARIES

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

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Note 29)				
Construction revenue	\$ 1,506,228	100	\$ 1,771,132	100
OPERATING COSTS (Note 29)				
Construction costs	<u>(1,176,203)</u>	<u>(78)</u>	<u>(1,211,085)</u>	<u>(68)</u>
GROSS PROFIT	<u>330,025</u>	<u>22</u>	<u>560,047</u>	<u>32</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	(8,801)	-	(9,130)	(1)
General and administrative expenses	(345,301)	(23)	(340,408)	(19)
Expected credit gain	<u>17,772</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(336,330)</u>	<u>(22)</u>	<u>(349,538)</u>	<u>(20)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(6,305)</u>	<u>-</u>	<u>210,509</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 29)				
Other income	7,886	-	9,101	-
Other gains and losses	(6,728)	-	(5,233)	-
Finance costs	<u>(11,711)</u>	<u>(1)</u>	<u>(5,139)</u>	<u>-</u>
Total non-operating income and expenses	<u>(10,553)</u>	<u>(1)</u>	<u>(1,271)</u>	<u>-</u>
(LOSS) PROFIT BEFORE INCOME TAX	(16,858)	(1)	209,238	12
INCOME TAX EXPENSE (Note 23)	<u>(7,625)</u>	<u>-</u>	<u>(39,079)</u>	<u>(2)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(24,483)</u>	<u>(1)</u>	<u>170,159</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in debt instruments as at fair value through other comprehensive income	(7,229)	-	-	-
Exchange difference arising on translation to the presentation currency	979	-	(16,401)	(1)

(Continued)

## REDWOOD GROUP LTD AND SUBSIDIARIES

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

	2018		2017	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ 8,233	-	\$ 33,658	2
Other comprehensive loss for the year, net of income tax	<u>1,983</u>	-	<u>17,257</u>	1
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<u>\$ (22,500)</u>	<u>(1)</u>	<u>\$ 187,416</u>	<u>11</u>
<b>NET (LOSS) PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	<u>\$ (24,483)</u>	<u>(2)</u>	<u>\$ 170,159</u>	<u>10</u>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	<u>\$ (22,500)</u>	<u>(1)</u>	<u>\$ 187,416</u>	<u>11</u>
<b>(LOSS) EARNINGS PER SHARE (Note 24)</b>				
Basic	<u>\$ (0.49)</u>		<u>\$ 3.39</u>	
Diluted	<u>\$ (0.49)</u>		<u>\$ 3.39</u>	

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

**REDWOOD GROUP LTD AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Company							
	Share (Thousand)	Capital Surplus	Retained Earnings		Other Equity			Total Equity
			Special Reserve	Unappropriate d Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensiv e Income	Exchange Differences on Translating Foreign Operations	Treasury Shares	
BALANCE AT JANUARY 1, 2017	\$ 483,000	\$ 313,601	\$ 176,202	\$ 318,151	\$ -	\$ (205,113)	\$ (24,190)	\$ 1,061,651
Appropriation of 2016 earnings								
Special reserve	-	-	77,139	(77,139)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(191,400)	-	-	-	(191,400)
Share dividends distributed by the Company	23,925	-	-	(23,925)	-	-	-	-
Net profit for the year ended December 31, 2017	-	-	-	170,159	-	-	-	170,159
Other comprehensive income for the year ended December 31, 2017, net of income tax	-	-	-	-	-	17,257	-	17,257
Total comprehensive income for the year ended December 31, 2017	-	-	-	170,159	-	17,257	-	187,416
BALANCE AT DECEMBER 31, 2017	506,925	313,601	253,341	195,846	-	(187,856)	(24,190)	1,057,667
Effect of retrospective application and retrospective restatement	-	-	-	-	(3,607)	-	-	(3,607)
BALANCE AT JANUARY 1, 2018	506,925	313,601	253,341	195,846	(3,607)	(187,856)	(24,190)	1,054,060
Appropriation of 2017 earnings								
Special reserve	-	-	(8,749)	8,749	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(85,413)	-	-	-	(85,413)
Share dividends distributed by the Company	-	-	-	-	-	-	-	-
Net loss for the year ended December 31, 2018	-	-	-	(24,483)	-	-	-	(24,483)
Other comprehensive loss for the year ended December 31, 2018, net of income tax	-	-	-	-	(7,229)	9,212	-	1,983
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	(24,483)	(7,229)	9,212	-	(22,500)
Treasury shares	(4,500)	(19,690)	-	-	-	-	24,190	-
BALANCE AT DECEMBER 31, 2018	\$ 502,425	\$ 293,911	\$ 244,592	\$ 94,699	\$ (10,836)	\$ (178,644)	\$ -	\$ 946,147

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

## REDWOOD GROUP LTD AND SUBSIDIARIES

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

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) income before income tax	\$ (16,858)	\$ 209,238
Adjustments for:		
Depreciation expenses	65,997	56,844
Expected credit loss reversed on trade receivables	(17,772)	-
Impairment loss (reversed) recognized on trade receivables	-	(6,597)
Finance costs	11,711	5,139
Interest income	(1,037)	(820)
Net loss on foreign currency exchange	4	11,042
Gain on disposal of property, plant and equipment	(874)	(994)
Write-downs of inventories	485	4,483
Amortization of prepayments for leases	1,475	-
Changes in operating assets and liabilities		
Contracts assets	67,891	-
Trade receivables	(6,948)	(131,505)
Other receivables	269	73
Amounts due from customers for construction contracts	-	35,182
Inventories	9,685	17,041
Prepayments	12,212	(35,811)
Other current assets	10,791	(10,455)
Contracts liabilities	46,771	-
Trade payables	(49,867)	87,790
Other payables	4,751	(25,691)
Amounts due to customers for contracts work	-	(76,703)
Other current liabilities	(5,029)	1,722
Cash generated from operations	133,657	139,978
Interest paid	(11,711)	(5,139)
Income taxes paid	(37,616)	(84,371)
Net cash generated from operating activities	<u>84,330</u>	<u>50,468</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(82,603)	(62,215)
Purchase of financial assets measured at cost	-	(35,229)
Proceeds from disposal of property, plant and equipment	2,071	1,260
Decrease in refundable deposits	382	-
Increase in refundable deposits	-	(1,939)
Decrease in long-term receivables	9,250	5,331
Increase in prepayments for equipment	(4,977)	-
Increase in prepayments for leases	(48,549)	-
Interest received	1,037	820
Net cash used in investing activities	<u>(123,389)</u>	<u>(91,972)</u>

(Continued)

## REDWOOD GROUP LTD AND SUBSIDIARIES

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

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	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 121,047	\$ 22,825
Proceeds from long-term borrowings	66,660	43,172
Repayments of long-term borrowings	(62,217)	-
Dividends paid to owners of the Company	<u>(85,413)</u>	<u>(191,400)</u>
Net cash generated from (used in) financing activities	<u>40,077</u>	<u>(125,403)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>3,447</u>	<u>(695)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,465	(167,602)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>348,794</u>	<u>516,396</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 353,259</u>	<u>\$ 348,794</u>

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

**[Attachment V] 2018 Annual Statement of Deficit Compensation**

Redwood Group Ltd  
Annual Statement of Deficit Compensation  
FY2018

Unit: NT\$

Item	Amount	
	Subtotal	Total
Unappropriated earnings, beginning of period		\$119,178,799
Minus: Net loss after tax for the year	(24,481,896)	
Add: Reversal of special reserve (Including adjustment to accommodate exchange differences in the financial statements of foreign operations)	9,212,173	(15,269,723)
Unappropriated earnings, end of period		\$103,909,076

Note: Remuneration to Directors and bonus to employees distributed during the period in the form of cash: None.

Chairman:  
Thong-ming Soh

General Manager:  
Sheng-chiang Li

Accounting Officer:  
Ai-ai Hsiao

## [Attachment VI] Comparison Table of Amendments to the Articles of Incorporation

### 1. Memorandum of Association

Proposed Amendment	Original Article	Reason for Amendment
<p>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 (2016 Revision) or as the same may be revised from time to time, or any other laws of the Cayman Islands.</p>	<p>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 (2013 Revision) or as the same may be revised from time to time, or any other laws of the Cayman Islands.</p>	<p>This Article is amended to reflect the new revision of Companies Law of Cayman Islands.</p>

### 2. Article of Association

Proposed Amendment	Original Article	Reason for Amendment
<p>2.6 <u>The pre-emptive right of employees under Article 2.3 and the pre-emptive right of Members under Article 2.4 shall not apply in the event that new Shares are issued due to the following reasons or for the following purposes:</u></p> <p>(a) in connection with a Merger, or pursuant to any reorganization of the Company;</p> <p>(b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof;</p>	<p>2.6 <u>The pre-emptive right of Members under Article 2.4 shall not apply in the event that new Shares are issued due to the following reasons or for the following purposes:</u></p> <p>(a) in connection with a Merger, or pursuant to any reorganization of the Company;</p> <p>(b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof;</p>	<p>This Article is amended to clarify that the employees do not have pre-emptive right in each situation listed in this Article.</p>



<p>(c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hererof;</p> <p>(d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire Shares;</p> <p>(e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire Shares;</p> <p>(f) <u>in connection with the issue of shares in accordance with Article 34.1 or Article 35; or</u></p> <p>(g) in connection with Private Placement.</p>	<p>(c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hererof;</p> <p>(d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire Shares;</p> <p>(e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire Shares; or</p> <p>(f) in connection with Private Placement.</p>	
<p><u>15.6 For so long as the Shares are listed on the TPEX , any one or more Member(s) may summon an extraordinary general meeting, provided that such Member or Members shall hold more than fifty per cent of the total issued shares of the Company for a continuous period of no less than three months. The number of the Shares held by a Member and the period of which a Member holds such Shares, shall be calculated and determined based on the Register of Members as of the first day of</u></p>	<p>(New Article)</p>	<p>This Article is added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p><u>the period that the Register of Members shall be closed for transfers.</u></p>		
<p><u>15.7 If the Board does not or is unable to convene a general meeting (including the annual general meeting) or it is for the Company's benefit, the Independent Director may convene a general meeting when necessary.</u></p>	<p>(New Article)</p>	<p>This Article is added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
<p>16.6 <u>The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:</u></p> <p>(a) election or discharge of Directors;</p> <p>(b) alteration of the Articles;</p> <p>(c) <u>capital deduction,</u></p> <p>(d) <u>application to terminate the public offering of the shares,</u></p> <p>(e) (i) dissolution, Merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer</p>	<p>16.6 <u>The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:</u></p> <p>(a) election or discharge of Directors;</p> <p>(b) alteration of the Articles;</p> <p>(c) (i) dissolution, Merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part or (iv) acquisition or assumption of the whole business or assets of another</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p>of the Company's business or assets, in whole or in any essential part or (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation;</p> <p>(f) approval of an action by Director(s) who engage(s) in business for himself/herself or on behalf of another person that is within the scope of the Company's business;</p> <p>(g) approval of an action by Director(s) who engage(s) in business for himself/herself or on behalf of another person that is within the scope of the Company's business;</p> <p>(h) distribution of Capital Reserve in the form of new Shares or cash; and</p> <p>(i) Private Placement of any equity-type securities issued by the Company.</p> <p><u>The major content of the above matters can be announced at the website designated by Taiwan securities authority or by the Company, and the Company shall specify the link to the website in the notice of the relevant general meeting.</u></p>	<p>person, which has a material effect on the Company's operation;</p> <p>(d) approval of an action by Director(s) who engage(s) in business for himself/herself or on behalf of another person that is within the scope of the Company's business;</p> <p>(e) distribution of the whole or part of the surplus profit of the Company in the form of new Shares;</p> <p>(f) distribution of Capital Reserve in the form of new Shares or cash; and</p> <p><u>Private Placement of any equity-type securities issued by the Company.</u></p>	
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<p>16.7 <u>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 Company's Registered Office (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents. If the relevant documents are kept by the Company's stock affairs agent, upon the request of any Member, the Company shall order the Company's stock affairs agent to provide such Member with the requested documents.</u></p>	<p><u>16.7 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 Company's Registered Office (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.</u></p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
<p>16.9 <u>If the general meeting is convened by the Board and other person entitled to convene a general meeting in accordance with these Articles or any applicable law, the Board and such person may request the Company or the Company's stock affairs agent to provide the Register of Members. Upon the request, the Company shall (and shall order the Company's stock affairs agent to) provide the Register of Members.</u></p>	<p>(New Article)</p>	<p>This Article is added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p><u>16.10</u>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.</p>	<p><u>16.9</u> 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.</p>	<p>Change to article number due to addition of articles.</p>
<p><u>16.11</u> The Directors shall be entitled to receive notice of, attend and be heard at, the general meeting.</p>	<p><u>16.10</u> The Directors shall be entitled to receive notice of, attend and be heard at, the general meeting.</p>	<p>Change to article number due to addition of articles.</p>
<p><u>17.6</u> <u>Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing or any electronic means designated by the Company a matter for discussion at an annual general meeting. Proposals shall be included in the agenda of the annual general meeting by the Board unless (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 or the proposal exceeds 300 Chinese words; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company outside the period fixed and announced by the Company for accepting Member(s)' proposal(s). If the purpose of the proposal is to urge the</u></p>	<p><u>17.6</u> <u>Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing a matter for discussion at an annual general meeting. Proposals shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) the matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).</u></p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p><u>Company to promote public interests or fulfil its social responsibilities, the Board may accept such proposal to be discussed in general meeting.</u></p>		
<p>25.6 <u>The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another person to fill the vacancy. Where re-election of all Directors is effected prior to the expiration of the term of office of the current Directors, the term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors.</u></p>	<p>25.6 <u>The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another person to fill the vacancy. Prior to the expiration of the term of office of the current Directors, the Members may at a general meeting re-elect all Directors, whose vote shall be calculated in accordance with Article 25.2 above. The term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors.</u></p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
<p>26.1 <u>The office of a Director shall be vacated if:</u>  (a) the Director is removed from office pursuant to the Articles;</p>	<p>26.1 <u>The office of a Director shall be vacated if:</u>  (a) the Director is removed from office pursuant to the Articles;</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p>(b) the Director gives notice in writing to the Company that he resigns the office of Director;</p> <p>(c) the Director dies or makes any arrangement or composition with his creditors generally;</p> <p>(d) <u>the Director has been adjudicated bankrupt or the court has declared a liquidation process in connection with the Director, and such Director has not been reinstated to his rights and privileges;</u></p> <p>(e) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to the applicable laws;</p> <p>(f) <u>the Director has been adjudicated of the commencement of assistantship (as defined under the ROC Civil Code) or similar declaration and such assistantship/declaration having not been revoked yet;</u></p> <p>(g) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and (A) has not</p>	<p>(b) the Director gives notice in writing to the Company that he resigns the office of Director;</p> <p>(c) the Director dies, <u>becomes bankrupt</u> or makes any arrangement or composition with his creditors generally;</p> <p>(d) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to the applicable laws;</p> <p>(e) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and <u>the time elapsed after he has served the full term of such sentence is less than five years;</u></p> <p>(f) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of one year or more, and <u>the time elapsed after he has served the full term of such sentence is less than two years;</u></p>	
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<p><u>started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five years, or (D) was pardoned for less than five years;</u></p> <p>(h) <u>having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of one year or more, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;</u></p> <p>(i) <u>having been adjudicated guilty by a final judgment for committing offenses under the ROC Anti-Corruption Act during the time of his public service, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less</u></p>	<p>(g) <u>having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years;</u> or</p> <p>(h) <u>having been dishonoured for use of negotiable instruments, and the term of such sanction has not yet expired.</u></p> <p><u>In the event that any of the foregoing events described in clauses (c), (d), (e), (f), (g) and (h) has occurred to a candidate for election of Director, such person shall be disqualified from being elected as a Director.</u></p>	
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<p><u>than two years, or (D) was pardoned for less than two years; or</u></p> <p>(j) <u>having been dishonoured for use of negotiable instruments, and the term of such sanction has not yet expired.</u></p> <p><u>In the event that any of the foregoing events described in clauses (d), (e), (f), (g), (h), (i), and (j) has occurred to a candidate for election of Director, such person shall be disqualified from being elected as a Director.</u></p>		
<p>26.2 <u>In case a Director (other than an Independent Director) has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required. For the avoidance of doubt, for any Director who was elected at the annual general meeting of the Company on June 14, 2013 and has, before the adoption of this Article 26.2, transferred more than one half of the Company's shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and in such case no approval from the shareholders shall be required only if, on or after the date of the adoption of this</u></p>	<p>26.2 <u>In case a Director has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required. For the avoidance of doubt, for any Director who was elected at the annual general meeting of the Company on June 14, 2013 and has, before the adoption of this Article 26.2, transferred more than one half of the Company's shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and in such case no approval from the shareholders shall be required only if, on or after the date of the adoption of this</u></p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p><u>Article 26.2, he further transfers one or more Company's shares.</u></p>	<p><u>Article 26.2, he further transfers one or more Company's shares.</u></p>	
<p>26.3 <u>If any Director (other than an Independent Director) has, after having been elected and before his/her inauguration of the office of Director, transferred more than one half of the Company's shares being held by him/her at the time of his/her election as a Director, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him/her within the share transfer prohibition period prior to the convention of a shareholders' meeting according to the Applicable Public Company Rules, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required.</u></p>	<p>26.3 <u>If any Director has, after having been elected and before his/her inauguration of the office of Director, transferred more than one half of the Company's shares being held by him/her at the time of his/her election as a Director, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him/her within the share transfer prohibition period prior to the convention of a shareholders' meeting according to the Applicable Public Company Rules, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required.</u></p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
<p>28.6 <u>Notwithstanding anything to the contrary contained in this Article 28, a Director who engages in anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek its approval by Supermajority Resolution. Where the spouse, the person related to a Director by</u></p>	<p>28.6 <u>Notwithstanding anything to the contrary contained in this Article 28, a Director who engages in anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek its approval by Supermajority Resolution.</u></p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p><u>blood and within the second degree, or any company which has a controlling or controlled relationship with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.</u></p>		
<p>34.1 <u>The Company is in an industry of high-quality interior fittings for luxury brands and its life cycle is in the phase of business expansion and steady growth. Considering that the Company's overall developments, financial planning, fund needs and prosperity and prospects of the industry and ensuring the protection of shareholders' interests, the Company shall adopt a conservative and sound dividend policy for dividend distribution. Subject to the Statute, Article 12.4(a) and this Article and except as otherwise provided by the rights attached to any Shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in annual general meetings. If there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year: (i) a</u></p>	<p>34.1 <u>The Company is in an industry of high-quality interior fittings for luxury brands and its life cycle is in the phase of business expansion and steady growth. Considering that the Company's overall developments, financial planning, fund needs and prosperity and prospects of the industry and ensuring the protection of shareholders' interests, the Company shall adopt a conservative and sound dividend policy for dividend distribution. Subject to the Statute, Article 12.4(a) and this Article and except as otherwise provided by the rights attached to any Shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in annual general meetings. If there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year: (i) a</u></p>	<p>This Article is amended to reflect the accurate reference number and accommodate the company's need.</p>

<p><u>reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules. After combining accumulated undistributed earnings in the previous years and setting aside a certain amount of remaining profits of such financial year as a reserve or reserves for development purposes as the Board may from time to time think fit pursuant to Article 34.6, subject to the compliance with the Statute, the remaining amount shall be distributed in the following sequence and manner upon approval by the Members:</u></p> <p>(a) no less than 0.2% as employees' bonus;</p> <p>(b) no more than 5% as directors' bonus; and</p> <p>(c) no less than <u>20%</u> to the Members as Dividends, provided that, cash Dividends shall not be less than 10% of the total amount of Dividends.</p>	<p><u>reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules. After combining accumulated undistributed earnings in the previous years and setting aside a certain amount of remaining profits of such financial year as a reserve or reserves for development purposes as the Board may from time to time think fit pursuant to Article 34.5, subject to the compliance with the Statute, the remaining amount shall be distributed in the following sequence and manner upon approval by the Members:</u></p> <p>(a) no less than 0.2% as employees' bonus;</p> <p>(b) no more than 5% as directors' bonus; and</p> <p>(c) no less than <u>50%</u> to the Members as Dividends, provided that, cash Dividends shall not be less than 10% of the total amount of Dividends.</p>	
<p><u>34.2 The Company, in addition to the dividends to be distributed at the end of each financial year, may distribute interim dividends to the Members on semi-year basis. If the Board decides not to</u></p>	<p>(New Article)</p>	<p>This Article is added to include the provisions with respect to distribution of interim dividends.</p>

<p><u>distribute interim dividends, the Board shall adopt a resolution to confirm such non-distribution after the relevant first half of the financial year. The distribution of the dividends at the end of each financial year shall comply with the requirements and procedures set forth in Articles 34.1 to 34.8 and 34.12 to 34.13 and the distribution of the dividends for the first half of the financial year shall comply the requirements and procedures set forth in Articles 34.8 to 34.14.</u></p>		
<p><u>34.3</u> No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or any reserve, fund, or account as otherwise permitted by the Statute. 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.</p>	<p><u>34.2</u> No Dividend or other distribution shall be paid except out of the realised or <u>unrealised</u> profits of the Company, out of the share premium account or any reserve, fund, or account as otherwise permitted by the Statute. 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.</p>	<p>Change to article number due to addition of articles.</p>
<p><u>34.4</u> 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.</p>	<p><u>34.3</u> 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.</p>	<p>Change to article number due to addition of articles.</p>

<p><u>34.5</u> Subject to Article 34.1 and the Statute, 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 subject, however (a) the obtaining of (i) the approval in a general meeting of the type of specific assets and the corresponding amount of such substitutive distribution; and (ii) the consent from the Member who will receive such assets; and (b) the value of specific assets and the corresponding amount of such substitutive distribution shall be assessed by an ROC certified public accountant before the Board submit the same to a general meeting for approval. Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient and in particular 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.</p>	<p><u>34.4</u> Subject to Article 34.1 and the Statute, 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 subject, however (a) the obtaining of (i) the approval in a general meeting of the type of specific assets and the corresponding amount of such substitutive distribution; and (ii) the consent from the Member who will receive such assets; and (b) the value of specific assets and the corresponding amount of such substitutive distribution shall be assessed by an ROC certified public accountant before the Board submit the same to a general meeting for approval. Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient and in particular 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.</p>	<p>Change to article number due to addition of articles.</p>
<p><u>34.6</u> The Board may, before resolving to pay any Dividend or other distribution, set aside such sums as it thinks proper as a reserve or reserves which shall, at the</p>	<p><u>34.5</u> The Board may, before resolving to pay any Dividend or other distribution, set aside such sums as it thinks proper as a reserve or reserves which shall, at the</p>	<p>Change to article number due to addition of articles.</p>

<p>discretion of the Board, be applicable for any purpose of the Company and pending such application may, at the discretion of the Board, be employed in the business of the Company.</p>	<p>discretion of the Board, be applicable for any purpose of the Company and pending such application may, at the discretion of the Board, be employed in the business of the Company.</p>	
<p><u>34.7</u> 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.</p>	<p><u>34.6</u> 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.</p>	<p>Change to article number due to addition of articles.</p>
<p><u>34.8</u> No Dividend or other distribution shall bear interest against the Company.</p>	<p><u>34.7</u> No Dividend or other distribution shall bear interest against the Company.</p>	<p>Change to article number due to addition of articles.</p>
<p><u>34.9</u> <u>The Company may distribute interim dividend in accordance with a proposal for profits distribution approved by the Board, provided that if the interim dividend will be distributed by way of applying such</u></p>	<p>(New Article)</p>	<p>This Article is added to include the provisions with respect to distribution of interim dividends.</p>

<p><u>sum in paying up in full unissued shares, in addition to the approval of the Board, such distribution shall also be sanctioned by the Members by a Supermajority Resolution in a general meeting.</u></p>		
<p><u>34.10 For the distribution of interim dividends, the proposal of surplus earning distribution or loss off-setting for [the relevant quarter/the first half of the financial year], together with the business report and financial statements (which shall be audited or reviewed by a certified public accountant in accordance with the Applicable Public Company Rules), shall be submitted to the Audit Committee for approval, and then, be submitted to the Board for approval.</u></p>	<p>(New Article)</p>	<p>This Article is added to include the provisions with respect to distribution of interim dividends.</p>
<p><u>34.11 When the Company makes the interim distribution, the Company shall (a) estimate and reserve all payable taxes, (b) offset losses incurred in previous years, and (c) reserve the Statutory Reserve (unless the Statutory Reserve has reached the total paid-up capital of the Company).</u></p>	<p>(New Article)</p>	<p>This Article is added to include the provisions with respect to distribution of interim dividends.</p>
<p><u>34.12</u> 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 consistent with the</p>	<p><u>34.8</u> 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 consistent with the</p>	<p>Change to article number due to addition of articles.</p>



Applicable Public Company Rules or the Statute.	Applicable Public Company Rules or the Statute.	
<p><u>34.13</u> 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 Board, 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.</p>	<p><u>34.9</u> 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 Board, 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.</p>	<p>Change to article number due to addition of articles.</p>
<p>45 Derivative Action</p> <p>To the extent permitted under the laws of the Cayman Islands, members continuously holding <u>1%</u> or more of the total issued shares of the Company for <u>six months</u> or longer may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors.</p>	<p>45 Derivative Action</p> <p>To the extent permitted under the laws of the Cayman Islands, members continuously holding <u>3%</u> or more of the total issued shares of the Company for <u>a year</u> or longer may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors.</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>

<p><b>48 <u>Social Responsibilities</u></b></p> <p><u>When the Company conducts the business, 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.</u></p>	<p>(New Article)</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on December 7, 2018.</p>
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**[Attachment VII] Comparison Table of Amendments to the "Procedures for Derivative Transactions"**

**REDWOOD GROUP LTD**

**Comparison Table of Amendments to the Procedures for Derivative Transactions**

After the Amendment	Before the Amendment	Description
<p>Article 5: The maximum loss limit for total and individual contracts</p> <p>Hedging transactions: As hedging transactions are engaged to meet the Company's actual needs, the risks associated are put under control via assessment beforehand. <u>The maximum loss for a single transaction shall not exceed 10 percent of the contract amount.</u> The cumulative loss in a year shall not exceed US\$500,000.</p>	<p>Article 5: The maximum loss limit for total and individual contracts</p> <p>Hedging transactions: As hedging transactions are engaged to meet the Company's actual needs, the risks associated are put under control via assessment beforehand. The cumulative loss in a year shall not exceed US\$500,000.</p>	<p>In compliance with Subparagraph 1, Article 19 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" : "...total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts."</p>
<p>Date of establishment of the Procedures: December 30, 2010</p> <p>First amendment: March 5, 2011</p> <p>Second amendment: August 24, 2011</p> <p>Third amendment: June 7, 2017</p> <p><u>Fourth amendment: June 10, 2019</u></p>	<p>Date of establishment of the Procedures: December 30, 2010</p> <p>First amendment: March 5, 2011</p> <p>Second amendment: August 24, 2011</p> <p>Third amendment: June 7, 2017</p>	<p>A new amendment date is added.</p>

**[Attachment VIII] Comparison Table of Amendments to the "Procedures for Lending Funds to Other Parties"**

**REDWOOD GROUP LTD**

**Comparison Table of Amendments to the "Procedures for Lending Funds to Other Parties"**

After the Amendment	Before the Amendment	Description
<p>Article 2: The party to whom the Company may lend its funds and the total lending amount and credit limit of individual party</p> <p>I. (I) Omitted.</p> <p>(II) Companies or firms requiring short-term financing. <u>The lending amount shall not exceed 40 percent of the lending company's net worth.</u> The aforementioned "short-term" in Subparagraph 2 of Paragraph 1 means one year or a business operating cycle (as in the Company's case) if the company's business operating cycle exceeds one year. The lending amount refers to the accumulated balance of the Company's short-term financing.</p> <p>The provision of Subparagraph 2 of Paragraph 1 is not applicable to financing between offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company or financing provided to the Company by offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company. <u>However, the total lending amount and credit limit of individual party shall still be specified along with the lending duration.</u></p> <p>II. to IV. Omitted.</p> <p>V. <u>If a company's person in</u></p>	<p>Article 2: The party to whom the Company may lend its funds and the total lending amount and credit limit of individual party</p> <p>I. (I) Omitted.</p> <p>(II) Companies or firms requiring short-term financing. The aforementioned "short-term" in Subparagraph 2 of Paragraph 1 means one year or a business operating cycle (as in the Company's case) if the company's business operating cycle exceeds one year. The lending amount refers to the accumulated balance of the Company's short-term financing.</p> <p>The provision of Subparagraph 2 of Paragraph 1 is not applicable to financing between offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company. <u>However, the lending duration shall not exceed one (1) year.</u></p> <p>II. to IV. Omitted.</p>	<p>1. To increase the flexibility of fund allocation and use within the Group, financing provided to a public company by offshore companies whose voting shares are 100 percent held, directly or indirectly, by the public company is not subject to the restrictions of 40 percent of the lender's net worth and one-year lending duration.</p> <p>2. The provision where when short-term financing exceeds the limits stipulated by the Procedures, a company's person in charge shall be liable, jointly and severally, for repayments of the lending amount and any resulting damages is added.</p>

After the Amendment	Before the Amendment	Description
<p><u>charge violates the provisions of Paragraph 1, he/she shall be liable, jointly and severally with the borrower, for repayments of the lending amount. If the company suffers damages, he/she shall also be liable to compensate for the damages.</u></p>		
<p>Article 10: Information disclosure I. to III. Omitted. IV. The date of occurrence specified in the Procedures refers to the date of contract signing, payment date, resolution date of the Board of Directors, or other dates on which the financing party and amount can be ascertained, whichever is earlier.</p>	<p>Article 10: Information disclosure I. to III. Omitted. IV. The date of occurrence specified in the Procedures refers to the date of contract signing for the transaction, payment date, resolution date of the Board of Directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier.</p>	<p>As financing is not of a transaction nature, the wording of Paragraph 4 is amended accordingly.</p>
<p>Article 11: Implementation and amendment The Procedures are to be amended by the management in accordance with company's operation. Amendments take effect once they are reviewed and approved by the Audit Committee, resolved by the Board of Directors and adopted at the shareholders' meeting. If any Director expresses objections on the record or in writing, the Company shall submit the objections to the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures. <u>The Company has established an Audit Committee. The establishment and amendment of Procedures for Endorsement and Guarantee shall be approved by the majority of all</u></p>	<p>Article 11: Implementation and amendment The Procedures are to be amended by the management in accordance with the company's operation. Amendments take effect once they are reviewed and approved by the Audit Committee, resolved by the Board of Directors and adopted at the shareholders' meeting. If any Director expresses objections on the record or in writing, the Company shall submit the objections to the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures. <u>When submitting the Procedures to the Board of Directors for discussion in accordance with the</u> aforementioned provision, the</p>	<p>Paragraph 2 of the Article is deleted by reference to Article 14-3 of the Securities and Exchange Act. In addition, in accordance with Article 14-5 of the Securities and Exchange Act, the power of Audit Committee includes the establishment or amendment of procedures for significant financial or business actions, e.g. lending funds to other parties. Thus, Paragraphs 2 to 4 are added by reference to Article 6 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After the Amendment	Before the Amendment	Description
<p><u>Audit Committee members and submitted to the Board of Directors for resolutions.</u>  <u>The Procedures may come into force upon the consent of two-thirds of all Directors if the majority of all Audit Committee members does not approve. In such a case, the resolutions of the Audit Committee shall be recorded in the minutes of the Board meeting.</u>  <u>All Audit Committee members and all Directors refer to in the preceding paragraph are actual number of persons currently holding those positions.</u></p>	<p><u>opinions of every Independent Director shall be fully considered. Their definite opinions on whether they approve the Procedures and the reasons for disapproval shall be recorded in the minutes of the Board meeting.</u></p>	
<p>Date of establishment of the Procedures: December 30, 2010  First amendment: March 5, 2011  Second amendment: August 24, 2011  Third amendment: June 14, 2013  Fourth amendment: June 17, 2014  Fifth amendment: June 16, 2015  <u>Sixth amendment:</u>  <u>June 10, 2019</u></p>	<p>Date of establishment of the Procedures: December 30, 2010  First amendment: March 5, 2011  Second amendment: August 24, 2011  Third amendment: June 14, 2013  Fourth amendment: June 17, 2014  Fifth amendment: June 16, 2015</p>	<p>A new amendment date is added.</p>

**[Attachment IX] Comparison Table of Amendments to the "Procedures for Endorsement and Guarantee"**

REDWOOD GROUP LTD

Comparison Table of Amendments to the Procedures for Endorsement and Guarantee

After the Amendment	Before the Amendment	Description
<p>Article 4: Amount limits of endorsement and guarantee</p> <p>The total amount of endorsement and guarantee provided by the Company for external parties shall not exceed <u>120 percent</u> of the Company's net worth in the latest financial statements. The amount of endorsement and guarantee provided by the Company for a single entity shall not exceed 20 percent of the Company's net worth in the latest financial statement. However, the amount of endorsement and guarantee between companies in which the Company, directly or indirectly, holds 100 percent of voting shares shall not be subject to the limitation imposed on a single entity.</p>	<p>Article 4: Amount limits of endorsement and guarantee</p> <p>The total amount of endorsement and guarantee provided by the Company for external parties shall not exceed <u>80 percent</u> of the Company's net worth in the latest financial statements. The amount of endorsement and guarantee provided by the Company for a single entity shall not exceed 20 percent of the Company's net worth in the latest financial statement. However, the amount of endorsement and guarantee between companies in which the Company, directly or indirectly, holds 100 percent of voting shares shall not be subject to the limitation imposed on a single entity.</p>	<p>In consideration of the additional bank loans required for the construction of new factory by the Singapore subsidiary and the borrowings shall be endorsed and guaranteed by the Company, the amount limit for external parties is proposed to be adjusted.</p>
<p>Article 9: Information disclosure</p> <p>I. Omitted.</p> <p>II. If the endorsement and guarantee balance meets one of the following criteria, the Company shall make public announcement and file the balance within two days commencing immediately from the date of occurrence:</p> <p>(I) and (II) Omitted.</p> <p>(III) The endorsement and guarantee balance of the Company and its subsidiaries for a single entity exceeds NT\$10</p>	<p>Article 9: Information disclosure</p> <p>I. Omitted.</p> <p>II. If the endorsement and guarantee balance meets one of the following criteria, the Company shall make public announcement and file the balance within two days commencing immediately from the date of occurrence:</p> <p>(I) and (II) Omitted.</p> <p>(III) The endorsement and guarantee balance of the Company and its subsidiaries for a single entity exceeds NT\$10</p>	<p>I. To explicitly define long-term investments, the Company amends Subparagraph 3 of Paragraph 2 in reference to Subparagraph 1 of Paragraph 4 of Article 9 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>II. As endorsement and guarantee are not of a transaction nature, the wording of Subparagraph 4 of Paragraph 2 is amended accordingly.</p>

After the Amendment	Before the Amendment	Description
<p>million, and the sum of endorsement and guarantee, carrying <u>amount</u> of investment <u>accounted</u> for <u>using</u> the <u>equity method</u> and fund lending balance regarding the entity exceed 30 percent of the Company's net worth in the latest financial statement.</p> <p>(IV) Omitted.</p> <p>For the Company's subsidiaries that are not listed in the domestic market and whose endorsement and guarantee meet the preceding criteria, the Company shall make public announcement and file on behalf of the subsidiaries.</p> <p>The date of occurrence specified in the Procedures refers to the date of contract signing, payment date, resolution date of the Board of Directors, or other dates on which the <u>endorsement and guarantee</u> party and amount can be ascertained, whichever is earlier.</p> <p>III. Omitted.</p>	<p>million, and the sum of endorsement and guarantee, <u>long-term</u> investment and fund lending balance regarding the entity exceed 30 percent of the Company's net worth in the latest financial statement.</p> <p>(IV) Omitted.</p> <p>For the Company's subsidiaries that are not listed in the domestic market and whose endorsement and guarantee meet the preceding criteria, the Company shall make public announcement and file on behalf of the subsidiaries.</p> <p>The date of occurrence specified in the Procedures refers to the date of contract signing for the <u>transaction</u>, payment date, resolution date of the Board of Directors, or other dates on which the <u>transaction</u> party and amount can be ascertained, whichever is earlier.</p> <p>III. Omitted.</p>	
<p>Article 11: Implementation and amendment</p> <p>The Procedures are to be amended by the management in accordance with the company's operation. Amendments take effect once they are reviewed and approved by the Audit Committee, resolved by the Board of Directors and adopted at the shareholders' meeting. If any Director expresses objections on the record or in writing, the Company shall submit the objections to the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures.</p>	<p>Article 11: Implementation and amendment</p> <p>The Procedures are to be amended by the management in accordance with the company's operation. Amendments take effect once they are reviewed and approved by the Audit Committee, resolved by the Board of Directors and adopted at the shareholders' meeting. If any Director expresses objections on the record or in writing, the Company shall submit the objections to the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures.</p>	<p>Paragraph 2 of the Article is deleted by reference to Article 14-3 of the Securities and Exchange Act. In addition, in accordance with Article 14-5 of the Securities and Exchange Act, the power of Audit Committee includes the establishment or amendment of procedures for significant financial or business actions, e.g. lending funds to other parties. Thus, Paragraphs 2 to 4 are added by reference to Article 6 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>



After the Amendment	Before the Amendment	Description
<p><u>The Company has established an Audit Committee. The establishment and amendment of Procedures for Endorsement and Guarantee shall be approved by the majority of all Audit Committee members and submitted to the Board of Directors for resolutions. The Procedures may come into force upon the consent of two-thirds of all Directors if the majority of all Audit Committee members does not approve. In such a case, the resolutions of the Audit Committee shall be recorded in the minutes of the Board meeting.</u></p> <p><u>All Audit Committee members and all Directors refer to in the preceding paragraph are actual number of persons currently holding those positions.</u></p>	<p><u>When submitting the Procedures to the Board of Directors for discussion in accordance with the aforementioned provision, the opinions of every Independent Director shall be fully considered. Their definite opinions on whether they approve the Procedures and the reasons for disapproval shall be recorded in the minutes of the Board meeting.</u></p>	
<p>Date of establishment of the Procedures: December 30, 2010  First amendment: March 5, 2011  Second amendment: August 24, 2011  Third amendment: June 14, 2013  <u>Fourth amendment:</u>  <u>June 10, 2019</u></p>	<p>Date of establishment of the Procedures: December 30, 2010  First amendment: March 5, 2011  Second amendment: August 24, 2011  Third amendment:  June 14, 2013</p>	<p>A new amendment date is added.</p>

**[Attachment X] Comparison Table of Amendments to the "Procedures for Acquisition or Disposal of Assets"**

REDWOOD GROUP LTD

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

After the Amendment	Before the Amendment	Description
<p>Article 3: Asset scope</p> <p>I. Omitted.</p> <p>II. Real estate (including land, buildings, and investment property) and equipment.</p> <p>III. Membership certificates.</p> <p>IV. Intangible assets including patents, copyrights, trademarks, and licenses.</p> <p>V. <u>Right-of-use assets.</u></p> <p>VI. Financial institutions' claims (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>VII. Derivative instruments</p> <p>VIII. Assets acquired or disposed of through legal mergers, spin off, acquisitions or transfers of shares.</p> <p>Other significant assets.</p>	<p>Article 3: Asset scope</p> <p>I. Omitted.</p> <p>II. Real estate (including land, buildings, investment property, and <u>land use right</u>) and equipment.</p> <p>III. Membership certificates.</p> <p>IV. Intangible assets including patents, copyrights, trademarks, and licenses.</p> <p>V. Financial institutions' claims (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>VI. Derivative instruments</p> <p>VII. Assets acquired or disposed of through legal mergers, spin off, or transfers of shares.</p> <p>Other significant assets.</p>	<p>I. Due to the adoption of the International Financial Reporting Standards (IFRS) 16 - Leases, Subparagraph 5 is added, the scope of right-of-use assets is expanded, and the land use right is moved from Subparagraph 2 to Subparagraph 1.</p> <p>II. Subparagraphs 5 to 8 are renumbered as Subparagraphs 6 to 9.</p>
<p>Article 4: Definition of terms</p> <p>I. Derivative instruments: The term refers to contracts with value derived from <u>specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, price or rate indexes, credit ratings or credit indexes or other variables.</u> Contracts include forward contracts, option contracts, futures contracts, leverage contracts, swap contracts, hybrid contracts</p>	<p>Article 4: Definition of terms</p> <p>I. Derivative instruments: The term refers to contracts with value derived from commodities such as assets, interest rates, foreign exchange rates, indexes or other interests. Contracts include forward contracts, option contracts, futures contracts, leverage contracts, swap contracts and hybrid contracts consisting of the above commodities.</p>	<p>I. The scope of financial instruments under Subparagraph 1 of the Procedures is amended pursuant to the definitions under IFRS 9 - Financial Instruments; and some wordings are revised.</p> <p>II. Amendments to the Company Act released on August 1, 2018 took effect on November 1, 2018. In line with changes in article numbers, "Paragraph 8 of Article 156" under Subparagraph 2 is revised to be "Article</p>

After the Amendment	Before the Amendment	Description
<p>consisting of the above contracts, or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sale) agreements.</p> <p>II. Assets acquired or disposed of through legal mergers, spin off, acquisitions or transfers of shares: The term means assets acquired or disposed of through legal mergers, spin off or acquisitions pursuant to Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other laws; or through issuing new shares as consideration for transfers of shares from other companies pursuant to Article 156-3 of the Company Act (hereinafter referred to as "transfer of shares").</p> <p>III. Related parties and subsidiaries: The terms are determined by "Regulations Governing the Preparation of Financial Reports by Securities Issuers."</p> <p>IV. Professional appraisers: The term means real estate appraisers or others who are legally permitted to engage in real estate and equipment appraisal business.</p>	<p>The term "forward contracts" do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sale) agreements.</p> <p>II. Assets acquired or disposed of through legal mergers, spin off, acquisitions or transfers of shares: The term means assets acquired or disposed of through legal mergers, spin off or acquisitions pursuant to Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other laws; or through issuing new shares as consideration for transfers of shares from other companies pursuant to Paragraph 8 of Article 156 of the Company Act (hereinafter referred to as "transfer of shares").</p> <p>III. Related parties and subsidiaries: The terms are determined by "Regulations Governing the Preparation of Financial Reports by Securities Issuers."</p> <p>IV. Professional appraisers: The term means real estate appraisers or others who are legally permitted to engage in real estate and equipment appraisal business.</p> <p>V. Date of occurrence: The term means the date of contract signing for the transaction, payment date, consignment trade date,</p>	<p>156-3".</p> <p>III. As futures commission merchants operating proprietary trading business, securities investment trust enterprises, and securities investment consulting enterprises possess expertise in marketable securities investments and they often trade marketable securities for hedging purposes or funding requirements, hence they are incorporated into the scope "investment professionals." Also, to streamline the regulations, Point 5 of the supplementary provisions under Order No. Taiwan-Finance-Securities-I-0920001151 issued by the former Securities and Futures Commission, Ministry of Finance on March 21, 2003 is incorporated into the Procedures; and Subparagraph 7 is added in reference to professional institutional investors in Article 3 of the Regulations Governing Offshore Structured Products to explicitly define the scope of investment professionals and abolish the previous provisions.</p> <p>IV. In order to explicitly define the domestic and foreign securities exchanges and OTC venues for companies to comply with, Subparagraphs 8 and 9 are added in reference to Article 5 of the</p>

After the Amendment	Before the Amendment	Description
<p>V. Date of occurrence: The term means the date of contract signing for the transaction, payment date, consignment trade date, transfer date, resolution date of the Board of Directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier. However, for investments which require competent authority's approval, it shall mean aforementioned dates or the date on which approval letter from the competent authority is received, whichever is earlier.</p> <p>VI. <u>Investments in Mainland China: The term means investments in Mainland China conducted in accordance with the Rules for Governing the Investment or the Technical Cooperation in Mainland China stipulated by Investment Commission, Ministry of Economic Affairs.</u></p> <p>VII. <u>Investment professionals: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, futures commission merchants operating proprietary trading or underwriting business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are incorporated by laws and regulated by the</u></p>	<p>transfer date, resolution date of the Board of Directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier. However, for investments which require competent authority's approval, it shall mean aforementioned dates or the date on which approval letter from the competent authority is received, whichever is earlier.</p> <p>VI. <u>The term "latest financial statements" used herein refers to the Company's financial statements which are legally and publicly certified or reviewed by Certified Public Accountants (CPAs) before the acquisition or disposal of assets.</u></p>	<p>Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities and Article 2 of the Regulations Governing Securities Trading on the Taipei Exchange to specify the scope of domestic and foreign securities exchanges and OTC venues.</p>

After the Amendment	Before the Amendment	Description
<p><u>competent financial authorities at their business location.</u></p> <p>VIII. <u>Securities exchanges: Domestic securities exchange refers to the Taiwan Stock Exchange Corporation. Foreign securities exchange refers to any organized securities exchange market that is regulated by the competent securities authorities of its location.</u></p> <p>IX. <u>Over-the-counter (OTC) venue: Domestic OTC venue refers to a venue for trading of securities over the counter specially provided by securities firms in accordance with the Regulations Governing Securities Trading on the Taipei Exchange. Foreign OTC venue refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>		
<p>Article 6: The professional appraisers and related appraising personnel from whom the Company obtains appraisal reports and the CPAs, lawyers or securities underwriters from whom the Company acquires opinions <u>shall meet the following requirements:</u></p> <p>I. <u>The person has never been sentenced to imprisonment of one year or above for a violation of the Securities and Exchange Act, the Company Act, the Banking Act, the</u></p>	<p>Article 6: The professional appraisers and related appraising personnel from whom the Company obtains appraisal reports and the CPAs, lawyers or securities underwriters from whom the Company acquires opinions shall not be related parties to the trading parties.</p>	<p>I. To streamline the regulations, Point 4 of the supplementary provisions under Order No. Taiwan-Finance-Securities-I-0920001151 issued by the former Securities and Futures Commission, Ministry of Finance on March 21, 2003 is incorporated into the Procedures. It covers matters requiring attention when a public company engages professional appraisers and related appraising personnel, CPAs, lawyers, or securities underwriters.</p>

After the Amendment	Before the Amendment	Description
<p><u>Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have passed since the person has served his/her sentence, the period of probation has expired or the person has been pardoned.</u></p> <p>II. <u>The person shall not be a related party or a related party in substance.</u></p> <p>III. <u>If the Company needs to obtain appraisal reports from two or more professional appraisers, those professional appraisers or appraising personnel cannot be related parties or related parties in substance to each other.</u></p> <p><u>When issuing appraisal reports or opinions, personnel referred to in the preceding paragraph shall comply with the following rules:</u></p> <p>I. <u>Before accepting cases, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>II. <u>When auditing cases, they shall carefully plan and carry out adequate procedures in order to form conclusions and issue reports or opinions based on those conclusions. All procedures carried out, data collected, and</u></p>		<p>Also, disqualification of Directors, Supervisors and managers under Subparagraph 4 of Article 53 of the Securities and Exchange Act; and the good faith principle of issuers and the persons in charge under Subparagraph 15 of Paragraph 1 of Article 8 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers are taken into account by adding Subparagraphs 1 to 3 under Paragraph 1 to explicitly define the disqualification of professionals and abolish the previous provisions.</p> <p>II. To clearly define external professionals' responsibilities. Paragraph 2 is added in reference to the assessments, audits and statements associated with opinions issued by CPAs regarding the reasonableness of the appraisal report under Article 9 - Investment Property of the Regulations Governing the Preparation of Financial Reports by Securities Issuers to explicitly define the assessments, audits, and statements associated with professionals issuing appraisal reports or opinions.</p>

After the Amendment	Before the Amendment	Description
<p><u>conclusions drawn shall be fully and accurately documented in the working papers.</u></p> <p>III. <u>The source of data, parameters and information used shall be assessed item-by-item for their comprehensiveness, accuracy, and reasonableness in order to serve as the basis for issuing appraisal reports or opinions.</u></p> <p>IV. <u>A statement shall be issued stating the professional competence and independence of associated personnel, and that the information used is assessed to be reasonable and accurate, and they are in compliance with applicable laws and regulations.</u></p>		
<p>Article 7: Procedures for acquisition or disposal of real estate or equipment</p> <p>I. Assessment and operation procedures The Company's acquisition or disposal of real estate, equipment or <u>right-of-use assets</u> thereof shall be handled in accordance with the real estate, plants, and equipment cycle procedures or level of authority under the Company's internal control system.</p> <p>II. Determination of trading terms and authorization limit</p> <p>(I) To acquire or dispose of real estate, equipment or <u>right-of-use</u> assets thereof, the Company</p>	<p>Article 7: Procedures for acquisition or disposal of real estate or equipment</p> <p>I. Assessment and operation procedures The Company's acquisition or disposal of real estate and equipment shall be handled in accordance with the real estate, plants, and equipment cycle procedures or level of authority under the Company's internal control system.</p> <p>II. Determination of trading terms and authorization limit</p> <p>(I) To acquire or dispose of real estate and equipment, the Company shall refer to the publicly announced current value, assessed</p>	<p>1. The right-of-use assets are incorporated into this Article due to the adoption of IFRS 16 - Leases.</p> <p>2. Government agencies under Paragraph 4 refer to central and local government agencies in the Republic of China. As transactions with central and local government agencies in the Republic of China shall undergo open tenders or bidding, the possibility of price manipulation is low. Thus, opinions from professionals are not required. Whereas transactions with foreign government agencies, as relevant rules and price negotiation mechanism are less definite, opinions from professionals are required. Therefore, Paragraph 4 is amended to explicitly confine government agencies to domestic ones.</p>

After the Amendment	Before the Amendment	Description
<p>shall refer to the publicly announced current value, assessed value, actual trading price of neighboring real estate, etc. to determine the trading terms and price and submit an analysis report to the Chairman. Trading amounts equal to or below 20 percent of the paid-in capital or NT\$100 million, whichever is lower, shall be submitted to the Chairman for approval in accordance with the authorization rules. Amounts exceeding 20 percent of the paid-in capital or NT\$100 million, whichever is lower, shall be approved by the Board of Directors.</p> <p>(II) Acquisition or disposal of <u>real estate, equipment or right-of-use assets</u> thereof shall be implemented in any of the following methods: inquiry, bidding, price negotiation or tendering. Amounts equal to or below NT\$50 million shall be submitted to the Chairman for approval in accordance with the level of authority. Amounts exceeding NT\$50 million shall be approved by the Board of Directors.</p> <p>III. Implementation departments Once approved in accordance with the aforementioned level of authority, the Company's acquisition or disposal of real estate, equipment or <u>right-of-use assets</u> thereof shall be implemented by the user departments and</p>	<p>value, actual trading price of neighboring real estate, etc. to determine the trading terms and price and submit an analysis report to the Chairman. Trading amounts equal to or below 20 percent of the paid-in capital or NT\$100 million, whichever is lower, shall be submitted to the Chairman for approval in accordance with the authorization rules. Amounts exceeding 20 percent of the paid-in capital or NT\$100 million, whichever is lower, shall be approved by the Board of Directors.</p> <p>(II) Acquisition or disposal of equipment shall be implemented in any of the following methods: inquiry, bidding, price negotiation or tendering. Amounts equal to or below NT\$50 million shall be submitted to the Chairman for approval in accordance with the level of authority. Amounts exceeding NT\$50 million shall be approved by the Board of Directors.</p> <p>III. Implementation departments Once approved in accordance with the aforementioned level of authority, the Company's acquisition or disposal of real estate and equipment shall be implemented by the user departments and the Management Department.</p> <p>IV. Appraisal reports for real estate or equipment Regarding the acquisition or disposal of real estate</p>	<p>3. The number of reference articles is adjusted.</p>



After the Amendment	Before the Amendment	Description
<p>the Management Department.</p> <p>IV. Appraisal reports for real estate or equipment Regarding the acquisition or disposal of real estate, equipment or <u>right-of-use assets</u> thereof, except for transactions with <u>domestic</u> government agencies, commissioned construction on own land, commissioned construction on leased land or acquisition or disposal of operating equipment or <u>right-of-use assets</u> thereof, the Company shall obtain an appraisal report produced by a professional appraiser before the date of occurrence and meet the following criteria when the transaction amount exceeds 20 percent of the Company's paid-in capital or NT\$300 million:</p> <p>(I) When a limited price, specific price or special price must be used as a reference for the transaction price due to special circumstances, such transaction shall be approved by a resolution of the Board of Directors. The above procedures shall apply for any <u>subsequent</u> changes in the trading terms.</p> <p>(II) to (V) Omitted.</p> <p>(VI) The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 8 of Paragraph 1 of Article 14. The said "within one year"</p>	<p>and equipment, except for transactions with government agencies, commissioned construction on own land, commissioned construction on leased land or acquisition or disposal of operating equipment, the Company shall obtain an appraisal report produced by a professional appraiser before the date of occurrence and meet the following criteria when the transaction amount exceeds 20 percent of the Company's paid-in capital or NT\$300 million:</p> <p>(I) When a limited price, specific price or special price must be used as a reference for the transaction price due to special circumstances, such transaction shall be approved by a resolution of the Board of Directors. The above procedures shall apply for any changes in the trading terms in the future.</p> <p>(II) to (V) Omitted.</p> <p>(VI) The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 5 of Paragraph 1 of Article 14. The said "within one year" means one year calculated retrospectively from the date of occurrence when assets are acquired or disposed of. The part for which the Company has obtained appraisal reports produced by professional</p>	

After the Amendment	Before the Amendment	Description
<p>means one year calculated retrospectively from the date of <u>transaction</u>. The part for which the Company has obtained appraisal reports produced by professional appraisers or CPA's opinions <u>in accordance with the regulations</u> shall not be included.</p>	<p>appraisers or CPA's opinions shall not be included.</p>	
<p>Article 8: Procedures for acquisition or disposal of marketable securities</p> <p>I. to IV. (II) Omitted.</p> <p>IV. (III) The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 8 of Paragraph 1 of Article 14. The said "within one year" means one year calculated retrospectively from the date of <u>transaction</u>. The part for which the Company has obtained appraisal reports produced by professional appraisers or CPA's opinions <u>in accordance with the regulations</u> shall not be included.</p>	<p>Article 8: Procedures for acquisition or disposal of marketable securities</p> <p>I. to IV. (II) Omitted.</p> <p>IV. (III) The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 5 of Paragraph 1 of Article 14. The said "within one year" means one year calculated retrospectively from the date of occurrence when assets are acquired or disposed of. The part for which the Company has obtained appraisal reports produced by professional appraisers or CPA's opinions shall not be included.</p>	<p>The number of reference articles is adjusted.</p>
<p>Article 9: Procedures for related party transactions</p> <p>I. (I) (Omitted).</p> <p>I. (II) Where the Company acquires or disposes of real estate <u>or right-of-use assets</u> thereof, or assets <u>other than real estate or right-of-use assets</u> thereof from or to a related party and the transaction amount exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total</p>	<p>Article 9: Procedures for related party transactions</p> <p>I. (I) (Omitted).</p> <p>I. (II) Where the Company acquires or disposes of real estate or assets other than real estate from or to a related party and the transaction amount exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million, except for the purchase or sale of</p>	<p>I. Government bonds under Paragraph 1 refer to ones issued in the Republic of China. As the credit ratings of domestic central and local government are explicit and easy to access, the procedures of being submitted to the Board of Directors for approval and to the Supervisors for acknowledgement can be exempted. Whereas the credit ratings of foreign governments are</p>

After the Amendment	Before the Amendment	Description
<p>assets or NT\$300 million, except for the purchase or sale of <u>domestic</u> government bonds or bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be approved by the Board of Directors before signing the contract and making payments:</p> <ol style="list-style-type: none"> <li>1. Purpose, necessity, and expected benefits of the asset acquisition or disposal.</li> <li>2. Reasons for choosing the related party as trading counterparty.</li> <li>3. Information related to the assessment of reasonableness of preliminary trading terms in accordance with Subparagraphs 4 and 6 of Paragraph 2 of this Article for acquisition of real estate or right-of-use assets thereof from related party.</li> <li>4. to 8. Omitted. The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 8 of Article 14. The said "within one year" means one year calculated retrospectively from the date of transaction. The part for which the Company has obtained approval from the Board of Directors in accordance with the</li> </ol>	<p>government bonds or bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be approved by the Board of Directors before signing the contract and making payments:</p> <ol style="list-style-type: none"> <li>1. Purpose, necessity, and expected benefits of the asset acquisition or disposal.</li> <li>2. Reasons for choosing the related party as trading counterparty.</li> <li>3. Information related to the assessment of reasonableness of preliminary trading terms in accordance with Subparagraphs 1 and 4, Paragraph 3 of this Article for acquisition of real estate from related party.</li> <li>4. to 8. Omitted. The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 5 of Article 14. The said "within one year" means one year calculated retrospectively from the date of transaction. The part for which the Company has obtained approval from the Board of Directors in accordance with the regulations shall not be included. Regarding the acquisition or disposal of operating equipment between the</li> </ol>	<p>inconsistent, the aforementioned procedures shall still apply. Therefore, the provision is amended to explicitly confine bonds to domestic ones. Also, the right-of-use assets are incorporated into this Article due to the adoption of IFRS 16, Leases; thus, Paragraph 1 is amended for clarification purpose.</p> <ol style="list-style-type: none"> <li>II. The number of reference articles is adjusted.</li> <li>III. Due to overall business planning, there are necessity and needs between a public company and its parent or subsidiaries or between a public company and its subsidiaries who are 100 percent owned, directly or indirectly, by the Company to purchase or lease operating equipment for the whole group and transfer (including trade or sublease) those equipment subsequently, or to lease real estate and later sublease it, and risks associated with those transactions are low. Thus, Paragraph 1 is amended to allow Chairman to approve the acquisition or disposal of operating equipment, right-of-use assets thereof or operating right-of-use assets of real estate first, and some wordings are revised.</li> <li>IV. Paragraphs 1 to 4 are amended due to the adoption of IFRS 16 - Leases. Right-of-use assets of real estate acquired through leasing</li> </ol>

After the Amendment	Before the Amendment	Description
<p>regulations shall not be included.</p> <p>Regarding the acquisition or disposal of operating equipment between the Company and its subsidiaries or between subsidiaries <u>whose shares issued or paid-in capital are 100 percent owned, directly or indirectly</u>, by the Company, the Board of Directors may authorize the Chairman to approve beforehand within a certain amount. The Chairman has to report it afterwards for acknowledgement in the latest Board of Directors' meeting.</p> <p>1. <u>Acquisition or disposal of operating equipment or right-of-use assets thereof.</u></p> <p>2. <u>Acquisition or disposal of operating right-of-use assets of real estate.</u></p> <p>When the Company submits the transaction to the Board of Directors for discussion in accordance with the aforementioned provision, the opinions of every Independent Director shall be fully considered. Objections or reservations from Independent Directors shall be recorded in the minutes of the Board meeting.</p> <p>Matters that shall be discussed by the Board of Directors pursuant to Paragraph 1 shall be approved by the majority of all Audit Committee members prior to being submitted to the Board of</p>	<p>Company and its subsidiaries, the Board of Directors may authorize the Chairman to approve beforehand within a certain amount. The Chairman has to report it afterwards for acknowledgement in the latest Board of Directors' meeting.</p> <p>When the Company submits the transaction to the Board of Directors for discussion in accordance with the aforementioned provision, the opinions of every Independent Director shall be fully considered. Objections or reservations from Independent Directors shall be recorded in the minutes of the Board meeting.</p> <p>Matters that shall be discussed by the Board of Directors pursuant to Paragraph 1 shall be approved by the majority of all Audit Committee members prior to being submitted to the Board of Directors for resolutions. They shall be subject to Paragraphs 4 and 5 of Article 17.</p> <p>II. Assessment of reasonableness of transaction cost</p> <p>(I) When acquiring real estate from a related party, the Company shall assess the reasonableness of transaction cost by the following methods:</p> <p>1. to 2. Omitted.</p> <p>(II) When acquiring both land and buildings of the same subject matter, the Company may use one of</p>	<p>from related parties are incorporated to be governed by actions taken when the assessed costs are lower than the transaction prices. Some wordings are revised to be in compliance with legal processes.</p> <p>V. To conform to the actual practice for leasing of real estate such as plants, acquisition of right-of-use assets of real estate from related parties may now impute and estimate the reasonableness of transaction price by referring to leasing transactions of non-related parties in the neighborhood area within one year. In addition, Item 3 of Subparagraph 4 of Paragraph 2 is consolidated to Item 2 and leasing is added to be included as transactions governed for clarification purpose.</p>

After the Amendment	Before the Amendment	Description
<p>Directors for resolutions. They shall be subject to Paragraphs 4 and 5 of Article 16.</p> <p>II. Assessment of reasonableness of transaction cost</p> <p>(I) When acquiring real estate <u>or right-of-use assets</u> thereof from a related party, the Company shall assess the reasonableness of transaction cost by the following methods: 1. to 2. Omitted.</p> <p>(II) When acquiring <u>or leasing</u> both land and buildings of the same subject matter, the Company may use one of the above methods to assess the transaction cost of land and buildings separately.</p> <p>(III) To acquire real estate <u>or right-of-use assets</u> thereof from a related party, the Company shall assess the cost of real estate <u>or right-of-use assets</u> thereof in accordance with Subparagraphs 1 and 2 of Paragraph 2 of this Article and contact CPAs to review and express specific opinions.</p> <p>(IV) If the value assessed in accordance with Subparagraphs 1 and 2 of Paragraph 2 of this Article is lower than the transaction price, actions shall be taken in accordance with Subparagraphs 5 of Paragraph 2 of this Article. The rule does not apply to the following circumstances with objective evidences and professional real estate</p>	<p>the above methods to assess the transaction cost of land and buildings separately.</p> <p>(III) To acquire real estate from a related party, the Company shall assess the cost of real estate in accordance with Subparagraphs 1 and 2 of Paragraph 2 of this Article, obtain appraisal reports from professional appraisers and contact CPAs to review and express specific opinions.</p> <p>(IV) If the value of the Company's <u>real estate acquisitions from related parties</u> assessed in accordance with Subparagraphs 1 and 2 of Paragraph 2 of this Article is lower than the transaction price, actions shall be taken in accordance with Subparagraphs 5 of Paragraph 2 of this Article. The rule does not apply to the following circumstances with objective evidences and professional real estate appraisers' and CPAs' specific opinions on reasonableness provided: 1. (1) Omitted. 1. (2) Transactions completed by non-related parties within one year involving other floors of the same subject matter or in the neighborhood area with similar land area and equivalent trading terms, after taking into account the reasonable price difference in floor or location according to standard real estate</p>	

After the Amendment	Before the Amendment	Description
<p>appraisers' and CPAs' specific opinions on reasonableness provided:</p> <ol style="list-style-type: none"> <li>1. (1) Omitted.</li> <li>1. (2) Transactions completed by non-related parties within one year involving other floors of the same subject matter or in the neighborhood area with similar land area and equivalent trading terms, after taking into account the reasonable price difference in floor or location according to standard real estate market or leasing practices.</li> <li>2. The Company provides evidence that the real estate purchased or <u>right-of-use assets of real estate obtained through leasing</u> from a related party has trading terms equivalent to non-related parties' transactions within one year of items with similar land areas in the neighborhood.</li> <li>3. The said transactions "in the neighborhood" basically refers to those in the same or neighbored street within 500 meters from the subject matter of trading or with similar publicly announced current values. The said "with similar land areas" basically means the land areas of non-related parties' transactions is no less than 50 percent of the subject matter of trading. The said "within one year" means one year calculated retrospectively from the date of occurrence when real estate or <u>right-of-use</u></li> </ol>	<p>market practices.</p> <ol style="list-style-type: none"> <li>1. <u>(3) Transactions completed by non-related parties within one year involving leasing of other floors of the same subject matter with equivalent trading terms after taking into account the reasonable price difference in floor according to standard real estate leasing practices.</u></li> <li>2. The Company provides evidence that the real estate purchased from a related party has trading terms equivalent to transactions completed by non-related parties within one year of items with similar land areas in the neighborhood.</li> <li>3. The said transactions completed "in the neighborhood" basically refers to those in the same or neighbored street within 500 meters from the subject matter of trading or with similar publicly announced current values. The said "with similar land areas" basically means the land areas of transaction completed by non-related parties is no less than 50 percent of the subject matter of trading. The said "within one year" means one year calculated retrospectively from the date of occurrence when real estate is acquired.</li> </ol> <p>(V) If the value of the Company's real estate acquisitions from related parties assessed in accordance with Subparagraphs 1 and 2 of</p>	

After the Amendment	Before the Amendment	Description
<p><u>assets</u> thereof is acquired.</p> <p>(V) If the value of the Company's real estate <u>or right-of-use assets</u> thereof acquisitions from related parties assessed in accordance with Subparagraphs 1 to 4 of Paragraph 2 of this Article is lower than the transaction price, the following actions shall be taken:</p> <p>1. In respect of the difference between the transaction price and the assessed cost of the real estate <u>or right-of-use assets</u> thereof, the Company shall recognize a special reserve in accordance with Paragraph 1 of Article 41 of the Securities and Exchange Act. The special reserve shall not be distributed or used for capital increase and issuance of bonus share. <u>If an investor, who accounts for its investment in another company under equity method, is a public company, the special reserve pursuant to Paragraph 1 of Article 41 of the Act shall be recognized in proportion to the shareholding percentage of the investor in the investee company.</u></p> <p>2. to 3. Omitted.</p> <p>Special reserve recognized by the Company in accordance with the preceding provisions may use such reserve upon approvals from competent authority and after assets purchased at a premium or</p>	<p>Paragraph 2 of this Article is lower than the transaction price, the following actions shall be taken:</p> <p>1. In respect of the difference between the transaction price and the assessed cost of the real estate, <u>the Company</u> shall recognize a special reserve in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act. The special reserve shall not be distributed or used for capital increase and issuance of bonus share.</p> <p>2. to 3. Omitted.</p> <p>Special reserve recognized by the Company <u>and public company which accounts for the Company's investment under equity method</u> in accordance with the preceding provisions may use such reserve upon approvals from competent authority and after assets purchased at a premium have recognized losses from decline of market value; been disposed of, compensated appropriately, or restored to original status; or there are other evidences indicating the transaction is not unreasonable.</p> <p>(VI) Regarding the Company's acquisition of real estate from related parties, if any of the following circumstance exists, actions shall be taken in accordance with the provisions <u>related to assessment and operation</u></p>	

After the Amendment	Before the Amendment	Description
<p>leased have recognized losses from decline of market value, been disposed of, had the lease agreements terminated, been compensated appropriately, or been restored to original status, or there are other evidences indicating the transaction is not unreasonable. <u>Regarding the Company's acquisition of real estate or right-of-use assets thereof from related parties, if there are other evidences showing non-compliance of business practices, actions shall be taken in accordance with provisions in the preceding subparagraphs.</u></p> <p>(VI) Regarding the Company's acquisition of real estate or right-of-use assets thereof from related parties, if any of the following circumstance exists, actions shall be taken in accordance with the provisions in Paragraph 1 of this Article and the provisions in Subparagraphs 1, 2, and 3 of Paragraph 2 of this Article are not applicable:</p> <ol style="list-style-type: none"> <li>1. The related party acquired real estate or right-of-use assets thereof by inheritance or gift.</li> <li>2. More than five years have passed from the time the related party signed the acquisition contract of real estate or right-of-use assets thereof to the date of this transaction.</li> <li>3. Omitted</li> <li>4. Acquisition of operating right-of-use assets of real</li> </ol>	<p><u>procedures in Paragraphs 1 and 2 of this Article, and the provisions related to assessment of reasonableness of transaction cost in Subparagraphs 1, 2, and 3 of Paragraph 2 of this Article are not applicable:</u></p> <ol style="list-style-type: none"> <li>1. The related party acquired real estate by inheritance or gift.</li> <li>2. More than five years have passed from the time the related party signed the acquisition contract of real estate to the date of this transaction.</li> <li>3. Omitted</li> </ol> <p>(VII) <u>Regarding the Company's acquisition of real estate from related parties, if there are other evidences showing non-compliance of business practices, actions shall be taken in accordance with provisions in Subparagraph 5 of Paragraph 2 of this Article.</u></p>	



After the Amendment	Before the Amendment	Description
<p>estate between the Company and its subsidiaries or between subsidiaries whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company.</p>		
<p>Article 10: Procedures for acquisition or disposal of intangible assets <u>or right-of-use assets thereof, or membership certificates</u></p> <p>I. Assessment and operation procedures Regarding the acquisition or disposal of intangible assets or right-of-use assets thereof, or membership certificates, the Company shall refer to the professionals' appraisal reports or the market's fair value in determining the trading terms and price and submit an analysis report to the Chairman. The following is omitted.</p> <p>II. Implementation departments After approved in accordance with the aforementioned level of authority, the Company's acquisition or disposal of intangible assets <u>or right-of-use assets</u> thereof, or membership certificates shall be implemented by the user departments and the Finance Department.</p> <p>III. Professionals' appraisal and opinion reports for membership certificates or intangible assets (I) and (II) Omitted. (III) Where the transaction amount of the Company's acquisition or disposal of</p>	<p>Article 10: Procedures for acquisition or disposal of intangible assets</p> <p>I. Assessment and operation procedures Regarding the acquisition or disposal of intangible assets or membership certificates, the Company shall refer to the professionals' appraisal reports or the market's fair value in determining the trading terms and price and submit an analysis report to the Chairman. The following is omitted.</p> <p>II. Implementation departments After approved in accordance with the aforementioned level of authority, the Company's acquisition or disposal of <u>membership certificates</u> or intangible assets shall be implemented by the user departments and the Finance Department.</p> <p>III. Professionals' appraisal reports for membership certificates or intangible assets (I) and (II) Omitted. (III) Where the transaction amount of the Company's acquisition or disposal of <u>membership certificates</u> or intangible assets exceeds 20 percent of the Company's paid-in</p>	<p>I. Government agencies under Paragraph 3 refer to central and local government agencies in the Republic of China. As transactions with central and local government agencies in the Republic of China shall undergo open tenders or bidding, the possibility of price manipulation is low. Thus, opinions from professionals are not required. Whereas transactions with foreign government agencies, as relevant rules and price negotiation mechanism are less definite, opinions from professionals are required. Therefore, Paragraph 3 is amended to explicitly confine government agencies to domestic ones.</p> <p>II. Some wordings are revised.</p>

After the Amendment	Before the Amendment	Description
<p>intangible assets or <u>right-of-use assets</u> thereof, or membership certificates exceeds 20 percent of the Company's paid-in capital or NT\$300 million, except for transactions with <u>domestic</u> government agencies, the Company shall contact CPAs to express an opinion on the reasonableness of the transaction price before the day of occurrence. The CPAs shall take actions in accordance with Auditing Standards No. 20 published by Accounting Research and Development Foundation.</p> <p>(IV) The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 8 of Paragraph 1 of Article 14. The said "within one year" means one year calculated retrospectively from the date of <u>transaction</u>. The part for which the Company has obtained appraisal reports produced by professional appraisers or CPA's opinions in accordance with the regulations shall not be included.</p>	<p>capital or NT\$300 million, except for transactions with government agencies, the Company shall contact CPAs to express an opinion on the reasonableness of the transaction price before the day of occurrence. The CPAs shall take actions in accordance with Auditing Standards No. 20 published by Accounting Research and Development Foundation.</p> <p>(IV) The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 5 of Paragraph 1 of Article 14. The said "within one year" means one year calculated retrospectively from the date of occurrence when assets are acquired or disposed of. The part for which the Company has obtained appraisal reports produced by professional appraisers or CPA's opinions shall not be included.</p>	
<p>Article 13: Procedures for merger, spin off, acquisition or transfer of shares</p> <p>(I) For mergers, spin off, acquisitions or transfer of shares, before convening the Board of Directors' meeting for resolution, the Company shall appoint CPAs, lawyers or underwriters to express</p>	<p>Article 13: Procedures for merger, spin off, acquisition or transfer of shares</p> <p>I. <u>Assessment and operation procedures</u></p> <p>(I) For mergers, spin off, acquisitions or transfer of shares, the Company <u>shall appoint lawyers, CPAs, and underwriters to jointly propose a schedule for</u></p>	<p>Provisions are renumbered and some wordings are revised.</p>

After the Amendment	Before the Amendment	Description
<p>their opinions regarding the reasonableness of stock conversion ratio, acquisition price or cash or other assets allotted to shareholders and submit those to the Board for discussion and approval. Opinions on reasonableness from the aforesaid professionals are not required when the Company merges a subsidiary whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company or the merger occurs between subsidiaries whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company.</p> <p>(II) Omitted.</p> <p>(III) ...The public or OTC companies participating in the merger, spin off, acquisition or transfer of shares shall sign an agreement with non-public or non-OTC companies in the project and actions shall be taken in accordance with the provisions in the preceding two Paragraphs.</p> <p>(IV) All personnel who participate in or are aware of the merger, spin off, acquisition or transfer of shares of the company shall sign the written confidentiality agreements. Before information become public, they shall neither disclose the project contents nor buy or sell, in their own name or other's,</p>	<p><u>legal procedures and organize a task force to implement in accordance with legal procedures.</u></p> <p>Before convening the Board of Directors' meeting for resolution, the Company shall appoint CPAs, lawyers or underwriters to express their opinions regarding the reasonableness of stock conversion ratio, acquisition price or cash or other assets allotted to shareholders and submit those to the Board for discussion and approval. Opinions on reasonableness from the aforesaid professionals are not required when the Company merges a subsidiary whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company or the merger occurs between subsidiaries whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company.</p> <p>(II) Omitted.</p> <p>II. <u>Other matters to be noted</u></p> <p>(I) <u>The date of the Board of Directors' meeting:</u></p> <p>(III) ...The public or OTC companies participating in the merger, spin off, acquisition or transfer of shares shall sign an agreement with non-public or non-OTC companies in the project and actions shall be taken in accordance with Paragraphs 3 and 4.</p> <p>(IV) <u>The signing of prior confidentiality agreement:</u></p>	

After the Amendment	Before the Amendment	Description
<p>the shares and other equity-type marketable securities of any of the companies associated with the merger, spin off, acquisition or transfer of shares.</p> <p>(V) For merger, spin off, or transfer of shares, stock conversion ratio or acquisition price cannot be changed arbitrarily except for the following circumstances <u>and conditions for change shall be stipulated in the merger, spin off, or transfer of shares contract:</u></p> <p>1. to 6. Omitted.</p> <p>(VI) When <u>the Company participates in merger, spin off, acquisition or transfer of shares, the contracts shall explicitly state the rights and obligations of companies participating in the merger, spin off, acquisition or transfer of shares and shall contain the following items:</u></p> <p>1. to 6. Omitted.</p> <p>(VII) <u>If one of the companies participating in the merger, spin off, acquisition or transfer of shares intends to merge, spin off, acquire, or transfer shares with other companies after the project is publicly disclosed,</u> unless there is a decrease in the number of companies participating in the merger, spin off, acquisition or transfer of shares and the shareholders' meeting has resolved and delegated the authorization for changes to the Board of Directors,</p>	<p>All personnel who participate in or are aware of the merger, spin off, acquisition or transfer of shares of the company shall sign the written confidentiality agreements. Before information become public, they shall neither disclose the project contents nor buy or sell, in their own name or other's, the shares and other equity-type marketable securities of any of the companies associated with the merger, spin off, acquisition or transfer of shares.</p> <p>(V) <u>Principles for determining and changing the stock conversion ratio or acquisition price: Companies participating in the merger, spin off, acquisition or transfer of shares shall, before the Board of Directors' meetings of both parties, appoint CPAs, lawyers or underwriters to express their opinions regarding the reasonableness of stock conversion ratio, acquisition price or cash or other assets allotted to shareholders. Those opinions would be submitted to the shareholders' meeting.</u> Stock conversion ratio or acquisition price cannot be changed arbitrarily except for the following circumstances:</p> <p>1. to 6. Omitted.</p> <p>(VI) <u>Matters to be included in the contract: In addition to compliance with Article 317-1 of the Company Act</u></p>	

After the Amendment	Before the Amendment	Description
<p>where the participating companies are not required to convene the shareholders' meeting for resolution again, the procedures or legal actions which have been completed in the original merger, spin off, acquisition or transfer of shares project shall be repeated by all participating companies.</p> <p>(VIII) The Company shall sign an agreement with non-public companies participating in the merger, spin off, acquisition or transfer of shares and take actions in accordance with Subparagraphs <u>3</u>, <u>4</u>, and <u>7</u> of Paragraph 1 of this Article.</p>	<p><u>and Article 22 of the Business Mergers and Acquisitions Act</u>, the contract of the <u>companies</u> participating in the merger, spin off, acquisition or transfer of shares shall contain the following items:</p> <p>1. to 6. Omitted.</p> <p>(VII) <u>Changes in numbers of companies participating in the merger, spin off, acquisition or transfer of shares</u>: Unless there is a decrease in the number of companies participating in the merger, spin off, acquisition or transfer of shares and the shareholders' meeting has resolved and delegated the authorization for changes to the Board of Directors, where the participating companies are not required to convene the shareholders' meeting for resolution again, the procedures or legal actions which have been completed in the original merger, spin off, acquisition or transfer of shares project shall be repeated by all participating companies.</p> <p>(VIII) The Company shall sign an agreement with non-public companies participating in the merger, spin off, acquisition or transfer of shares and take actions in accordance with Subparagraphs <u>1</u>, <u>2</u>, and <u>5</u> of Paragraph 2 of this Article.</p>	
<p>Article 14: Procedures for public disclosure of information</p>	<p>Article 14: Procedures for public disclosure of information</p>	<p>I. With regard to government bonds, as the credit ratings of domestic</p>

After the Amendment	Before the Amendment	Description
<p>I. For acquisition or disposal of assets, the Company shall make public announcement and file in prescribed format based on the nature of transaction at websites designated by the Financial Supervisory Commission within two days commencing immediately from the date of occurrence if any of the following circumstance exists:</p> <p>(I) Acquisition or disposal of real estate <u>or right-of-use assets</u> thereof from or to a related party or non-real estate assets <u>or right-of-use assets</u> thereof from or to a related party with transaction amount exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million. <u>However</u>, this does not apply to the purchase or sale of <u>domestic government bonds</u> or bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) and (III) Omitted.</p> <p>(IV) Acquisition or disposal of assets classified as operating equipment <u>or right-of-use assets</u> thereof from or to a non-related party with transaction amount reaching one of the following thresholds: (1) and (2) Omitted.</p> <p>(V) For companies in the</p>	<p>I. For acquisition or disposal of assets, the Company shall make public announcement and file in prescribed format based on the nature of transaction at websites designated by the Financial Supervisory Commission within two days commencing immediately from the date of occurrence if any of the following circumstance exists:</p> <p>(I) Acquisition or disposal of real estate from or to a related party or non-real estate assets from or to a related party with transaction amount exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million. This does not apply to the purchase or sale of government bonds or bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(II) and (III) Omitted.</p> <p>(IV) Acquisition or disposal of assets <u>classified as operating equipment</u> from or to a non-related party with transaction amount reaching one of the following thresholds: (1) and (2) Omitted.</p> <p>(V) For companies in the construction business, the acquisition or disposal of real estate for construction use from or to a non-</p>	<p>central and local government are explicit and easy to access, the procedures of public announcement can be exempted. Whereas the credit ratings of foreign governments are inconsistent, the aforementioned procedures shall still apply. Therefore, the provision is amended to explicitly confine bonds to domestic ones.</p> <p>II. The right-of-use assets are incorporated into this Article due to the adoption of IFRS 16 - Leases.</p> <p>III. Selling of real estate from a completed self-construction project is conducted in the ordinary course of business for companies in the construction business, and larger-scale constructors' projects can easily reach the public announcement threshold due to their high value. Both factors lead to frequent public announcements. In view of these facts and taking into account the materiality of information disclosure, a new section is added to Subparagraph 5 of Paragraph 1 by reference to the rules governing a company's acquisition or disposal of operating equipment to set a higher threshold for the aforementioned disposal transaction with a non-related party.</p> <p>IV. As public announcement standards for related-party transactions are stipulated in Subparagraph 1 of</p>

After the Amendment	Before the Amendment	Description
<p>construction business, the acquisition or disposal of real estate <u>or right-of-use assets</u> thereof for construction use from or to a non-related party with transaction amount exceeding NT\$500 million. <u>If such a company has paid-in capital exceeding NT\$10 billion, and it is disposing real estate from a completed self-construction project to a non-related party, the threshold for transaction amount would be NT\$1 billion or more.</u></p> <p>(VI) Real estate acquired by means of contracting others to construct on the Company's own land, contracting others to construct on rented land, distributing housing units in a joint construction project, distributing profit in a joint construction project or selling of housing units separately in a joint construction project <u>from a non-related party</u> with expected investment exceeding NT\$500 million.</p> <p>(VII) Other than the six preceding subparagraphs, any asset transactions, disposals of claims by financial institutions or engagement in investment in Mainland China with transaction amount exceeding 20 percent of the Company's paid-in capital or NT\$300 million. However, the following situations are exceptions:</p> <ol style="list-style-type: none"> <li>1. Purchase or sale of</li> </ol>	<p>related party with transaction amount exceeding NT\$500 million.</p> <p>(VI) Real estate acquired by means of contracting others to construct on the Company's own land, contracting others to construct on rented land, distributing housing units in a joint construction project, distributing profit in a joint construction project or selling of housing units separately in a joint construction project with expected investment exceeding NT\$500 million.</p> <p>(VII) Other than the six preceding subparagraphs, any asset transactions, disposals of claims by financial institutions or engagement in investment in Mainland China with transaction amount exceeding 20 percent of the Company's paid-in capital or NT\$300 million. However, the following situations are exceptions:</p> <ol style="list-style-type: none"> <li>1. Purchase or sale of government bonds.</li> <li>2. Trading of marketable securities in <u>domestic or foreign</u> securities exchanges or OTC markets or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued at the <u>domestic</u> primary market by investment professionals; or subscription of marketable securities by a</li> </ol>	<p>Paragraph 1, Subparagraph 6 of the same Paragraph is used for stipulating criteria of non-related party transactions for companies to comply with. Thus, Subparagraph 6 of Paragraph 1 is amended for clarification purpose.</p> <p>V. Amendments to Item 2 of Subparagraph 7 of Paragraph 1:</p> <p>(I) As trading of marketable securities in domestic or foreign securities exchanges or OTC markets by investment professionals are a part of the ordinary course of business, it easily leads to frequent public announcements. Considering the materiality of information disclosure, those transactions are exempted from public announcements. In addition, to standardize the language used in the Procedures, subject matters or institutions referred to in the Procedures mean both domestic and foreign ones. Thus, the wordings of "domestic" and "foreign" are removed.</p> <p>(II) Investment professionals frequently subscribe ordinary corporate bonds at the foreign primary market and those products have a simple nature. Domestic securities investment trust and future trust enterprises are supervised by the Financial Supervisory</p>

After the Amendment	Before the Amendment	Description
<p><u>domestic</u> government bonds.</p> <p>2. Trading of marketable securities in securities exchanges or OTC markets or subscription of ordinary corporate bonds or general bank debentures without equity characteristics <u>(excluding subordinated debentures) that are offered and issued at the primary market by investment professionals; or subscription or redemption of securities investment trust funds or futures trust funds, or subscription of marketable securities by a securities firm for underwriting business or as a recommended advisory securities firm for emerging companies in accordance with the rules of the Taipei Exchange.</u></p> <p>3. Omitted</p> <p>(VIII) <u>The transaction amount in the preceding Subparagraph 7 shall be calculated as follows:</u></p> <p>1. to 2. Omitted.</p> <p>3. The cumulative amount of acquisition or disposal of real estate of the same development project <u>or right-of-use assets thereof within one year (the acquisition and disposal amounts shall be accumulated separately).</u></p> <p>4. Omitted</p> <p>(IX) <u>The said "within one year" in the preceding Subparagraph 8 means one year calculated retrospectively from the date of transaction. The</u></p>	<p>securities firm for underwriting business or as a recommended advisory securities firm for emerging companies in accordance with the rules of the Taipei Exchange.</p> <p>3. Omitted</p> <p>(VIII) <u>The transaction amount in the preceding Subparagraph 7 shall be calculated in the following methods. In addition, the said "within one year" means one year calculated retrospectively from the date of occurrence when assets are acquired or disposed of. The part which has been publicly announced in accordance with regulations shall not be included.</u></p> <p>1. to 2. Omitted.</p> <p>3. The cumulative amount of acquisition or disposal of real estate of the same development project within one year (the acquisition and disposal amounts shall be accumulated separately).</p> <p>4. Omitted</p> <p>II. <u>Regarding the deadline for public announcement and filing, if the Company's acquisition or disposal of assets meets the criteria in Paragraph 1 of this Article and the transaction amount meets the criteria for public announcement and filing of this Article, the Company shall make public announcement and file within two days commencing immediately from the date of the</u></p>	<p>Commission and their subscription or redemption of funds offered (excluding offshore funds) are a part of the ordinary course of business for investment professionals. In line with those facts, the provisions are amended to exempt investment professionals from making public announcement for trading of aforementioned marketable securities. Furthermore, as subordinated debentures bear higher risk, it is explicitly stated that they are not included in the ordinary corporate bonds and general bank debentures without equity characteristics referred to herein.</p> <p>VI. Some wordings under Paragraph 2 are revised.</p>



After the Amendment	Before the Amendment	Description
<p><u>part which has been publicly announced in accordance with the Procedures shall not be included.</u></p> <p>II. <u>Deadline and procedures for public announcement and filing</u></p> <p>(I) to (IV) Omitted.</p>	<p><u>occurrence.</u></p> <p>III. <u>Procedures for public announcement and filing</u></p> <p>(I) <u>The Company shall publicly announce and file relevant information at websites designated by the Financial Supervisory Commission.</u></p> <p>(II) to (V) Omitted.</p>	
<p>Article 15: The Company's subsidiaries shall take actions in accordance with the following provisions:</p> <p>I. to II. Omitted</p> <p>III. Where the subsidiary is a non-public company and its asset acquisition or disposal meets the circumstances for public announcement and filing as stipulated in the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," the Company shall make public announcement and filing on behalf of the subsidiary.</p> <p>IV. Rules on paid-in capital or total assets in the standards for public announcement and filing <u>applicable</u> to the subsidiaries refer to the Company's paid-in capital or total assets.</p>	<p>Article 15: The Company's subsidiaries shall take actions in accordance with the following provisions:</p> <p>I. to II. Omitted</p> <p>III. Where the subsidiary is a non-public company and its asset acquisition or disposal meets the standards for public announcement and filing as stipulated in the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," the Company shall make public announcement and filing on behalf of the subsidiary.</p> <p>IV. In the subsidiary's standards for public announcement and filing, the said "over 20 percent of the company's paid-in capital or 10 percent of the total assets" refers to the Company's paid-in capital or total assets.</p>	<p>Some wordings are revised to be in compliance with legal processes.</p>
<p>Date of establishment of the Procedures: December 30, 2010</p> <p>First amendment: March 5, 2011</p> <p>Second amendment: August 24, 2011</p> <p>Third amendment: June 18, 2012</p> <p>Fourth amendment: June 17, 2014</p>	<p>Date of establishment of the Procedures: December 30, 2010</p> <p>First amendment: March 5, 2011</p> <p>Second amendment: August 24, 2011</p> <p>Third amendment: June 18, 2012</p> <p>Fourth amendment: June 17, 2014</p>	<p>A new amendment date is added.</p>

After the Amendment	Before the Amendment	Description
Fifth amendment: June 16, 2015 Sixth amendment: June 7, 2017 <u>Seventh amendment:</u> <u>June 10, 2019</u>	Fifth amendment: June 16, 2015 Sixth amendment: June 7, 2017	

**[Attachment XI] List of Independent Directors Candidates**

<b>Independent Director Candidates</b>	<b>Education</b>	<b>Work Experience</b>	<b>Present Position</b>	<b>Shareholding</b>
Min-chiu Chien	Master of Accounting, Soochow University	<ul style="list-style-type: none"> <li>● Auditor of Deloitte &amp; Touche</li> <li>● CPA of Jing Hua Co., CPAs</li> <li>● Supervisor of Hokuang Optics Co., Ltd.</li> <li>● Supervisor of UniLite Corporation</li> <li>● Independent Director of Tat Hong Equipment Service Co., Ltd.</li> <li>● Supervisor of Taiwan Registered Financial Planners Association</li> <li>● Adjunct Lecturer of Accounting Research and Development Foundation</li> <li>● Independent Director of Redwood Group Ltd</li> </ul>	<ul style="list-style-type: none"> <li>● CPA of ACTION &amp; Co., CPAs</li> <li>● Responsible Person of ACTION Management Consulting Co., Ltd.</li> <li>● Adjunct Lecturer of Department of Accounting, Soochow University</li> <li>● Director of Tax Attorney Association of New Taipei City</li> <li>● Supervisor of Taiwan Registered Financial Planners Association</li> <li>● Remuneration Committee Member of HeySong Corporation</li> <li>● Supervisor of Coho Technology Co., Ltd.</li> <li>● Managing Supervisor of Taiwan Curio Arts Association</li> </ul>	0 share
Chin-huat Guok	Bachelor of Finance and International Economics, Boston University	<ul style="list-style-type: none"> <li>● Vice President of Nomura Singapore</li> <li>● Director of Seed Ventures</li> <li>● Director and CEO of Wee Poh Ltd</li> <li>● Independent Director of Singxpress Ltd</li> <li>● Consultant of JP Nelson Pte Ltd</li> <li>● Independent Director of Redwood Group Ltd</li> </ul>	<ul style="list-style-type: none"> <li>● Director of Campbelltown Investment Holdings Pte Ltd</li> <li>● Director of Campbelltown Asia Pte Ltd</li> <li>● Chairman of StarHealth Pte Ltd</li> <li>● Independent Director of Global Palm Resources Holding Ltd</li> <li>● Independent Director of RE&amp;S Holdings Ltd</li> </ul>	0 share
Chia-shi Lo	Master of Law, Soochow University	<ul style="list-style-type: none"> <li>● Attorneys-at-law of Tsar &amp; Tsai Law Firm</li> <li>● Attorneys-at-law of Chen &amp; Lin Attorneys-at-Law</li> <li>● Attorneys-at-law of Deloitte Legal</li> <li>● Director of Excalibur International Marine Corp.</li> <li>● Independent Director of Redwood Group Ltd</li> </ul>	<ul style="list-style-type: none"> <li>● Chief Attorneys-at-law of Forum, Legal Professionals</li> <li>● Director of Shin kong Textile Co., Ltd.</li> <li>● Independent Director of Shin kong Life Insurance Co., Ltd.</li> </ul>	0 share

## **[Appendix I] Rules of Procedure for the Board of Directors' Meetings (Before Amendment)**

### **Redwood Group Ltd**

#### **Rules of Procedure for the Board of Directors' Meetings**

- Article 1 The Rules of Procedure for the Board of Directors' Meetings (the Rules) are drawn up in accordance with the Company's Articles of Incorporation and relevant laws and regulations in order to build a sound governance system for the Board of Directors (the Board), reinforce its supervisory functions, and strengthen its management functions.
- Article 2 With regards to the Company's Board meetings, the main agenda items, operational procedures, matters required in the meeting minutes, public announcement, and other compliance requirements shall be handled in accordance with the provisions of the Rules.
- Article 3 Unless otherwise provided by the Company's Articles of Incorporation, the Board meetings shall be held at least once a quarter.
- Unless otherwise provided by the Company's Articles of Incorporation, the meeting notice indicating the reasons for convening the Board meetings shall be given to all Directors seven (7) days prior to the meeting. However, in the case of emergency, the meeting may be convened at any time.
- The notice of Board meetings may be delivered by electronic means if agreed by all Directors.
- All matters set out in the subparagraphs of Paragraph 1, Article 7 of the Rules shall be specified in the notice of the reasons for calling Board meetings. None of them may be raised as a special motion except for emergency or legitimate reasons.
- Article 4 The Board meetings shall be convened at a place and time convenient for the Directors to attend and suitable for such events.
- Article 5 The Company's Board appoints the Administration Department to be the unit responsible for the Board meetings.
- The unit in-charge of the Board meetings shall draft the agenda of the Board meetings and provide sufficient meeting materials to be sent together with the meeting notice.
- If Directors consider the meeting materials to be insufficient, they may request the in-charge unit to provide supplementary information. If Directors consider the materials concerning the proposals to be insufficient, the deliberation may be postponed upon a resolution of the Board.
- Article 6 The agenda items of regular Board meetings shall include at least the following matters:
- I. Report items:
    - (I) Meeting minutes of the last Board meeting and implementation status.
    - (II) Reporting on important financial and business matters.

- (III) Reporting on internal audit activities.
- (IV) Other important matters to be reported.
- II. Discussion:
  - (I) Items discussed and continued from the last meeting.
  - (II) Items to be discussed at this meeting.
- III. Special motions

Article 7 The Company shall propose the following matters to be discussed at the Board meetings:

- I. The Company's operating plans.
- II. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which are exempted from being audited and certified by the Certified Public Accountants (CPAs) according to the laws and regulations.
- III. Adoption or amendment of the internal control system as stipulated in Article 14-1 of the Securities and Exchange Act, and assessment of the effectiveness of the internal control system.
- IV. Adoption or amendment of the Company's procedures for significant financial or business actions, e.g. Procedures for Acquisition or Disposal of Assets, Procedures for Derivative Transactions, Procedures for Lending Funds to Other Parties, and Procedures for Endorsement and Guarantee, pursuant to Article 36-1 of the Securities and Exchange Act.
- V. Raising, issuing, or privately placing equity-type securities.
- VI. Appointment or discharge of managers, or finance, accounting, or internal audit officers.
- VII. Remuneration policy and system for Directors and managers.
- VIII. Donations to related parties or material donations to non-related parties. However, donations of public welfare nature as emergency relief for major natural disasters may be reported afterwards for acknowledgement in the next Board meeting.
- IX. Any other matters that shall be resolved by the shareholders' meetings or Board meetings pursuant to Article 14-3 of the Securities and Exchange Act, relevant laws and regulations, the Company's Articles of Incorporation, or internal rules; or that are deemed to be material by the regulatory authorities.

The term "related parties" in Subparagraph 8 of the preceding paragraph is as defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." The term "material donations to non-related parties" means individual or the cumulative amount of donations to the same party within one year exceeds NT\$100 million, or 1 percent of net operating revenue, or 5 percent of paid-in capital in the Company's audited financial statement for the most recent fiscal year.

The term "within one year" in the preceding paragraph means one year calculated retrospectively from the date on which the current Board meeting is held. The part for which the Company has obtained approval from the Board shall not be included.

The Company has Independent Directors and at least one of them shall attend the Board

meetings in person. For matters specified in Paragraph 1 to be resolved at the Board meetings, all Independent Directors shall attend in person. For ones who are unable to attend in person, they shall appoint other Independent Directors as proxy. Objections or reservations from Independent Directors shall be recorded in the minutes of the Board meetings. If the Independent Directors are unable to attend the Board meetings in person to express their objections or reservations, unless they have legitimate reasons, they shall submit written statements in advance to be recorded in the minutes of Board meetings.

The Company has an Audit Committee and a Remuneration Committee. For items that shall be discussed at the Board meetings, if the proposed resolution is within the Committees' terms of reference, it shall be submitted to the appropriate Committee for deliberation before being submitted to the Board for discussion.

Article 8 Except for matters specified to be discussed at the Board meetings in Paragraph 1 of the preceding article, the Board may authorize the Chairman to exercise the power of Board in accordance with the Company's Articles of Incorporation. The content or matters of the delegation shall be in compliance with the Company's "Level of Authority."

Article 9 When the Board meeting is convened, an attendance book shall be provided for the attending Directors to sign in and be available for future reference.

Directors shall attend the Board meetings in person. The Director who is unable to attend in person shall appoint another Director to attend the meeting as proxy in accordance with Company's Articles of Incorporation. Attendance by video conference shall be deemed as attendance in person.

The Director who appoints another Director to attend the Board meetings, a letter of authorization shall be presented each time, indicating the scope of authorization with respect to the reasons for convening the Board meetings.

A proxy under Paragraph 2 may accept a proxy from one person only.

Article 10 The Board meetings shall be convened and chaired by the Chairman. However, the first Board meeting of each term shall be convened and chaired by the Director whose ballots represent the most voting rights at the shareholders' meeting. When there are two (2) or more persons with the right to convene, they shall choose one from among themselves. When the Chairman is on leave or for some reasons unable to exercise the power, the Vice Chairman shall serve as a proxy. If there is no Vice Chairman or the Vice Chairman is on leave or for some reasons unable to exercise the power, the Chairman shall appoint a Managing Director to serve as a proxy. If there is no Managing Directors, the Chairman shall appoint one Director to serve as a proxy. If the Chairman does not appoint a proxy, the Directors shall elect one from among themselves.

Article 11 The Company may notify the personnel of relevant departments or subsidiaries to attend the Board meetings depending on the subject matters of the agenda.

If necessary, the CPAs, lawyers or other professionals may also be invited to be present at the meeting and provide explanations. However, they shall excuse themselves during discussion and voting.

When the Board meeting is convened, units responsible for the meeting shall have relevant information ready for attending Directors to examine.

Article 12 The Chairman shall call the meeting to order at the scheduled time when more than half of all Directors are in attendance. If half of all Directors were absent at the scheduled meeting time, the Chairman may announce to postpone the meeting. The postponement is limited to two times. If the number of Directors did not meet the quorum after two postponements, the Chairman shall reconvene the meeting in accordance with the procedures set out in Paragraph 2 of Article 3.

The term "all Directors" in the preceding paragraph means the actual number of Directors currently holding the positions.

Article 13 The Board meetings shall proceed in accordance with the agenda in the meeting notice. However, the agenda can be changed if approved by the majority of attending Directors.

The Chairman cannot announce the adjournment of the meeting before the completion of agenda unless agreed by the majority of attending Directors.

During the Board meetings, if the number of Directors in attendance was less than the majority of Directors originally attending the meeting, the Chairman shall declare a temporary suspension of meeting upon a motion by the Directors in attendance. In which case, Paragraph 1 of the preceding article shall apply mutatis mutandis.

Article 14 When the Chairman believes that the proposed resolution in Board meeting has been discussed sufficiently to put it to a vote, he/she shall announce the discussion closed and call for a vote.

When a proposal comes to a vote at a Board meeting, if the Chairman puts the matter before all Directors present at the meeting and none voices an objection, the matter is deemed approved.

If objection is voiced when enquired by the Chairman, the matter shall be put to a vote. The Chairman may adopt one of the following voting methods, unless objected by the attending Directors, where the Chairman shall make decisions by seeking the consent of the majority of attending Directors:

- I. By a show of hands or a voting machine.
- II. By voicing votes.
- III. By casting ballots.
- IV. Methods adopted by the Company.

The term "all directors present at the meeting" in Paragraph 2 excludes Directors prohibited from exercise voting rights under Paragraph 1 of Article 16.

Article 15 Unless otherwise stipulated in the Securities and Exchange Act and relevant laws and regulations, the proposed resolutions in the Board meetings requires approvals from the majority of attending Directors which constitutes a majority of all Directors.

When there are amendments or substitutes to a proposed resolution, the Chairman shall present these together with the original proposed resolution and determine their voting order. However, if any one of them has been adopted, the others shall be deemed vetoed and no further voting is required.

If the voting requires ballot supervisors and ballot counters, the Chairman shall appoint those personnel. The ballot supervisors shall be Directors.

The voting results shall be announced immediately at the meeting and recorded in the minutes.

Article 16 For agenda items of which the Director or the juridical person the Director represents has a personal interest, the Director shall disclose the major aspects of such personal interest at the current Board meeting. If the interest may impair the interests of the Company, the Director shall state his/her opinions and answer questions. The Director shall recuse himself/herself from discussion and voting. Furthermore, such Director shall not exercise voting right on behalf of another Director.

With respect to the resolutions at the Board meetings, when a Director is prohibited from exercising the voting right pursuant to the preceding paragraph, his/her voting right shall not be included in the voting rights of attending Directors.

Article 17 The resolutions of Board meetings shall be recorded in the meeting minutes which shall accurately record the following items:

- I. The term (or year), time, and place of the Board meeting.
- II. Name of the Chairman.
- III. Directors' attendance status, including names and numbers of Directors who are present, on leave, and absent.
- IV. Names and titles of non-voting attendees.
- V. Name of the recorder.
- VI. Report items.
- VII. Discussion items: The voting method and result of each proposed resolution; speech summary of Directors, professionals, and other persons; name of Director having a personal interest pursuant to the Paragraph 1 of the preceding article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstances of recusal; objections or reservations which are on the record or in writing; and written statements submitted by Independent Directors pursuant to Paragraph 2 of Article 7.
- VIII. Special motion: Name of proposer, the voting method, and result of each proposed resolution; speech summary of Directors, professionals and other persons; name of Director having a personal interest pursuant to the Paragraph 1 of the preceding article; description of major aspects of the interest; the reasons for recusal or non-recusal; the circumstances of recusal and objections or reservations which are on the record or in writing.
- IX. Other matters that shall be recorded.

If any of the following applies to matters resolved in the Board meetings, besides being clearly specified in the meeting minutes, those matters shall be publicly announced and filed at the Market Observation Post System website designated by the Financial Supervisory Commission of the Executive Yuan within two (2) days from the date of Board meetings:

- I. The Independent Director has objection or reservation on the record or in writing.
- II. Matters which are approved by two-thirds of all Directors when the Company's



Audit Committee does not approve.

The attendance book of the Board meeting is a part of the meeting minutes and shall be retained throughout the life of the Company.

The meeting minutes shall be affixed with the Chairman's and the meeting recorder's signatures and seals, and distributed to all Directors within twenty (20) days after meeting. It shall be classified as the Company's important file and retained throughout the life of the Company.

The meeting minutes set out in Paragraph 1 may be prepared and distributed by electronic means.

Article 18 The process of the Board meetings shall be fully recorded in audio or video, and retained for at least five (5) years. It may be retained by electronic means.

If litigation arises from the matters resolved in the Board meetings before the above retention period expires, the relevant audio or video recordings shall be retained until the litigation is concluded.

If the Board meeting is convened by video conference, its video and audio recordings shall be part of the meeting minutes and shall be retained throughout the life of the Company.

Article 19 The provisions of Article 2; Paragraph 2 of Article 3; and Articles 4 to 6, 9 to 11, and 18 apply mutatis mutandis to the meetings of the Board of Managing Directors if the Board has Managing Directors. However, if the meetings of the Board of Managing Directors are held at regular intervals of seven (7) days or less, the meeting notice may be given to all Managing Director two days prior to the meeting.

Article 20 Except for matters to be discussed at the Company's Board meetings set out in Paragraph 1 of Article 7, when the Board authorizes a party to exercise the Board's powers in accordance with relevant laws and regulations or the Company's Articles of Incorporation, the delegation of authority, contents or matters shall be definite and specific.

Article 21 The Rules take effect once approved by the Company's Board of Directors and adopted at the shareholders' meeting. The Board is authorized to approve amendments, if any, in the future.

Article 22 Matters not covered by the Rules shall be governed by relevant laws and regulations. If there is any discrepancy between the Rules and the Company's Articles of Incorporation, the Articles of Incorporation shall prevail.

Date of establishment of the Rules: December 30, 2010

First amendment: March 3, 2011

Second amendment: March 20, 2012

Third amendment: June 18, 2012

Fourth amendment: September 5, 2012

Fifth amendment: December 22, 2014

Sixth amendment: November 14, 2017

**[Appendix II] Articles of Incorporation**

**THE COMPANIES LAW (2016 REVISION)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

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

**OF**

**REDWOOD GROUP LTD**

**紅木集團有限公司**

(adopted by a Special Resolution passed on June 10, 2019)

**THE COMPANIES LAW (2016 REVISION)**  
**OF THE CAYMAN ISLANDS**  
**COMPANY LIMITED BY SHARES**

**SEVENTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION**  
**OF**  
**REDWOOD GROUP LTD**

紅木集團有限公司

(adopted by a Special Resolution passed on June 10, 2019)

15. The name of the Company is **REDWOOD GROUP LTD** 紅木集團有限公司.
16. The Registered Office of the Company shall be at the offices of Elian Fiduciary Services (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007, Cayman Islands, or at such other place within the Cayman Islands as the Board may from time to time decide.
17. 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 (2016 Revision) or as the same may be revised from time to time, or any other laws of the Cayman Islands.
18. The liability of each Member is limited to the amount unpaid on such Member's shares.
19. The share capital of the Company is New Taiwan Dollars 800,000,000 divided into 80,000,000 shares of a par value of New Taiwan Dollars 10.00 each.
20. 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.
21. Capitalised terms that are not defined in this Memorandum of Association bear the respective meanings given to them in the Articles of Association of the Company.

**THE COMPANIES LAW (2016 REVISION)**  
**OF THE CAYMAN ISLANDS**  
**COMPANY LIMITED BY SHARES**

**SEVENTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION**  
**OF**  
**REDWOOD GROUP LTD**

紅木集團有限公司

(adopted by a Special Resolution passed on June 10, 2019)

**15 Interpretation**

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

<b>"Applicable Public Company Rules"</b>	means the 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 TPEX, 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.
<b>"Articles"</b>	means these articles of association of the Company.
<b>"Audit Committee"</b>	means a committee of the Board, which shall comprise solely of Independent Directors.
<b>"Board"</b>	means the board of directors appointed or elected pursuant to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles.

"Capital Redemption Reserve"	means the reserve established by the Company for the purpose of section 37(4) of the Statute which shall comprise of, inter alia, (i) where Shares are redeemed or purchased wholly out of the Company's profits, the 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 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 are redeemed or purchased out of capital and the capital payment for Shares redeemed or purchased and cancelled is less than their nominal amount, the amount of such difference, subject to section 37(5)(f) of the Statute; subject to any reduction in accordance with section 37(5)(e) of the Statute and other provisions of the Statute.
"Capital Reserve"	means the premium paid on the issuance of any Share and income from endowments received by the Company.
"Chairman"	means the Director elected amongst all the Directors as the chairman of the Board.
"Company"	means the above named company.
"Directors"	means the directors for the time being of the Company and shall include any and all Independent Director(s).
"Dividend"	means any dividend resolved to be paid on Shares pursuant to the Articles.
"Electronic Record"	has the same meaning as in the Electronic Transactions Law.
"Electronic Transactions Law"	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands.
"FSC"	means the Financial Supervisory Commission of the ROC.
"Gross Negligence"	in relation to a person means a standard of conduct beyond negligence whereby a person acts with reckless disregard for the consequences of his action or inaction.
"TPEX"	means the Taipei Exchange.
"Independent Directors"	means the Directors who are elected as "Independent Directors" for the purpose of the Applicable Public Company Rules.

<b>"Market Observation Post System"</b>	means the public company reporting system maintained by the Taiwan Stock Exchange Corporation.
<b>"Member"</b>	has the same meaning as in the Statute.
<b>"Memorandum"</b>	means the memorandum of association of the Company.
<b>"Merger"</b>	means a transaction whereby:  (a) (i) all of the companies participating in such transaction are combined into a new company, which new company generally assumes all rights and obligations of the combined companies; or (ii) all of the companies participating in such transaction are merged into one of such companies as the surviving company, and the surviving company generally assumes all rights and obligations of the merged companies, and in each case the consideration for the transaction being the shares of the surviving or consolidated company or any other company, cash or other assets; or  (b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Applicable Public Company Rules.
<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>"Preferred Shares"</b>	has the meaning given thereto in Article 3.
<b>"Private Placement"</b>	has the meaning given thereto in Article 12.6;
<b>"Register of Members"</b>	means the register of members maintained in accordance with the Statute and (if the Company is listed on the TPEx)the Applicable Public Company Rules.
<b>"Registered Office"</b>	means the registered office for the time being of the Company.
<b>"Restricted Shares"</b>	has the meaning given thereto in Article 2.5;

<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"</b>	means a share in the Company.
<b>"Special Resolution"</b>	subject to the Statute, means a resolution passed by a majority of at least two-thirds of the votes cast by such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given.
<b>"Statute"</b>	means the Companies Law (2016 Revision) 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.

**"Treasury Shares"**

has the meaning given thereto in Article 36.1

In the Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing the masculine gender include the feminine gender;
- (c) words importing persons include corporations as well as any other legal or natural person;
- (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) "shall" shall be construed as imperative and "may" shall be construed as permissive;
- (f) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced;
- (g) 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;
- (h) the term "and/or" is used herein to mean both "and" as well as "or." The use of "and/or" in certain contexts in no respects qualifies or modifies the use of the terms "and" or "or" in others. The term "or" shall not be interpreted to be exclusive and the term "and" shall not be interpreted to require the conjunctive (in each case, unless the context otherwise requires);
- (i) headings are inserted for reference only and shall be ignored in construing the Articles;
- (j) Section 8 of the Electronic Transactions Law shall not apply; and
- (k) the term "holder" in relation to a Share means a person whose name is entered in the Register of Members as the holder of such Share.

## **16 Issue of Shares**

Subject to Article 3.1 and other provisions, if any, in the Memorandum 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.

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 authorised share capital of the Company.

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 TPEX 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.

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 is entitled to exercise a pre-emptive right to purchase his pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion in Article 2.3) 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 pro rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his 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 in such manner as is consistent with 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 unsubscribed new Shares to a specific person or persons in such manner as is consistent with the Applicable Public Company Rules.

Subject to the provisions of the Statute, the Company may issue new Shares with restricted rights (“**Restricted Shares**”) to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution; provided that Article 2.3 hereof shall not apply in respect of the issue of such Shares. For so long as the Shares are listed on the TPEx, the terms of issue of Restricted Shares, including but not limited to the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.

The pre-emptive right of employees under Article 2.3 and the pre-emptive right of Members under Article 2.4 shall not apply in the event that new Shares are issued due to the following reasons or for the following purposes:

- (a) in connection with a Merger, or pursuant to any reorganization of the Company;
- (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof;
- (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hererof;
- (d) in connection with meeting the Company’s obligations under convertible bonds or corporate bonds vested with rights to acquire Shares;
- (e) in connection with meeting the Company’s obligations under Preferred Shares vested with rights to acquire Shares;
- (f) in connection with the issue of shares in accordance with Article 34.1 or Article 35; or
- (g) in connection with Private Placement.

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

Notwithstanding Article 2.5 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.

Options, warrants or other similar instruments issued in accordance with Article 2.8 above are not transferable save by inheritance.

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 2.8 above, whereby employees may subscribe for, 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.

15.2 Shares may not be issued in bearer form

## **17 Preferred Shares**

Notwithstanding any provisions of these Articles, the Company may by Special Resolution create Shares of any class with preferred or other special rights (“**Preferred Shares**”), the rights and obligations of which shall be set forth in these Articles.

The rights and obligations of Preferred Shares may include (but not limited to) the following terms and shall be consistent with the Applicable Public Company Rules:

- (a) the order of priority and fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
- (b) 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
- (c) other matters concerning rights and obligations incidental to Preferred Shares.

## **4. Register of Members**

- (a) For so long as Shares are traded on the TPEX, the Board shall cause to be kept a Register of Members which may be kept outside the Cayman Islands at such place as the Board shall appoint and which shall be maintained in accordance with the Statute and the Applicable Public Company Rules.
- (b) In the event that the Company has Shares that are not traded on the TPEX, the Company shall also cause to be kept a register of such Shares in accordance with Section 40 of the Statute.
- (c) Title to Shares traded on the TPEX may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules.

## **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 consistent with 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 The Company shall issue Shares without printing share certificates for the Shares issued unless the issuance of share certificates is required by the provisions of the Applicable Public Company Rules. So long as the Shares are listed on the TPEX, notwithstanding anything contained in the Articles and subject always to the law of the Cayman Islands, the details regarding such issue of shares shall be recorded by the TDCC in a manner consistent 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. In the event that the Company shall issue certificates for Shares in accordance with the Applicable Public Company Rules, 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 the 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 In the event that the Company shall issue certificated shares, 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 Company shall issue certificated shares, 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 certificates pursuant to the Applicable Public Company Rules.

## **7. Transfer of Shares**

- 7.1 Subject to Article 2.1, 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, in the event that the Shares are listed on the TPEX, the transfer of such Shares may be effected through the book-entry system of the TDCC in a manner consistent with the Applicable Public Company Rules.

## **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.
- 8.2 Subject to the provisions of the Statute and these Articles, 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 and the Shares listed on the TPEX) on such terms and in such manner as the Directors may determine, provided that such purchase shall be conducted in accordance with the applicable ROC securities laws and regulations and the Applicable Public Company Rules.
- 8.3 In the event that the Company proposes to purchase Shares listed on the TPEX pursuant to Article 8.2, the resolution of the Board approving such proposal and the implementation thereof should be reported to the Members in 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 the Shares listed on the TPEX for any reason.
- 8.4 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.

## **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 of the Company 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 the 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. Registered Holder As Absolute Owner**

The Company shall not be bound by or compelled to recognize in any way (even when notified)

any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by the Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the 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, for which he was a joint or sole holder.
- 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 way other 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 to the Company, either to become the holder of such Share or to have some person nominated by him registered as the holder of such Share. If he elects to have another person registered as the holder of such Share, he shall sign an instrument of transfer of that Share to that person.
- 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 case other than by transfer) shall be entitled to the same Dividend, other distributions 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 general 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 be registered as the holder of the Share. If the notice is not complied with within ninety days of being received or deemed to be received (as determined pursuant to the Articles), the Board may thereafter withhold payment of all Dividend, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.
- 11.4 Notwithstanding the above, for as long as the Shares are listed on the TPEX, the transmission of the Shares may be effected through the book-entry system of the TDCC and in a manner consistent with the Applicable Public Company Rules.

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

- 12.1 The Company may by Ordinary Resolution:
- i. increase its 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;
  - ii. consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
  - iii. convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination; and
  - iv. 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 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 the 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 the Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:
- (d) change its name;
  - (e) alter or add to the Articles;
  - (f) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
  - (g) reduce its share capital and any Capital Redemption Reserve.
- 12.4 Subject to the Statute and Article 12.5, the Company may from time to time by Supermajority Resolution:
- (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;
  - (b) effect any Merger (except for any Merger which falls within the definition of "merger and/or consolidation" under the Statute, which requires the approval of the Company by Special Resolution only) or spin-off of the Company;
  - (c) enter into, amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for frequent joint operation with others;
  - (d) transfer its business or assets, in whole or in any essential part; or
  - (e) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.
- 12.5 Subject to the Statute, the Company may be wound up voluntarily:
- (a) if the Company resolves by Ordinary Resolution that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
  - (b) if the Company resolves by Special Resolution that it be wound up voluntarily for reasons other than set out in Article 12.5(a) above.
- 12.6 Subject to the Statute and in addition to approval by the Board in accordance with Article 2.2, the Company may, by Special Resolution, issue securities to the following persons by way of private placement within the territory of the ROC in accordance with Applicable Public Company Rules ("Private Placement"):
- (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other legal entities or institutions approved by the FSC;
  - (b) natural person, legal entities or funds meeting the qualifications set forth by the FSC; and
  - (c) directors, supervisors (if any) or managers of the Company or its Subsidiaries.
- 12.7 The Company may by Special Resolution reduce its share capital and any Capital Redemption Reserve in any manner authorised by the Statute and the Applicable Public Company Rules. Any such reduction of share capital shall be effected based on the percentage of shareholding of the Members pro rata, unless otherwise provided for in the Statute or the Applicable Public Company Rules.

- 12.8 Subject to the Statute, the Company may by Supermajority Resolution, distribute its Capital Reserve, in whole or in part, by issuing new Shares which shall be distributed as bonus shares to its original Members in proportion to the number of Shares being held by each of them or by cash.

### **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 other offices or places of business as the Board may determine.

### **14. Annual General Meetings**

- 14.1 The Company shall in each year hold a general meeting as its annual general meeting and such meeting shall be held within six months following the end of each financial year.
- 14.2 The Board shall call general meetings.
- 14.3 Unless otherwise provided by the Statute, the general meetings (including annual general meetings and extraordinary 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 TPEX 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).

### **15. Extraordinary General Meetings**

- 15.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 15.2 The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or desirable, and they shall on a Members requisition as defined in Article 15.3 forthwith proceed to convene an extraordinary general meeting of the Company.
- 15.3 A Member's requisition set forth in Article 15.2 is a requisition of one or more Members of the Company holding in the aggregate at the date of deposit of the requisition not less than three per cent of the total number of the outstanding Shares which as at that date have been held by such Members for at least one year.
- 15.4 The Member's requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 15.5 If the Board does not within fifteen days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the TPEX for its prior approval.
- 15.6 For so long as the Shares are listed on the TPEX, any one or more Member(s) may summon an extraordinary general meeting, provided that such Member or Members shall hold more



than fifty per cent of the total issued shares of the Company for a continuous period of no less than three months. The number of the Shares held by a Member and the period of which a Member holds such Shares, shall be calculated and determined based on the Register of Members as of the first day of the period that the Register of Members shall be closed for transfers.

- 15.7 If the Board does not or is unable to convene a general meeting (including the annual general meeting) or it is for the Company's benefit, the Independent Director may convene a general meeting when necessary.

## **16 Notice of General Meetings**

- 16.1 At least thirty (30) days' notice of an annual general meeting and at least fifteen (15) 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 date and time at which the meeting is to be held and the general nature of business to be conducted at such meeting.

- 16.2 The Board shall fix a 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 in accordance with Applicable Public Company Rules.

- 16.3 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).

- 16.4 Subject to Article 17.4, 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.

- 16.5 For so long as the Shares are listed on the TPEX, the Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the meetings, including but not limited to, election or discharge of Directors, in accordance with Article 16.1 hereof, and shall transmit the same via the Market Observation Post System. In accordance with Applicable Public Company Rules. 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 for the Member to exercise his voting power together with the above mentioned materials in accordance with Article 16.1. 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 the Applicable Public Company Rules.

- 16.6 The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:

- (a) Election or discharge of Directors;
- (b) Alteration of the Articles;
- (c) Capital deduction
- (d) Application to terminate the public offering of the shares,

- (e) (i) dissolution, Merger or spin-off, (ii) entering into , amending, or terminating any contract  
for lease of the Company's business in whole, or the delegation of management of the Company's business to other 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 or (iv) acquisition of assumption of the whole business or assets of another person, which has a material effect on the Company's operation;
- (f) Approval of an action by Director(s) who engage(s) in business for himself/herself or on behalf of another person htat is within the scope of the Company's business;
- (g) Distribution of the whole or part of the surplus profit of the Company in the form of new Shares;
- (h) Distribution of Capital Reserve in the form of new Shares or cash; and
- (i) Private Placement of any equity-type securities issued by the Company.

The major content of the above matters can be announced at the website designated by Taiwan securities authority or by the Company, and the Company shall specify the link to the website in the notice of the relevant general meeting.

- 16.7 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 Company's Registered Office (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents. If the relevant documents are kept by the Company's stock affairs agent, upon the request of any Member, the Company shall order the Company's stock affairs agent to provide such Member with the requested documents.
- 16.8 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 its Registered Office (if applicable) and its stock affairs agent located in the ROC ten days prior to such annual general meeting in a manner consistent with the 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.
- 16.9 If the general meeting is convened by the Board or other person entitled to convene a general meeting in accordance with these Articles or any applicable law, the Board and such person may request the Company or the Company's stock affairs agent to provide the Register of Members. Upon the request, the Company shall (and shall order the Company's stock affairs agent to) provide the Register of Members.
- 16.10 The Board may postpone any general meeting called in accordance with the Articles and a notice of postponement shall be given to each Member before the time scheduled for such meeting. A notice of the adjourned meeting shall be given as in the case of an original meeting.
- 16.11 The Directors shall be entitled to receive notice of, attend and be heard at, the general meeting.

## **17 Proceedings at General Meetings**

- 17.1 No resolutions shall be adopted 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.
- 17.2 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 in a manner consistent with the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies of the ratified financial statements and the Company's resolutions on distribution of profits or allocation of losses, to each Member, provided that the Board may make a public announcement of the foregoing documents instead.
- 17.3 Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on poll. No resolution put to the vote shall be decided by a show of hands.
- 17.4 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 for adjudicating any disputes arising out of the foregoing.
- 17.5 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.
- 17.6 Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing or any electronic means designated by the Company a matter for discussion at an annual general meeting. Proposals shall be included in the agenda of the annual general meeting by the Board unless (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 or the proposal exceeds 300 Chinese words; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company outside the period fixed and announced by the Company for accepting Member(s)' proposal(s). If the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibilities, the Board may accept such proposal to be discussed in general meeting.
- 17.7 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.
- 17.8 Unless otherwise provided in the Articles, if a quorum is not present at the time appointed for the general meeting, the chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed two times, but at the postponed general meeting a quorum is still not present, the chairman shall declare the general meeting as dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with the Articles.

## **18 Votes of Members**

- 18.1 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 authorised representative or by proxy, shall have one vote for every Share of which he is the holder. If a Member holds Shares for others, such Member may exercise his voting power separately. The qualifications, scope, methods of exercise, operating procedures and other matters for compliance with respect to exercising voting power separately shall comply with the Applicable Public Company Rules.
- 18.2 No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of Shares unless he is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.
- 18.3 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.
- 18.4 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, however, that if a general meeting is to be held outside the ROC or pursuant to the Applicable Public Company Rules, 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. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his 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 vote his shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the said general meeting. For the purpose of clarification, such Members voting in such manner shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.
- 18.5 In the event any Member who intended to exercise his voting power by way of a written ballot or electronic transmission and has served his voting decision on the Company pursuant to Article 18.4 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 the Company with a separate notice revoking his previous voting decision. Such separate notice shall be sent to the Company in the same manner ( e.g., by courier, register mail or electronic transmission, as applicable) as the previous voting decision under Article 18.4 was given to the Company . Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke his voting decision before the prescribed time.

## **19 Proxies**

- 19.1 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 and 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.
- 19.2 Subject to the Applicable Public Company Rules, except for trust enterprises organised under the laws of the ROC or a stock affairs agent approved pursuant to Applicable Public Company Rules, save with respect to the chairman being deemed appointed as proxy under Article 18.4, in the event a person acts as the proxy for two or more Members, the sum of Shares entitled to be voted as represented by such proxy shall be no more than 3% of the total outstanding voting Shares immediately prior to the relevant book closed period, during which the Company closes its Register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.
- 19.3 In the event that a Member exercises his voting power by way of a written ballot or electronic transmission and has also authorised a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. 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 the date of such general meeting, serve the Company with a separate written 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.
- 19.4 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, save with respect to the chairman being deemed appointed as proxy under Article 18.4. 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.
- 19.5 For so long as the shares are listed on the TPEX, 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"

## **20 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.

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

- 21.1 In the event any of the following resolutions are adopted at a general meeting, any Member who has notified the Company in writing of his objection to such matter prior to the meeting and has raised again his objection at the meeting, may request the Company to purchase all of his 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 whole business or assets of another person, which has a material effect on the Company's operations.
- 21.2 In the event any part of the Company's business is spun off or involved in any Merger, any Member, who has abstained from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting approving such spin off or Merger, may request the Company to purchase all of his Shares at the then prevailing fair price.

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

- 22.1 Shares held:
- (a) beneficially 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 any 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;
- shall not carry any voting rights nor be counted in the total number of outstanding Shares at any given time.
- 22.2 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.
- 22.3 If the number of Shares pledged by a Director at any time amounts to more than fifty per cent of the total Shares held by such Director at the time of his latest appointment, such pledged Shares exceeding fifty per cent of the total Shares held by such Director at the time of his latest appointment, shall not carry any voting rights and such above-threshold Shares shall not be counted in determining the number of votes of the Members present at a general meeting but shall be counted towards the quorum of the general meeting.

## **23 Directors**

- 23.1 There shall be a Board consisting of not less than five (5) persons, each of whom shall serve for a three-year term of 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.
- 23.2 Unless otherwise approved by the TPEX, 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.
- 23.3 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 23.2 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 23.2 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall vacate his position of Director automatically.
- 23.4 Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors; provided, however, that the total number of Independent Directors shall amount to one-fifth or more of the total number of the 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 them shall have accounting or financial expertise.
- 23.5 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 consistent with the Applicable Public Company Rules.
- 23.6 The qualifications, composition, appointment, removal, exercise of functions and other matters with respect to the Directors, Independent Directors, compensation committee and Audit Committee shall comply with the applicable ROC securities laws and regulations.

## **24 Powers of Directors**

- 24.1 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 which 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.
- 24.2 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 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.

## **25 Appointment and Removal of Directors**

- 25.1 The Members may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 25.2 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.
- 25.2 And non-independent directors shall be held together and 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 (including the Independent Directors and non-independent 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/Independent Director candidate or may be split for election amongst multiple Director/Independent Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the respective number of the Directors/Independent Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors/Independent Directors elected. The Company shall adopt a candidate nomination mechanism for the election of Independent Directors. Subject to the Statute, the nomination of Independent Directors and related announcement shall comply with the Applicable Public Company Rules.
- 25.3 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.
- 25.4 If the number of Directors is less than five (5) 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 the vacancies.
- 25.5 Where a legal entity is a Member, its authorized 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.
- 25.6 The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another person to fill the vacancy. Where re-election of all Directors is effected prior to the expiration of the term of office of the current Directors, the term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors.
- 25.7 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 the Articles, but has not been removed by Supermajority Resolution at any given general meeting, 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 for this matter.

## **26 Vacation of Office of Director**

26.1 The office of a Director shall be vacated if:

- (a) the Director is removed from office pursuant to the Articles;
- (b) the Director gives notice in writing to the Company that he resigns the office of Director;
- (c) the Director dies or makes any arrangement or composition with his creditors generally;
- (d) the Director has been adjudicated bankrupt or the court has declared a liquidation process in connection with the Director, and such Director has not been reinstated to his rights and privileges;
- (e) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to the applicable laws;
- (f) the Director has been adjudicated of the commencement of assistantship (as defined under the ROC Civil Code) or similar declaration and such assistantship/declaration having 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 (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five years, or (D) was pardoned for 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 one year or more, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;
- (i) having been adjudicated guilty by a final judgment for committing offenses under the ROC Anti-Corruption Act during the time of his public service, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years; or
- (j) having been dishonoured for use of negotiable instruments, and the term of such sanction has not yet expired.

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

26.2 In case a Director (other than an Independent Director) has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required. For the avoidance of doubt, for any Director who was elected at the annual general meeting of the Company on June 14, 2013 and has, before the adoption of this Article 26.2, transferred more than one half of the Company's shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and in such case no approval from the shareholders shall be required only if, on or after the date of the adoption of this Article 26.2, he further transfers one or more Company's shares.

- 26.3 If any Director (other than an Independent Director) has, after having been elected and before his/her inauguration of the office of Director, transferred more than one half of the Company's shares being held by him/her at the time of his/her election as a Director, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him/her within the share transfer prohibition period prior to the convention of a shareholders' meeting according to the Applicable Public Company Rules, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required.

## **27 Proceedings of the Board**

- 27.1 Subject to the Applicable Public Company Rules, the Chairman of the Board may call a meeting of the Board and the Board may meet (either within or outside of the Cayman Islands) at any time and from time to time for the transaction of business, adjourn and otherwise regulate its meetings as it thinks fit before the Shares are listed on the TPEX. For so long as the Shares are listed on the TPEX, at least seven (7) days' prior notice setting forth the matters to be discussed shall be given for any meeting of the Board; provided that upon the occurrence of emergencies, the Chairman may summon a meeting of the Board with a shorter notice period in a manner consistent with the Applicable Public Company Rules. 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.
- 27.2 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 more than one-half of the total number of the Directors for the time being in office or otherwise as set forth in the Articles.
- 27.3 To the extent permitted by the Applicable Public Company Rules, a Director may participate in a meeting of the Board or committee of Directors by video conference or, to the extent permitted by Applicable Public Company Rules, other communications equipment by means of which all the persons participating in the meeting can communicate with each other at the same time. Participation by a person in a meeting in this manner is treated as presence in person at that meeting.
- 27.4 Notice of a meeting of the Board shall be deemed to be duly given to a Director if given to such Director either personally or by sending it by courier, post, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.
- 27.5 The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles and the Applicable Public Company Rules as the necessary quorum of the Board 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.
- 27.6 All acts done by any meeting of the Board or of a committee of the Directors shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director and/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 disqualified to be a Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.

27.7 A 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.

## 28 **Directors' Interests**

28.1 A Director, other than an Independent 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.

28.2 A Director, other than an Independent 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.

28.3 A Director, other than an Independent 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 contracting party or otherwise, and no such 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.

28.4 No person shall be disqualified from the office of Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director shall be in any way interested be or be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director holding office or of the fiduciary relationship thereby established; provided that this Article 28.4 does not apply to the Independent Directors.

28.5 A 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.

28.6 Notwithstanding anything to the contrary contained in this Article 28, a Director who engages in anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek its approval by Supermajority Resolution. Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relationship with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.

28.7 Notwithstanding anything to the contrary contained in this Article 28, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall declare the nature of and the essential contents of his interest at the relevant meeting of the Board.

28.8 Notwithstanding anything to the contrary contained in this Article 28, 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.

## **29 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 present at each meeting.

## **30 Delegation of the Board's Powers**

- 30.1 The Board may, in a manner consistent with the Applicable Public Company Rules, 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 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 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.
- 30.2 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 may be revoked or altered by the Board.
- 30.3 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.
- 30.4 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 authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under the Articles) and for such period and subject to such conditions as it 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.
- 30.5 The Board may appoint such officers of the Company (including, for the avoidance of doubt and without limitation, any secretary) as it considers 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 his office at any time if he gives notice in writing to the Company that he resigns his office.

### **31 Tender Offer**

Any public announcement in connection with any tender offer of the Company's shares shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing Public Tender Offers for Securities of Public Companies".

### **32 Remuneration of Directors**

The remuneration of the Directors shall be decided by the Board by reference to the suggestion made by the compensation committee (applicable only after the establishment of such compensation committee), 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 entitled to 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, or 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 Articles, the Statute, the Applicable Public Company Rules, the service agreement or other similar contract that he has entered into with the Company.

### **33 Seal**

- 33.1 The Company may, if the Board so determine, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of the Directors authorised by the Board. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer of the Company or other person appointed by the Board for the purpose.
- 33.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Board so determines, 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 The Company is in an industry of high-quality interior fittings for luxury brands and its life cycle is in the phase of business expansion and steady growth. Considering that the Company's overall developments, financial planning, fund needs and prosperity and prospects of the industry and ensuring the protection of shareholders' interests, the Company shall adopt a conservative and sound dividend policy for dividend distribution. Subject to the Statute, Article 12.4(a) and this Article and except as otherwise provided by the rights attached to any Shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in annual general meetings. If there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules. After combining accumulated undistributed earnings in the previous years and setting aside a certain

amount of remaining profits of such financial year as a reserve or reserves for development purposes as the Board may from time to time think fit pursuant to Article 34.6, subject to the compliance with the Statute, the remaining amount shall be distributed in the following sequence and manner upon approval by the Members:

- (a) no less than 0.2% as employees' bonus;
- (b) no more than 5% as directors' bonus; and
- (c) no less than 20% to the Members as Dividends, provided that, cash Dividends shall not be less than 10% of the total amount of Dividends.

Dividends to the Members and the employees' bonus may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares or a combination of both for allocation and distribution to employees or the Members. The Board may adjust the cash Dividends payout ratio in any given year based on the Company's net income and business operations for the respective financial year. When the employees' bonus is distributed by way of an issue of fully paid shares or cash, the recipients may include qualified employees of the Company's Subsidiaries. No unpaid dividend and bonus shall bear interest as against the Company.

- 34.2 The Company, in addition to the dividends to be distributed at the end of each financial year, may distribute interim dividends to the Members on semi-year basis. If the Board decides not to distribute interim dividends, the Board shall adopt a resolution to confirm such non-distribution after the relevant first half of the financial year. The distribution of the dividends at the end of each financial year shall comply with the requirements and procedures set forth in Articles 34.1 to 34.8 and 34.12 to 34.13 and the distribution of the dividends for the first half of the financial year shall comply the requirements and procedures set forth in Articles 34.8 to 34.13.
- 34.3 No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or any reserve, fund, or account as otherwise permitted by the Statute. 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.
- 34.4 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.
- 34.5 Subject to Article 34.1 and the Statute, 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 subject, however (a) the obtaining of (i) the approval in a general meeting of the type of specific assets and the corresponding amount of such substitutive distribution; and (ii) the consent from the Member who will receive such assets; and (b) the value of specific assets and the corresponding amount of such substitutive distribution shall be assessed by an ROC certified public accountant before the Board submit the same to a general meeting for approval. Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient and in particular 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.

- 34.6 The Board may, before resolving to pay any Dividend or other distribution, set aside such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, at the discretion of the Board, be employed in the business of the Company.
- 34.7 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.
- 34.8 No Dividend or other distribution shall bear interest against the Company.
- 34.9 The Company may distribute interim dividend in accordance with a proposal for profits distribution approved by the Board, provided that if the interim dividend will be distributed by way of applying such sum in paying up in full unissued shares, in addition to the approval of the Board, such distribution shall also be sanctioned by the Members by a Supermajority Resolution in a general meeting.
- 34.10 For the distribution of interim dividends, the proposal of surplus earning distribution or loss off-setting for [the relevant quarter/the first half of the financial year], together with the business report and financial statements (which shall be audited or reviewed by a certified public accountant in accordance with the Applicable Public Company Rules), shall be submitted to the Audit Committee for approval, and then, be submitted to the Board for approval.
- 34.11 When the Company makes the interim distribution, the Company shall (a) estimate and reserve all payable taxes, (b) offset losses incurred in previous years, and (c) reserve the Statutory Reserve (unless the Statutory Reserve has reached the total paid-up capital of the Company).
- 34.12 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 consistent with the Applicable Public Company Rules or the Statute.
- 34.13 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 Board, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

## **35 Capitalisation**

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 the profit and loss account or otherwise available for distribution; 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 distribution; 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 Board shall do all acts and things required to give effect to such capitalisation, with full power given to the Board to make such provisions as it thinks 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 Board 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. Treasury Shares**

- 36.1 Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or held as treasury shares (“Treasury Shares”) at the discretion of the Directors.
- 36.2 No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company in respect of a Treasury Share.
- 36.3 The Company shall be entered in the Register of Members as the holder of the Treasury Shares provided that:
- (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
  - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Statute.
- 36.4 A proposal to transfer the Treasury Shares to the employees of the Company and/or its Subsidiaries at a price below the average actual repurchase price shall be approved by Special Resolution in the next general meeting and the items required by the Applicable Public Company Rules shall be specified in the notice of the general meeting and may not be proposed as an extemporary motion. The aggregate number of Treasury Shares resolved at the general meetings for transfer to the employees of the Company and its Subsidiaries shall not exceed 5% of the total issued and outstanding Shares, and each employee may not subscribe for more than 0.5% of the total issued and outstanding Shares in aggregate. The Company may prohibit such employees from transferring such Treasury Shares within a certain period; provided, however, that such a period cannot be more than two years.
- 36.5 Subject to Article 36.4, Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

### **37 Books of Account**

- 37.1 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. Such books of account shall be kept for at least five years from the date they are prepared.

- 37.2 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.

### **38 Audit Committee**

- 38.1 The Company shall establish an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and all Independent Directors shall be members of the Audit Committee. There should be no less than three committee members. 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 a manner consistent with the Articles and the Applicable Public Company Rules.

- 38.2 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 Board meeting.

### **39. Compensation Committee**

- 39.1 The Company shall, in accordance with the Applicable Public Company Rules, by resolution of the Board establish a compensation committee comprised of at least three members, one of whom shall be an 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 the provisions of which are consistent with the Applicable Public Company Rules.

39.2 The compensation referred in Article 39.1 shall include the compensation, stock option and other incentive payments of Directors and managers of the Company.

#### **40 Notices**

40.1 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.

40.2 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 ROC) 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 in the ROC) 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.

40.3 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under the Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

40.4 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.

#### **41 Winding Up**

41.1 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 Company's issued 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.

41.2 If the Company shall be wound up the liquidator may, subject to the rights attaching 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.

## 42 **Indemnity and Insurance**

42.1 Every Director 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. 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, Gross Negligence or wilful default of such Indemnified Person or in violation of his/her/its duties provided under Article 42.3. No person shall be found to have committed actual fraud, Gross Negligence or wilful default under this Article unless or until a court of competent jurisdiction shall have made a finding to that effect.

42.2 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.

42.3 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 fiduciary duty to the Company and without limitation, shall exercise due care of a good administrator in conducting the business operation of the Company. A Director shall be liable to the Company if he/she/it has acted contrary to the above. In case such action is made for himself/herself/itself or on behalf of another person in violation of the provisions above, 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. If a Director of the Company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, he/she/it shall be liable, jointly and severally with the Company, for the damage to such other person.

42.4 The officers or managers of the Company, who are authorised to act on its behalf in a management capacity, in the course of performing their respective duties to the Company, shall assume such duties and obligations to indemnify the Company or any other person in the same manner as if they are Directors.

42.5 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.

#### **43 Financial Year**

Unless the Board 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.

#### **44 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.

#### **45 Derivative Action**

To the extent permitted under the laws of the Cayman Islands, members continuously holding 1% or more of the total issued shares of the Company for six months or longer may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors.

#### **46 Litigious and Non-litigious Agent**

So long as the Shares are listed on the TPEX, the Company shall appoint a litigious and non-litigious agent pursuant to the Applicable Public Company Rules to act as the Company's responsible person in the ROC under the ROC Securities and Exchange Act. The Company's litigious and non-litigious agent shall be a natural person and have a residence or domicile in the ROC.

#### **47 Shareholder Protection Mechanism**

If the Company proposes to undertake:

- (a) a merger or consolidation which will result in the Company being dissolved;
- (b) a sale, transfer or assignment of all of the Company's assets and businesses to another entity;
- (c) a share swap; or
- (d) a demerger (spin off),

which would result in the termination of the Company's listing on the TPEX, and where (in the case of (a) above) the surviving entity, (in the case of (b) above) the transferee, (in the case of (c) above) the entity whose shares has been allotted in exchange for the Company's shares and, (in the case of (d) above) the existing or newly incorporated spun-off company is not a listed company on the Taiwan Stock Exchange or TPEX, then in addition to any requirements to be satisfied under the Statute, such action shall be first approved at a general meeting by a resolution passed by members holding two-thirds or more of the votes of the total number of issued shares of the Company.

#### **48 Social Responsibilities**

When the Company conducts the business, 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.

## **[Appendix III] Procedures for Derivative Transactions (Before Amendment)**

### **Redwood Group Ltd**

#### **Procedures for Derivative Transactions**

##### Article 1 Purpose and basis:

To strengthen asset management and implement information disclosure, the Procedures for Derivative Transactions (the Procedures) are drawn up based on the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." Matters not covered by the Procedures shall be governed by the Company's "Level of Authority" and other relevant laws and regulations.

##### Article 2 Scope:

The term "derivative instruments" used herein refers to contracts with value derived from commodities such as assets, interest rates, foreign exchange rates, indexes or other interests. Contracts include forward contracts, option contracts, futures contracts, leverage contracts, swap contracts, and hybrid contracts consisting of the above commodities. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sale) agreements.

##### Article 3 Transaction principles and guidelines:

###### I. Types of derivative transaction that may be conducted:

The types of derivative transaction the Company may engage include forward contracts, options, interest rate and exchange rate swaps, futures contracts, and hybrid contracts consisting of the above instruments. Approval from the Board of Directors shall be obtained before engaging in transactions involving other instruments.

###### II. Hedging strategy:

The Company's derivative transactions are classified into ones for the hedging purpose and ones for the non-hedging purpose (i.e. for transaction purpose). The strategy's main purpose is to avoid operational risks, and mainly instruments that can hedge the risks associated with foreign exchange earnings, expenses, assets or liabilities generated from the Company's business and operation shall be selected. The Company shall engage in derivative transactions of non-hedging purpose at appropriate times when the objective environment changes, in hope to increase the Company's non-operating income or to reduce non-operating loss. In addition, it is recommended to transact with financial institutions having business transactions with the Company to avoid credit risks. Before engaging in transactions, the transaction type shall be clearly defined as one for hedging purpose or as financial operation in pursuit of investment gains for bookkeeping reference.

###### III. Division of authorization and responsibility:

1. Controlling personnel: Personnel in-charge of supervising and managing the Company's derivative transactions. They are senior executives authorized by the Board of Directors. They are responsible for monitoring and controlling the risk of derivative transactions, and regularly assessing whether the performance of derivative transactions corresponds to the established operational strategies and the risks borne by the Company is within the risk tolerance level.

2. Trading personnel: Personnel in-charge of executing the Company's derivative transactions. They are appointed by the Chairman and responsible (within their scope of authorization) for formulating trading strategy, carrying out execution orders, disclosing risks of future trading, and providing timely information to relevant departments for reference with in their authority.
  3. Accounting personnel: Responsible for confirming transaction execution, recording accounting entries, and retaining transaction records pursuant to relevant rules; performing fair market assessment on the holding position every month and delivering the information to trading personnel; and disclosing derivative information in the financial statements.
  4. Finance personnel: Responsible for the settlement of the Company's derivative transactions. They are appointed by the Finance Department officer.
  5. The positions of aforesaid controlling, trading, accounting, and settlement personnel associated with derivative transactions shall be held by different persons.
- IV. Key points in performance evaluation:
1. Hedging transaction: The profit or loss arising from the cost of exchange (or interest) rate in the Company's book and the financial derivative transactions is the basis for performance evaluation, which shall be conducted at least twice a month.
  2. Specific-purpose transaction: The actual profit or loss incurred is the basis for performance evaluation, which is conducted at least once a week.

Article 4 Limits on total contract amount:

I. Transaction limit for hedging transaction

The finance personnel shall understand the Company's overall position to hedge for transaction risks. The amount of hedging transaction is capped at 100 percent of the Company's net positions.

II. Specific-purpose transaction

The trading personnel shall formulate strategies based on the market change forecasts, and the strategies are subject to the level of authority. The net cumulative amount of the Company's specific-purpose transaction is capped at NT\$50 million. Amount exceeding the limit shall be approved by the Board of Directors and be subject to its policy-oriented directions.

Article 5 The maximum loss limit for total and individual contracts

I. Hedging transactions: As hedging transactions are engaged to meet the Company's actual needs, the risks associated are pre-assessed and under control. The cumulative loss in a year shall not exceed US\$500,000.

II. Non-hedging transactions: After the position is established, the stop-loss points shall be set to prevent excessive losses. The stop-loss point shall not exceed 10 percent of the contract amount, and the cumulative losses for the entire year shall not exceed US\$500,000. If the trading position or loss exceeds the aforesaid limits due to special circumstances or reasons, it shall be submitted to the Chairman for approval and reported afterwards in the latest Board of Directors' meeting.

Article 6 Operation procedures:

- I. Authorized amount and level:
  1. To cope with changes in the environment, each transaction contract shall be approved by the Chairman before executing.
  2. For the Company's delegation to fall in line with the bank's supervision and management, the Bank shall be notified of the identities of authorized trading personnel.
  3. Derivative transactions carried out pursuant to the abovementioned authorization shall be reported to the Board of Directors afterwards.
- II. Implementation department:
  1. When the designated trading personnel deems it is required to carry out derivative transactions based on changes in market prices, they shall fill out an approval request, stating the name of derivative, amount, names of hedged assets or liabilities, total contract amount, and transaction description, and submitted it to the Chairman for approval.
  2. The accounting personnel shall examine the trading records and book the transaction, and on a monthly basis, verify the account statement from the bank or transaction counterparty against outstanding contract amount and deposit balance. Discrepancies, if any, shall be investigated and the outcome shall be reported to the controlling personnel and the Chairman.

Article 7 Accounting treatment:

- I. In order to comply with relevant financial standards, fully document and disclose details of derivative transactions, and regularly assess trading performance, the Accounting Department shall apply appropriate accounting treatment and book derivative transactions pursuant to relevant financial standards.
- II. Disclosure:

Disclosure of other matters associated with derivatives shall be subject to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Article 8 Risk management measures:

For derivative transactions engaged by the Company, the risk management scope and measures to be taken are as follows:

- I. Credit risk considerations: In principle, the transaction party shall be chosen from well-reputed financial institutions and futures brokers having business relationship with the Company and can provide professional information.
- II. Market risk considerations: As losses arising from derivatives' market price fluctuations in the future are uncertain, once the position is established, the stop-loss point shall be closely adhered to.
- III. Liquidity risk considerations: To ensure the liquidity of derivatives, the trading institutions shall have sufficient device, information, and trading capabilities to conduct transactions in every market.
- IV. Operational risk considerations: To strictly comply with the authorized amounts and operation procedures to avoid operational risks.
- V. Legal risk considerations: The Company shall adopt as many internationally standardized documents as possible in contracts to be signed with financial institutions to avoid legal risks.
- VI. Commodity risk considerations: The trading personnel shall have complete and accurate professional knowledge in derivative instruments to avoid the risk of



misusing the instruments and losses.

- VII. Cash-settlement risk considerations: Besides strictly following rules concerning authorized amount, the authorized settlement personnel shall be aware of the Company's cash flows levels to ensure there is sufficient cash upon settlement.
- VIII. Trading personnel shall not hold concurrent positions as accounting or settlement personnel.
- IX. Accounting personnel shall verify account balance with or send letter of confirmations to transacting banks regularly, and constantly check if the total transaction amount exceeds the limits set by the Procedures.
- X. Controlling personnel shall be in a different department than personnel set out in Subparagraph 8, and report regularly to the Chairman, Audit Committee, and Board of Directors, or to senior executives not in-charge of decision-making, on transactions or position.
- XI. The holding position shall be assessed at least once every week. Hedging transactions engaged for business needs shall be assessed at least twice every month and the assessment report shall be submitted to the senior executives authorized by the Board of Directors.

Article 9 Internal audit:

- I. The Company's internal auditors shall regularly review the adequacy of internal control on derivative transactions. Also, they shall monthly audit the trading department's compliance with procedures pertaining to derivative trading, and prepare audit reports. If material violation is identified, they shall notify the Chairman and the Audit Committee immediately.  
If the Company has established an Audit Committee in accordance with regulations, the provisions concerning Board of Directors in the preceding paragraph shall apply mutatis mutandis to the Audit Committee.
- II. The Company's auditors shall include derivatives into the audit plan. They shall report the implementation status of prior year's audit report to relevant competent authority before the end of February in the following year and the improvement on abnormal items before the end of May in the following year for reference.

Article 10 Methods for regular assessment and countermeasures for abnormalities:

- I. Derivative transactions are regularly assessed on a monthly or weekly basis, and the profit or loss of the month or week and the open interest of non-hedging transactions are summarized and submitted to the Chairman for approval, as a reference of performance assessment and risk measurement.
- II. The senior executives appointed by the Board of Directors shall monitor and control the derivative transaction risks at all time. Also, the Chairman, Board of Directors, and Audit Committee shall regularly assessing whether the performance of derivative transactions corresponds to the established operational strategies and the risks borne by the Company is within the risk tolerance level.
- III. Senior executives authorized by the Board of Directors shall manage derivative transactions in accordance with the following principles:
  - 1. Regularly assess whether the risk management measures currently in use are adequate and proceeded in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" stipulated by competent authority and the Procedures.
  - 2. Monitor transaction and profit or loss. Take necessary countermeasures when an abnormality is identified and immediately report to the Chairman, Board of Directors and Audit Committee.

IV. When engaged in the derivative transactions, the Company shall establish a record book to record in detail the transaction type and amount, resolution date of the Board of Directors and matters which shall be carefully assessed according to Subparagraph 11 of Article 8, and Subparagraphs 2 and Item 1 of Subparagraph 3 of this Article.

Article 11 Penalties

If the Company's managers and in-charge personnel violated the Procedures or processes, they would be penalized in accordance with the Company's employee rules.

Article 12 The Procedures have been incorporated into the "Procedures for Acquisition or Disposal of Assets." The Procedures are to be amended by the management in accordance with the Company's operation. Amendments take effect once they are reviewed and approved by the Audit Committee, resolved by the Board of Directors, and adopted at the shareholders' meeting. The same applies to any amendment made to the Procedures.

Date of establishment of the Procedures: December 30, 2010

First amendment: March 5, 2011

Second amendment: August 24, 2011

Third amendment: June 7, 2017

## **[Appendix IV] Procedures for Lending Funds to Other Parties (Before Amendment)**

### **Redwood Group Ltd Procedures for Lending Funds to Other Parties**

#### Article 1 Purpose

The Company shall follow the "Procedures for Lending Funds to Other Parties" (the Procedures) in the event of lending funds to other companies (hereinafter referred to as the "Borrowers") due to business needs. Matters not covered by the Procedures shall be governed by relevant laws and regulations.

#### Article 2 The party to whom the Company may lend its funds and the total lending amount and credit limit of individual party

I. According to the Company Act, the Company is not allowed to lend its funds to the shareholders or any other parties with the exception of the following conditions:

- (I) Companies or firms having business relationship with the Company.
- (II) Companies or firms requiring short-term financing.

The aforementioned "short-term" in Subparagraph 2 of Paragraph 1 means one year or a business operating cycle if the Company's business operating cycle exceeds one year. The lending amount refers to the accumulated balance of the Company's short-term financing.

The provision of Subparagraph 2, Paragraph 1 is not applicable to financing between overseas companies whose voting shares are 100 percent held, directly or indirectly, by the Company. However, the lending duration shall not exceed one (1) year.

II. Total lending amount and credit limit of individual party

- (I) For subsidiaries or sub-subsidiaries requiring short-term financing and whose voting shares are 100 percent held, directly or indirectly, by the Company, the lending amount to an individual party shall not exceed 30 percent of the Company's net worth in the latest financial statements.
- (II) The provision of Subparagraph 1 of Paragraph 2 is not applicable to financing between companies whose voting shares are 100 percent held, directly or indirectly, by the Company. However, the total lending amount and credit limit of individual party shall not exceed 100 percent of the Company's net worth in the latest financial statements.

III. The total lending amount of the Company and its subsidiaries to other parties shall not exceed 40 percent of the consolidated net worth, and the lending amount to an individual party shall not exceed 20 percent of the consolidated net worth.

IV. The term "subsidiaries" is as defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and the term "net worth" refers to equity attributable to shareholders of the parent in the Company's latest financial statements which are certified or reviewed by Certified Public Accountants (CPAs).

## Article 3 Review procedures

### I. Application procedures

- (I) The Borrower shall provide basic information and financial data, and fill out an application form, describing the purpose, duration and amount of the loan, to be submitted to the Company's Finance Department. The Finance Department shall carefully assess the application. Assessment items include the necessity and reasonableness of the loan, the credit worthiness and risk assessment of the Borrower, the impact on the Company's operational risks, financial conditions and shareholders' equity, and whether to ask for collaterals and to assess the value of collateral.
- (II) Where financing is provided due to business relationship, the Company's Finance Department shall evaluate if the lending amount is commensurate to the transaction amount. Where short-term financing is required, the reasons and circumstances for financing shall be specified. Once the review is completed by the Finance Department, relevant information and lending conditions shall be presented to the General Manager for approval before being submitted to the Board of Directors for a resolution.
- (III) Since the Company has Independent Directors, when lending funds to other parties, opinions of Independent Directors shall be fully considered. Their definite opinions on whether they approve and the reasons for disapproval shall be recorded in the minutes of the Board meeting.

### II. Credit investigation

- (I) First-time Borrowers shall provide basic information and financial data to facilitate the credit investigation.
- (II) For non first-time Borrowers, credit investigations shall be conducted when they file for loan extensions. In significant or urgent cases, credit investigations can be conducted on demand depending on the circumstances.
- (III) The Company shall assess the impact of fund lending on the Company's operating risk, financial condition and shareholders' equity when conducting credit investigation on Borrowers.

### III. Loan approval and notification

- (I) If the Board of Directors approves the loan after credit investigation and assessment, the Company shall promptly notify the Borrower in a letter detailing the loan terms, which include the credit limit, duration, interest rate, collateral and guarantors, and request the Borrower to sign the loan agreement within the prescribed period.
- (II) If the Board of Directors disapproves the loan after credit investigation and assessment, the Company shall promptly inform Borrower the reason for the rejection.

### IV. Contract signing and identity verification

- (I) The loan agreement will be signed after the provisions drawn by the Company's person-in-charge are reviewed by supervisors and verified by legal advisers.
- (II) The provisions of the loan agreement shall conform to the approved loan terms and conditions. After the Borrower and joint guarantor affix their signatures and seals to the agreement, the Company's person-in-charge shall

complete the verification procedures.

V. Collateral assessment and pledge creation

If a loan involves collaterals, the Borrower shall provide these and complete the pledge or mortgage procedures. In addition, the Company shall assess the value of the collateral to ensure its rights.

VI. Insurance

(I) All collaterals, except for land and securities, shall be covered by fire insurance and relevant insurances. In principle, the insured amount shall not be lower than the value of the pledged collateral. The Company shall be named as the beneficiary in the insurance policy. The name, quantity, location, insurance terms, and insurance endorsement of the objects specified in the insurance policy shall be consistent with the loan terms and conditions approved by the Company.

(II) The Company's person-in-charge shall notify the Borrower to renew the insurance before it expires.

VII. Appropriation

Once the loan terms are approved, the loan agreement is signed by the Borrower with pledge (mortgage) registration completed, and all procedures have been verified to be correct, the fund can be appropriated.

Article 4 Lending duration and interest calculation

I. The lending duration shall be less than one year or one operating cycle (whichever is longer) commencing from the drawdown date.

II. Interest on loan is calculated on daily basis. In principle, the annual interest rate shall not be lower than the Company's average interest rates on short-term bank loans.

III. Unless otherwise stipulated, Borrowers shall pay the interests arising from financing on a monthly basis. The Company shall notify the Borrower one week prior to the agreed repayment date to pay the interest on time.

IV. The aforementioned interest provision is not applicable to financing between companies whose voting shares are 100 percent held, directly or indirectly, by the Company.

Article 5 Repayment

Following loan appropriation, the Company shall frequently evaluate the financial, business and related credit conditions of the Borrower and its guarantor. If collateral is provided, the Company shall be aware of the fluctuations in collateral's value. The Company shall notify the Borrower one month prior to the due date to repay the principle and interest on time.

Accrued interest shall be calculated when the Borrower repays the loan upon its due date. Once the principal and interest of the loan are repaid, the Company shall cancel and return the promissory note or loan notes to the Borrower.

If the Borrower applied to cancel the pledge, the Company shall check whether there is any outstanding loans to determine if it is to agree to cancel the pledge.

Article 6 Deleted

## Article 7 Case registration and safekeeping

- I. When engaged in lending, the Company shall establish a record book containing the financing party, amount, date of resolution of the Board of Directors, date of appropriation, and matters to be carefully assessed in accordance with the Procedures, for future reference.
- II. Following loan appropriation, the Company's person-in-charge of the loan shall organize and put the debt certificates, such as deed and promissory note, collateral supporting document, insurance policy, and correspondences into a folder for safekeeping.
- III. For overdue loans that cannot be collected upon settlement request, the Company shall take legal actions to secure the Company's rights.

## Article 8 Guidelines for financing other parties:

- I. The Company shall carefully assess if the fund lending complies with the Procedures and submit the assessment to the Board of Directors for resolution before financing other parties. The authorization for approval cannot be delegated to other persons.

Financing between the Company and its subsidiaries or between subsidiaries shall be submitted to the Board of Directors for a resolution in accordance with the preceding provision. The Chairman may be authorized to finance a specific Borrower within a certain monetary amount resolved by the Board and within a period not exceeding one year by loans in installments or a revolving credit line.

The term "certain monetary amount" in the preceding paragraph shall be in conformity with Subparagraph 2, Paragraph 2 of Article 2. In addition, the authorized lending amount to a single entity by the Company or its subsidiary shall not exceed 10 percent of the Borrower's net worth as stated in its latest financial statements.

- II. If funds are lent to companies in which the Company, directly or indirectly, holds 100 percent of voting shares, the review procedures are not subject to provisions of Paragraph 2; Subparagraph 2 of Paragraph 4; and Paragraphs 5 and 6 of Article 3.
- III. The internal auditors shall audit the "Procedures for Lending Funds to Other Parties" of the Company and its subsidiaries and the implementation status at least once a quarter and prepare written reports accordingly. If material violation is identified, they shall immediately notify the Chairman in writing and report to the Audit Committee.
- IV. When a change of circumstances results in Borrower's failure to meet the criteria of the Procedures or lending balance exceeds the limit, an improvement plan shall be formulated, submitted to the Chairman, and reported to the Audit Committee. Improvement shall be completed on schedule.
- V. The Company's person-in-charge shall prepare the details of prior month's fund lending by the fifth day of every month and submit it for review level-by-level.
- VI. If the Company's managers and in-charge personnel violated the Procedures or processes, they would be penalized in accordance with the Company's employee rules.

## Article 9 Control procedures for financing other parties by subsidiaries

- I. When the Company's subsidiary plans to lend funds to others, the Company shall request subsidiary to set its "Procedures for Lending Funds to Other Parties" pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and proceed accordingly.
- II. The Company's subsidiary shall prepare a report summarizing the details of prior month's fund lending, e.g. loan balance, counterparties, durations, etc., by the fifth day of every month and submit the report to the Company in writing.
- III. The Company's Audit Department shall include the "Procedures for Lending Funds to Other Parties" of the subsidiaries as one of the audit items, and the audit result shall be listed as a mandatory item when reporting the audit plan to the Board of Directors and the Audit Committee.

## Article 10 Information disclosure

- I. The Company shall make public announcement of the Company and its subsidiaries' lending balance of the previous month by the tenth day of every month. Public announcement and filing refer to inputting the data at the information filing website designated by the Financial Supervisory Commission (which is the Market Observation Post System at present).
- II. If the lending balance meets one of the following criteria, the Company shall make public announcement and file within two (2) days from the date of occurrence:
  1. The Company and its subsidiaries' lending balance exceeds 20 percent of the Company's net worth in the latest financial statements.
  2. The Company and its subsidiaries' lending balance to a single entity exceeds 10 percent of the Company's net worth in the latest financial statements.
  3. The amount of incremental lending by the Company or its subsidiaries exceeds NT\$10 million and 2 percent of the Company's net worth in the latest financial statements.

For the Company's subsidiaries that are not listed in the domestic market, the Company shall make public announcement and file the matters specified in Subparagraph 3 of the preceding paragraph on behalf of the subsidiaries.
- III. The Company shall assess the financing status, recognize appropriate allowance for bad debts, adequately disclose relevant information in the financial statements, and provide related data for CPAs to carry out the necessary audit procedures.
- IV. The date of occurrence specified in the Procedures refers to the contracting date for the transaction, payment date, resolution date of the Board of Directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier.

## Article 11 Implementation and amendment

The Procedures may be amended by the management in accordance with company operation. Amendments take effect once they are reviewed and approved by the Audit Committee, resolved by the Board of Directors and adopted at the shareholders' meeting. If any Director expresses objections on the record or in writing, the Company shall submit the objections to the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures.

When submitting the Procedures to the Board of Directors for discussion in accordance with the preceding provision, opinions of Independent Directors shall be fully considered.

Their definite opinions on whether they approve the Procedures and the reasons for disapproval shall be recorded in the minutes of the Board meeting.

Date of establishment of the Procedures: December 30, 2010

First amendment: March 5, 2011

Second amendment: August 24, 2011

Third amendment: June 14, 2013

Fourth amendment: June 17, 2014

Fifth amendment: June 16, 2015



## **[Appendix V] Procedures for Endorsement and Guarantee (Before Amendment)**

### **Redwood Group Ltd**

#### **Procedures for Endorsement and Guarantee**

##### Article 1 Purpose

The Procedures for Endorsement and Guarantee (the Procedures) are established as guidelines for the Company to follow in the event of endorsement and guarantee, to improve financial management and reduce operational risks. Matters not covered by the Procedures shall be governed by relevant laws and regulations.

##### Article 2 Applicable Scope

The term "endorsements and guarantees" used herein include:

- I. Financing endorsement and guarantee refers to endorsement and guarantee of cash financing with a discount, for the financing need of another company, and to notes issued by the Company to non-financial institutions for the financing need of the Company.
- II. Customs duty endorsement and guarantee are endorsement and guarantee of customs duties for the Company or other companies.
- III. Other endorsements and guarantees are those which cannot be classified into categories in the two preceding subparagraphs.
- IV. Pledge or mortgage provided by the Company against its assets and real estate for other companies' loans shall also comply with the Procedures.

##### Article 3 The parties to whom the Company may provide endorsement and guarantee

- I. Companies having business relationship with the Company.
- II. Subsidiaries in which the Company, directly or indirectly, holds more than 50 percent of voting shares.
- III. The parent company which, directly or indirectly, holds more than 50 percent of the Company's voting shares

The endorsement and guarantee can be provided among companies in which the Company, directly or indirectly, holds more than 90 percent of voting shares and the amount shall not exceed 10 percent of the Company's net worth. However, the restriction shall not apply to the endorsement and guarantee among companies in which the Company, directly or indirectly, holds 100 percent of voting shares.

Mutual endorsements and guarantees between companies in the same industry or between joint builders which are provided in accordance with contractual terms for construction projects, or endorsements and guarantees provided by each capital contributing shareholder for their jointly invested company in proportion to their shareholding percentages are not subject to the restrictions in the preceding two paragraphs.

The term "capital contributing" in the preceding paragraph refers to capital contributed directly by the Company or through companies whose voting shares are 100 percent held, directly or indirectly, by the Company.

The terms "subsidiaries" and "parent company" used in Subparagraphs 2 and 3 are as defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

#### Article 4 Amount limits of endorsement and guarantee

- I. The total amount of endorsement and guarantee provided by the Company for external parties shall not exceed 80 percent of the Company's net worth in the latest financial statements. The amount of endorsement and guarantee provided by the Company for a single entity shall not exceed 20 percent of the Company's net worth in the latest financial statement. However, the amount of endorsement and guarantee between companies in which the Company, directly or indirectly, holds 100 percent of voting shares shall not be subject to the limitation imposed on a single entity.
- II. The total amount of endorsement and guarantee provided by the Company and its subsidiaries for external parties shall not exceed 50 percent of the consolidated net worth. The amount of endorsement and guarantee provided by the Company and its subsidiaries for a single entity shall not exceed 20 percent of the consolidated net worth.
- III. In addition to the abovementioned restrictions, the endorsement and guarantee amount for a company having business relationship with the Company shall not exceed the transaction amount (purchase or sales amount of the goods between the parties, whichever is higher) between both parties in the most recent year.

The term "net worth" refers to equity attributable to shareholders of the parent on the balance sheet pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and the Company's latest financial statements which are certified or reviewed by Certified Public Accountants (CPAs) shall be used.

#### Article 5 Procedures for endorsement and guarantee

- I. Endorsed or guaranteed companies needing to use the endorsement and guarantee within the limit shall provide basic information and financial data, and fill out an application form to be submitted to the Company's Finance Department. The Finance Department shall conduct detailed assessment on items include the necessity and reasonableness of the endorsement and guarantee; whether the amount of endorsement and guarantee for the company having business relationship with the Company is commensurate to their transaction amount; the credit worthiness and risk assessment of the borrower, the impact on the Company's operational risks, financial conditions, and shareholders' equity, and whether to ask for collaterals and to assess the value of collateral.
- II. The person-in-charge at the Company's Finance Department shall collect and organize relevant information and assessment results referred to in the preceding paragraph and submit them to the General Manager and Chairman for approval. Once approved, the application package shall be delivered to the Board of Directors for approval and executed in accordance with the resolution of the Board meetings.
- III. The Finance Department shall prepare a record book to record, for future reference, the parties and amount of endorsement and guarantee, resolution date of the Board meetings or decision date of Chairman, date of endorsement and guarantee, matters to be carefully assessed in accordance with the Procedures, collateral details and its appraised value, and conditions and dates of being released from the endorsement and guarantee obligations. Each endorsement and guarantee shall be numbered.
- IV. Once the Company is released from the endorsement and guarantee, the word "cancelled" shall be marked, and the documents shall be retained by the Finance Department. The "cancellation date" shall be added to the record book.

- Article 6 Control procedures for the endorsement and guarantee by the subsidiaries
- I. When the Company's subsidiary plans to provide endorsement and guarantee to others, it shall set its own "Procedures for Endorsement and Guarantee" and proceed accordingly.
  - II. The Company's subsidiary shall prepare a report summarizing the details of prior month's endorsement and guarantee balance, counterparties, durations, etc. by the fifth day of every month and submit the report to the Company.
  - III. The Company's Audit Department shall include the "Procedures for Endorsement and Guarantee" of the subsidiaries as one of the audit items, and the audit result shall be listed as a mandatory item when reporting the audit plan to the Chairman and the Audit Committee.

Article 7 Use and safekeeping procedures for the seal

The Company's specific-purpose seals shall be in the custody of designated personnel approved by the Chairman, and the same rule applies to subsequent changes. The seals can only be affixed on documents or used for issuing negotiable instruments in accordance with the Company's Procedures. When the Company provides guarantee for a foreign company, the letter of guarantee shall be executed by the person delegated by the Board of Directors.

Article 8 Decision-making and delegation of authority

Before proceeding, the endorsement and guarantee of the Company shall be approved by the Board of Directors. However, to meet the need for timeliness, the Board of Directors may authorize the Chairman to approve endorsement and guarantee of less than NT\$50 million, and report it afterwards for acknowledgement in the Board of Directors' meeting.

Before proceeding, the endorsement and guarantee by subsidiaries in which the Company, directly or indirectly, holds more than 90 percent of voting shares shall be resolved at the Board meetings.

Regarding the endorsement and guarantee between companies whose voting shares are 100 percent held, directly or indirectly, by the Company, the Board of Directors may authorize the Chairman to approve within the limit specified in Paragraph 1 of Article 4, and report it afterwards for acknowledgement in the latest Board of Directors' meeting.

Since the Company has Independent Directors, when providing endorsement and guarantee to other parties, opinions of Independent Directors shall be fully considered. Their definite opinions on whether they approve and the reasons for disapproval shall be recorded in the minutes of the Board meeting.

Article 9 Information disclosure

- I. The Company shall make public announcement of the Company and its subsidiaries' endorsement and guarantee balance of the previous month by the tenth day of every month. Public announcement and filing refer to inputting the data at the information filing website designated by the Financial Supervisory Commission (which is the Market Observation Post System at present).
- II. If the endorsement and guarantee balance meets one of the following criteria, the Company shall make public announcement and file the balance within two (2) days commencing immediately from the date of occurrence:
  - (I) The total amount of endorsement and guarantee provided by the Company and its subsidiaries exceeds 50 percent of the Company's net worth in the latest financial statements.
  - (II) The amount of endorsement and guarantee provided by the Company and its subsidiaries for a single entity exceeds 20 percent of the Company's net worth in the latest financial statements.

(III) The endorsement and guarantee balance of the Company and its subsidiaries for a single entity exceeds NT\$10 million, and the sum of endorsement and guarantee, long-term investment, and fund lending balance regarding the entity exceed 30 percent of the Company's net worth in the latest financial statement.

(IV) The incremental endorsement and guarantee amount of the Company or its subsidiaries exceeds NT\$30 million and 5 percent of the Company's net worth in the latest financial statement.

For the Company's subsidiaries that are not listed in the domestic market and whose endorsement and guarantee meet the preceding criteria, the Company shall make public announcement and file on behalf of the subsidiaries.

The date of occurrence specified in the Procedures refers to the contracting date for the transaction, payment date, resolution date of the Board of Directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier.

III. The Company shall assess or recognize the contingent loss arising from the endorsement and guarantee. Information of endorsement and guarantee shall be properly disclosed in the financial statements and provided to the CPAs for conducting necessary audits.

#### Article 10 Guidelines for endorsement and guarantee:

I. The Company's internal auditors shall audit the Company's and its subsidiaries' "Procedures for Endorsement and Guarantee" and the implementation status at least once a quarter and produce written reports accordingly. If material violation is identified, they shall immediately notify the Chairman in writing and report to the Audit Committee.

II. If, due to change of circumstances, the party to whom the Company provided endorsement and guarantee later failed to meet the criteria in the Procedures, or the endorsement and guarantee amount exceeds the limit, an improvement plan shall be formulated and submitted to the Chairman and reported to the Audit Committee. Improvement shall be completed on schedule.

III. When, due to business needs, the amount of endorsement and guarantee provided by the Company would exceed the limit stipulated in Procedures and meet criteria herein, it shall be approved by the Board of Directors, and over half of all the Directors shall act as joint guarantors for any potential loss that may be brought about by the excess of limits. The Board of Directors shall also revise the Procedures and has it ratified at the shareholders' meeting. If the revised Procedures are not ratified at the shareholders' meeting, the Board of Directors shall formulate plans to discharge the amount in excess within a certain period of time. Since the Company has Independent Directors, during the discussion at the Board meetings, opinions of Independent Directors shall be fully considered. Their definite opinions on whether they approve and the reasons for disapproval shall be recorded in the minutes of the Board meeting.

IV. If the party for which the Company provides endorsement and guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, controlling measures shall be implemented in accordance with the "Rules for Supervision and Management of Subsidiaries." If the shares of the subsidiary have no par value or the par value per share is not NT\$ 10, the aforesaid paid-in capital shall be the sum of capital plus "capital surplus – additional paid-in capital."

V. If the Company's managers and in-charge personnel violated the Procedures, they would be penalized in accordance with the Company's employee rules.

Article 11 Implementation and amendment

The Procedures may be amended by the management in accordance with company operation. Amendments take effect once they are reviewed and approved by the Audit Committee, resolved by the Board of Directors and adopted at the shareholders' meeting. If any Director expresses objections on the record or in writing, the Company shall submit the objections to the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures.

When submitting the Procedures to the Board of Directors for discussion in accordance with the aforesaid provisions, opinions of Independent Directors shall be fully considered. Their definite opinions on whether they approve the Procedures and the reasons for disapproval shall be recorded in the minutes of the Board meeting.

Date of establishment of the Procedures: December 30, 2010

First amendment: March 5, 2011

Second amendment: August 24, 2011

Third amendment: June 14, 2013

## **[Appendix VI] Procedures for Acquisition or Disposal of Assets (Before Amendment)**

### **Redwood Group Ltd Procedures for Acquisition or Disposal of Assets**

#### Article 1 Purpose

The Procedures for Acquisition or Disposal of Assets (the Procedures) are established to safeguard assets and implement information disclosure.

#### Article 2 Legal basis

The Procedures are established pursuant to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." Matters not covered by the Procedures shall be governed by relevant laws and regulations.

#### Article 3 Asset scope

- I. Investment in stocks, government bonds, corporate bonds, bank debentures, marketable securities representing interest in a fund, depositary receipts, call (put) warrants, beneficiary securities, asset-backed securities, etc.
- II. Real estate (including land, buildings, investment property, and land use right) and equipment.
- III. Membership certificates.
- IV. Intangible assets including patents, copyrights, trademarks, and licenses.
- V. Financial institutions' claims (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VI. Derivatives
- VII. Assets acquired or disposed of through legal mergers, spin off, or transfers of shares.
- VIII. Other significant assets.

#### Article 4 Definition of terms

- I. Derivatives: The term refers to contracts with value derived from commodities such as assets, interest rates, foreign exchange rates, indexes or other interests. Contracts include forward contracts, option contracts, futures contracts, leverage contracts, swap contracts, and hybrid contracts consisting of the above commodities. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sale) agreements.
- II. Assets acquired or disposed of through legal mergers, spin off, acquisitions or transfers of shares: The term means assets acquired or disposed of through legal mergers, spin off or acquisitions pursuant to Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other laws; or through issuing new shares as consideration for transfers of shares from other companies pursuant to Paragraph 8, Article 156 of the Company Act (hereinafter referred to as "transfer of shares").
- III. Related parties and subsidiaries: The terms are determined by "Regulations

Governing the Preparation of Financial Reports by Securities Issuers."

- IV. Professional appraisers: The term means real estate appraisers or others who are legally permitted to engage in real estate and equipment appraisal business.
- V. Date of occurrence: The term means the contracting date for the transaction, payment date, consignment trade date, transfer date, resolution date of the Board of Directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier. However, for investments which require competent authority's approval, it shall mean aforementioned dates or the date on which approval letter from the competent authority is received, whichever is earlier.
- VI. The term "latest financial statements" used herein refers to the Company's financial statements which are legally and publicly certified or reviewed by Certified Public Accountants (CPAs) before the acquisition or disposal of assets.

#### Article 5 Investment limits of non-operating real estate and marketable securities

- I. The limit on amount of aforesaid assets acquired individually by the Company and its subsidiaries is as follows:
  - (I) The total amount of non-operating real estate shall not exceed 20 percent of the net worth.
  - (II) The total amount of investments in long and short-term marketable securities shall not exceed 200 percent of the net worth.
  - (III) The amount of investments in a single marketable security shall not exceed 150 percent of the net worth.
- II. The limits on investments in short-term marketable securities are as follows:
  - (I) The total investment amount in short-term marketable securities of the Company and companies, in which the Company's consolidated holding equals to or exceeds 50 percent, shall not exceed 40 percent of the Company's net worth in the latest financial statements.
  - (II) The total investment amount in a single short-term marketable security of the Company and companies, in which the Company's consolidated holding equals to or exceeds 50 percent, shall not exceed 20 percent of the Company's net worth in the latest financial statements.

Article 6 The professional appraisers and related appraising personnel from whom the Company obtains appraisal reports and the CPAs, lawyers or securities underwriters from whom the Company acquires opinions shall not be related parties to the trading parties.

#### Article 7 Procedures for acquisition or disposal of real estate or equipment

- I. Assessment and operation procedures

The Company's acquisition or disposal of real estate and equipment shall be handled in accordance with the real estate, plants, and equipment cycle procedures or level of authority under the Company's internal control system.
- II. Determination of trading terms and authorization limit
  - (I) To acquire or dispose of real estate and equipment, the Company shall refer to the publicly announced current value, assessed value, actual trading price of neighboring real estate, etc. to determine the trading terms and price and submit an analysis report to the Chairman. Trading amounts equal to or below 20 percent of the paid-in capital or NT\$100 million, whichever is lower, shall be submitted to the Chairman for approval in accordance with the

authorization rules. Amounts exceeding 20 percent of the paid-in capital or NT\$100 million, whichever is lower, shall be approved by the Board of Directors.

- (II) Acquisition or disposal of equipment shall be implemented in any of the following methods: inquiry, bidding, price negotiation or tendering. Amounts equal to or below NT\$50 million shall be submitted to the Chairman for approval in accordance with the level of authority. Amounts exceeding NT\$50 million shall be approved by the Board of Directors.

### III. Implementation departments

Once approved in accordance with the aforementioned level of authority, the Company's acquisition or disposal of real estate and equipment shall be implemented by the user departments and the Management Department.

### IV. Appraisal reports for real estate or equipment

Regarding the acquisition or disposal of real estate and equipment, except for transactions with government agencies, commissioned construction on own land, commissioned construction on leased land or acquisition or disposal of operating equipment, when the transaction amount exceeds 20 percent of the Company's paid-in capital or NT\$300 million, the Company shall obtain an appraisal report produced by a professional appraiser before the date of occurrence and meet the following criteria:

- (I) When a limited price, specific price or special price must be used as a reference for the transaction price due to special circumstances, such transaction shall be approved by a resolution of the Board of Directors. The above procedures shall apply for any changes in the trading terms in the future.
- (II) Transaction amounts exceeding NT\$1 billion shall have appraisal reports from two (2) or more professional appraisers.
- (III) If any of the following situation occurs, unless all of the appraisal values for asset acquisition are higher than the trading amount or all of the appraisal values for asset disposal are lower than the transaction price, the Company shall contact CPAs to take actions in accordance with Auditing Standards No. 20 published by Accounting Research and Development Foundation (ARDF) and to express specific comments on the reasons for the discrepancy and the fairness of the transaction price.
  - 1. The difference between the appraisal results and the transaction amount exceeds 20 percent of the transaction amount.
  - 2. The difference between the appraisal results from more than two (2) professional appraisers exceeds 10 percent of the transaction amount.
- (IV) The date of report issued by a professional appraiser shall not be more than three (3) months earlier than the contract date. However, where the publicly announced current value for the same period is used and not more than six (6) months have elapsed, the original professional appraiser may issue an opinion.
- (V) For the Company's acquisition or disposal of assets through court auctions, the certificates issued by the court may substitute for appraisal reports or CPAs' opinions.
- (VI) The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 5, Paragraph 1 of Article 14. The said "within one year" means one year calculated retrospectively from the date of



occurrence when assets are acquired or disposed of. The part for which the Company has obtained appraisal reports produced by professional appraisers or CPA's opinions shall not be included.

## Article 8 Procedures for acquisition or disposal of marketable securities

### I. Assessment and operation procedures

The Company's purchase and sale of long and short-term marketable securities shall be handled in accordance with the investment cycle operation or level of authority under the Company's internal control system.

### II. Determination of trading terms and authorization limit

- (I) Regarding marketable securities which are traded in a centralized or over-the-counter (OTC) market, the Company shall, before the date of occurrence, obtain the target company's latest CPA-certified or reviewed financial statements as a reference for assessment of the transaction price, and the Company's in-charge department shall make judgments and decisions based on market conditions. Amounts below (including) NT\$50 million shall be submitted to the Chairman for approval in accordance with the level of authority. Amounts exceeding NT\$50 million shall be approved by the Board of Directors.
- (II) Regarding marketable securities which are not traded in a centralized or OTC market, the Company shall, before the date of occurrence, obtain the target company's latest CPA-certified or reviewed financial statements as a reference for assessment of the transaction price and take into accounts its book value per share, profitability, future development potential, etc. Amounts below (including) NT\$50 million shall be submitted to the Chairman for approval in accordance with the level of authority. Amounts exceeding NT\$50 million shall be approved by the Board of Directors.

### III. Implementation departments

Once approved in accordance with the aforementioned level of authority, the Company's long and short-term marketable securities investments shall be implemented by the Finance and Accounting Departments.

### IV. Obtaining professionals' opinions

- (I) Where the transaction amount of the Company's acquisition or disposal of marketable securities exceeds 20 percent of the Company's paid-in capital or NT\$300 million, the Company shall contact CPAs to express an opinion on the reasonableness of the transaction price before the day of occurrence. If the CPA requires professionals' reports, actions shall be taken in accordance with Auditing Standards No. 20 published by ARDF. However, this provision does not apply if such marketable securities have quoted prices in an active market or otherwise stipulated by the Financial Supervisory Commission (FSC).
- (II) For the Company's acquisition or disposal of assets through court auctions, the certificates issued by the court may substitute for appraisal reports or CPAs' opinions.
- (III) The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 5, Paragraph 1 of Article 14. The said "within one year" means one year calculated retrospectively from the date of occurrence when assets are acquired or disposed of. The part for which the

Company has obtained appraisal reports produced by professional appraisers or CPA's opinions shall not be included.

- V. The Company shall not waive its rights on future capital increases of Redwood Interior Pte Ltd. Also, Redwood Interior Pte Ltd shall not waive its rights on future capital increases of Redwood Furniture Sdn. Bhd.
- VI. If, due to strategic alliance concerns or otherwise approved by the Taipei Exchange, the Company has to give up its rights on future capital increases of Redwood Interior Pte Ltd and Redwood Furniture Sdn. Bhd. or dispose the investments, the proposal shall require a special resolution of the Company's Board of Directors.

#### Article 9 Procedures for related party transactions

##### I. Assessment and operation procedures

- (I) Regarding acquisition or disposal of assets between the Company and related parties, in addition to compliance with Articles 7, 8, and 10, the related resolution procedures and reasonableness assessment of the transaction shall be carried out in accordance with the Procedures. If the transaction amount exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million, the Company shall also obtain appraisal reports from professional appraisers and contact CPAs to express specific comments on the reasons for the discrepancy and the fairness of the transaction price pursuant to aforesaid provisions in Articles 7 and 8. Moreover, the transaction requires approvals in the Board meeting from the majority of attending Directors which constitutes two-thirds of all Directors.
- (II) Where the Company acquires or disposes of real estate, or assets other than real estate, from or to a related party, and the transaction amount exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million, except for the purchase or sale of government bonds or bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be approved by the Board of Directors before signing the contract and making payments:
  - 1. Purpose, necessity, and expected benefits of the asset acquisition or disposal.
  - 2. Reasons for choosing the related party as trading counterparty.
  - 3. Information related to the assessment of reasonableness of preliminary trading terms in accordance with Subparagraphs 1 and 4, Paragraph 3 of this Article for acquisition of real estate from a related party.
  - 4. Items such as the related party's original acquisition date, price, transaction counterparty, as well as the counterparty's relations to the Company and the related party.
  - 5. Monthly cash flow forecasts of the coming year starting from the scheduled contract-signing month and the assessments on necessity of transaction and reasonableness of fund utilization.
  - 6. Appraisal reports produced by professional appraisers or CPAs' opinions which are obtained in accordance with the above provisions.
  - 7. Restrictions and other important agreements associated with the transaction.

8. Opinions issued by CPAs concerning whether the affiliate's transactions meet general trading terms and whether they are not detrimental to the interest of the Company and its minority shareholders.

The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 5, Paragraph 1 of Article 14. The said "within one year" means one year calculated retrospectively from the date of transaction. The part for which the Company has obtained approval from the Board of Directors in accordance with the regulations shall not be included.

Regarding the acquisition or disposal of operating equipment between the Company and its subsidiaries, the Board of Directors may authorize the Chairman to approve within a certain amount and report it afterwards for acknowledgement in the latest Board of Directors' meeting.

When the Company submits the transaction to the Board of Directors for discussion in accordance with the aforesaid provisions, it shall fully consider each Independent Director's opinions. Objections or reservations from Independent Directors shall be recorded in the minutes of the Board meeting.

Matters that shall be discussed by the Board of Directors pursuant to Paragraph 1 shall be approved by the majority of all Audit Committee members prior to being submitted to the Board of Directors for resolutions. They shall be subject to Paragraphs 4 and 5 of Article 17.

## II. Assessment of reasonableness of transaction cost

- (I) When acquiring real estate from a related party, the Company shall assess the reasonableness of transaction cost by the following methods:
  1. The related party's transaction price plus the necessary interest of funding and the cost to be borne by the buyer pursuant to laws and regulations. The term "necessary interest of funding" shall be calculated using the weighted average interest rate for borrowings in the year of which the company acquired the assets. However, the interest rate shall not be higher than the maximum borrowing rate for non-financial industry announced by the Ministry of Finance.
  2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan. The actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property, and the period of the loan shall have been one year or more. However, this is not applicable if the financial institution and one of the transaction counterparties are related parties mutually.
- (II) When acquiring both land and buildings of the same subject matter, the Company may use one of the above methods to assess the transaction cost of land and buildings separately.
- (III) To acquire real estate from a related party, the Company shall assess the cost of real estate in accordance with Subparagraphs 1 and 2, Paragraph 2 of this Article, obtain appraisal reports from professional appraisers and contact CPAs to review and express specific opinions.
- (IV) If the value of the Company's real estate acquisitions from related parties assessed in accordance with Subparagraphs 1 and 2, Paragraph 2 of this Article is lower than the transaction price, actions shall be taken in accordance with Subparagraphs 5, Paragraph 2 of this Article. The rule does not apply to

the following circumstances with objective evidences and professional real estate appraisers' and CPAs' specific opinions on reasonableness provided:

1. Where the related party acquired bare land or leased land for construction, the Company may submit evidences of compliance with one of the following conditions:
    - (1) With the undeveloped land assessed in an aforementioned method and the buildings assessed on the basis of the related party's construction cost plus reasonable construction profit, the total assessed amount exceeds the actual transaction price. The term "reasonable construction profit" refers to profits calculated based on the three-year average gross profit margin of the related party's construction department or the latest gross profit margin of the construction industry released by the Ministry of Finance, whichever is lower.
    - (2) Transactions completed by non-related parties within one year involving other floors of the same subject matter or in the neighborhood area with similar land area and equivalent trading terms, after taking into account the reasonable price difference in floor or location according to standard real estate market practices.
    - (3) Transactions completed by non-related parties within one year involving leasing of other floors of the same subject matter with equivalent trading terms after taking into account the reasonable price difference in floor according to standard real estate leasing practices.
  2. The Company provides evidence that the real estate purchased from a related party has trading terms equivalent to transactions completed by non-related parties within one year of items with similar land areas in the neighborhood. The said transactions completed "in the neighborhood" basically refers to those in the same or neighbored street within 500 meters from the subject matter of trading or with similar publicly announced current values. The said "with similar land areas" basically means the land areas of transaction completed by non-related parties is no less than 50 percent of the subject matter of trading. The said "within one year" means one year calculated retrospectively from the date of occurrence when real estate is acquired.
- (V) If the value of the Company's real estate acquisitions from related parties assessed in accordance with Subparagraphs 1 and 2, Paragraph 2 of this Article is lower than the transaction price, the following actions shall be taken:
1. In respect of the difference between the transaction price and the assessed cost of the real estate, the Company shall recognize a special reserve in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act. The special reserve shall not be distributed or used for capital increase and issuance of bonus share.
  2. Independent Directors shall comply with Article 218 of the Company Act.
  3. Actions taken pursuant to Points 1 and 2 of Subparagraphs 5, Paragraph 2 of the Article shall be reported to the shareholders' meeting and the transaction details shall be disclosed in the annual report and prospectus.
- If any of the following applies to related party transaction, upon approval

from the Board of Director, the transaction shall still be approved by a resolution of the shareholders' meeting; while the affiliates and personnel associated with the affiliate shall not participate in the voting:

- (1) The discrepancy between transaction amount and appraisal amount exceeds 20 percent.
- (2) Transaction amount and terms have significant impact on the Company's operations.
- (3) Significant impact on shareholders' equity.
- (4) Other matters which the Board of Directors deems necessary to be approved by a resolution of the shareholders' meeting.

Special reserve recognized by the Company and public company which accounts for the Company's investment under equity method in accordance with the preceding provisions may use such reserve upon approvals from competent authority and after assets purchased at a premium have recognized losses from decline of market value; been disposed of, compensated appropriately, or restored to original status; or there are other evidences indicating the transaction is not unreasonable.

(VI) Regarding the Company's acquisition of real estate from related parties, if any of the following circumstance exists, actions shall be taken in accordance with the provisions related to assessment and operation procedures in Paragraphs 1 and 2 of this Article, and the provisions related to assessment of reasonableness of transaction cost in Subparagraphs 1, 2, and 3, Paragraphs 2 of this Article are not applicable:

1. The related party acquired real estate by inheritance or gift.
2. More than five (5) years have elapsed from the time the related party signed the acquisition contract of real estate to the date of this transaction.
3. Real estate acquired by signing a joint construction contract with the related party, or contracting the related parties to construct real estate on the Company's own land or to on leased land.

(VII) Regarding the Company's acquisition of real estate from related parties, if there are other evidences showing non-compliance of business practices, actions shall be taken in accordance with provisions in Subparagraph 5, Paragraph 2 of this Article.

## Article 10 Procedures for acquisition or disposal of membership certificates or intangible assets

### I. Assessment and operation procedures

Regarding the acquisition or disposal of intangible assets or membership certificates, the Company shall refer to the professionals' appraisal reports or the market's fair value in determining the trading terms and price and submit an analysis report to the Chairman.

Regarding the acquisition or disposal of membership certificates, amounts equals to or below NT\$2 million shall be submitted to the Chairman for approval, and amounts exceeding NT\$2 million require further approval by a resolution of the Board of Directors.

Regarding the acquisition or disposal of intangible assets, amounts equals to or below NT\$20 million shall be submitted to the Chairman for approval, and amounts exceeding NT\$20 million require further approval by a resolution of the Board of

Directors.

II. Implementation departments

After approved in accordance with the aforementioned level of authority, the Company's acquisition or disposal of membership certificates or intangible assets shall be implemented by the user departments and the Finance Department.

III. Professionals' appraisal and opinion reports for membership certificates or intangible assets

- (I) Where the transaction amount of the Company's acquisition or disposal of membership certificates exceeds NT\$2 million, the Company shall ask a professional to produce an appraisal report.
- (II) Where the transaction amount of the Company's acquisition or disposal of intangible assets exceeds NT\$20 million, the Company shall ask a professional to produce an appraisal report.
- (III) Where the transaction amount of the Company's acquisition or disposal of membership certificates or intangible assets exceeds 20 percent of the Company's paid-in capital or NT\$300 million, except for transactions with government agencies, the Company shall contact CPAs to express an opinion on the reasonableness of the transaction price before the day of occurrence. The CPAs shall take actions in accordance with Auditing Standards No. 20 published by the ARDF.
- (IV) The calculation of aforementioned transaction amount shall be conducted in accordance with Subparagraph 5, Paragraph 1 of Article 14. The said "within one year" means one year calculated retrospectively from the date of occurrence when assets are acquired or disposed of. The part for which the Company has obtained appraisal reports produced by professional appraisers or CPA's opinions shall not be included.

Article 11 Procedures for acquisition or disposal of financial institutions' claims

In principle, the Company does not engage in the acquisition or disposal of financial institutions' claims. In the future, if the Company intends to engage in such matters, the Company will submit the proposal to the Board of Directors for approval before stipulating its assessment and operation procedures.

Article 12 When engaging in financial derivative trading, the Company shall comply with the Company's "Procedures for Derivative Transactions."

Article 13 Procedures for merger, spin off, acquisition or transfer of shares

I. Assessment and operation procedures

- (I) For mergers, spin off, acquisitions or transfer of shares, the Company shall appoint lawyers, CPAs and underwriters to jointly propose a schedule for legal procedures and organize a task force to implement in accordance with legal procedures. Before convening the Board of Directors' meeting for resolution, the Company shall appoint CPAs, lawyers or underwriters to express their opinions regarding the reasonableness of stock conversion ratio, acquisition price or cash or other assets allotted to shareholders and submit those to the Board for discussion and approval. Opinions on reasonableness from the aforesaid professionals are not required when the Company merges a subsidiary whose shares issued or paid-in capital are 100 percent owned, directly or indirectly, by the Company or the merger occurs between subsidiaries whose shares issued or paid-in capital are 100 percent owned,

directly or indirectly, by the Company.

- (II) Regarding the important contract terms and relevant matters of the merger, spin off or acquisition, the Company shall compile an open report to shareholders before the shareholders' meeting. This together with the professional's opinions referred to in Subparagraph 1, Paragraph 1 of this Article and the shareholders' meeting notice shall be delivered to shareholders as reference materials in deciding whether to approve the merger, spin off or acquisition. The rule does not apply where under other laws and regulations it is not required to convene the shareholders' meeting for resolution on merge, spin off or acquisition. In addition, if any of the companies participated in the merger, spin off or acquisition is unable to convene the meeting, make a resolution or have the motion passed by the shareholders' meeting due to lack of a quorum, insufficient voting rights or other legal restrictions, the companies shall immediately and publicly explain the causes, subsequent procedures and the scheduled date to convene the shareholders' meeting.

II. Other matters to be noted

- (I) The date of the Board of Directors' meeting:

Unless otherwise stipulated by other laws or where there are special circumstances that have already been reported and approved by the competent authority, companies participating in the merger, spin off or acquisition shall convene the Board of Directors' meeting and shareholders' meeting on the same day to resolve matters related to the merger, spin off or acquisition.

Unless otherwise stipulated by other laws or where there are special circumstances that have already been reported and approved by the competent authority, companies participating in the transfer of shares shall convene the Board of Directors' meeting on the same day.

Public or OTC companies participating in the merger, spin off, acquisition or transfer of shares shall make a complete written record of the following information and retain it for five (5) years.

1. Basic information of participants: including work titles, names, and identification card number (or passport number for a foreigner) of all persons who participated in or implemented the merger, spin off, acquisition or share transfer of shares before information is publicly disclosed.
2. Dates of important events: including the signing of the letter of intent or memorandum, the engagement of financial or legal consultants, the execution of a contract, and the convening of the Board of Directors' meeting.
3. Important documents and minutes: including the plans for merger, spin off, acquisition or transfer of share, letter of intent or memorandum, important contracts and Board of Directors' meeting minutes. Public or OTC companies participating in the merger, spin off, acquisition or transfer of shares shall declare the information referred to in Subparagraphs 1 and 2 of the preceding paragraph to the competent authority or its designated agencies for reference in the prescribed format and through Internet within two (2) days from the resolution date of the Board of Directors.

The public or OTC companies participating in the merger, spin off,

acquisition or transfer of shares shall sign an agreement with non-public or non-OTC companies in the project and actions shall be taken in accordance with Paragraphs 3 and 4.

- (II) The signing of prior confidentiality agreement: All personnel who participate in or are aware of the merger, spin off, acquisition or transfer of shares of the company shall sign the written confidentiality agreements. Before information become public, they shall neither disclose the project contents nor buy or sell, in their own or under the name of another person, the shares and other equity-type marketable securities of any of the companies associated with the merger, spin off, acquisition or transfer of shares.
- (III) Principles for determining and changing the stock conversion ratio or acquisition price: Companies participating in the merger, spin off, acquisition or transfer of shares shall, before the Board of Directors' meetings of both parties, appoint CPAs, lawyers or underwriters to express their opinions regarding the reasonableness of stock conversion ratio, acquisition price or cash or other assets allotted to shareholders. Those opinions would be submitted to the shareholders' meeting. Stock conversion ratio or acquisition price cannot be changed arbitrarily except for the following circumstances:
  - 1. Cash capital increase, issuance of convertible corporate bonds, bonus shares or issuance of corporate bonds with warrants, preferred shares with warrants, stock option certificates and other equity-type marketable securities.
  - 2. Actions that affect the Company's financial operations, such as disposal of the Company's major assets.
  - 3. Occurrence of major disasters or significant technical changes that affect the Company's shareholders' rights and interests or share price.
  - 4. Adjustment due to treasury stocks buyback pursuant to relevant laws and regulations by one of the companies participating in the merger, spin off, acquisition or transfer of shares.
  - 5. Changes in the main entities or the number of companies participating in the merger, spin off, acquisition or transfer of shares.
  - 6. Other conditions that allow changes as stipulated in the contract and have been publicly disclosed.
- (IV) Matters to be included in the contract: In addition to compliance with Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, the contract of the companies participating in the merger, spin off, acquisition or transfer of shares shall contain the following items:
  - 1. Handling of breach of contracts.
  - 2. Guidelines on the handling of equity-type marketable securities previously issued or treasury stocks bought back by the company extinguished due to the merger or split.
  - 3. The quantity and handling principles of treasury stocks that may be legally bought back by a participating company after the record date for stock conversion ratio calculation.
  - 4. Methods to handle the changes in the main entities or in the number of participating companies.



5. Estimated implementation schedule and completion date of the project.
  6. Estimated date to legally convene the shareholders' meeting and other related procedures when the project fails to be completed as scheduled.
- (V) Changes in numbers of companies participating in the merger, spin off, acquisition or transfer of shares: Unless there is a decrease in the number of companies participating in the merger, spin off, acquisition or transfer of shares and the shareholders' meeting has resolved and delegated the authorization for changes to the Board of Directors, where the participating companies are not required to convene the shareholders' meeting for resolution again, the procedures or legal actions which have been completed in the original merger, spin off, acquisition or transfer of shares project shall be repeated by all participating companies.
- (VI) The Company shall sign an agreement with non-public companies participating in the merger, spin off, acquisition or transfer of shares and take actions in accordance with Subparagraphs 1, 2, and 5, Paragraph 2 of this Article.

#### Article 14 Procedures for public disclosure of information

- I. For acquisition or disposal of assets, the Company shall make public announcement and file in prescribed format based on the nature of transaction at websites designated by the Financial Supervisory Commission within two (2) days commencing immediately from the date of occurrence if any of the following circumstance exists:
- (I) Acquisition or disposal of real estate from or to a related party or non-real estate assets from or to a related party with transaction amount exceeds 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million. This does not apply to the purchase or sale of government bonds or bonds with repurchase or resale agreements, or the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  - (II) Engagement in a merger, spin off, acquisition or transfer of shares.
  - (III) Engagement in the derivative transactions with losses exceeding the upper limits for all or individual contracts as stipulated in the relevant procedures.
  - (IV) Acquisition or disposal of assets classified as operating equipment from or to a non-related party with transaction amount reaching one of the following thresholds:
    - (1) For public companies with paid-in capital less than NT\$10 billion, transaction amount exceeds NT\$500 million.
    - (2) For public companies with paid-in capital more than NT\$10 billion, transaction amount exceeds NT\$1 billion.
  - (V) For companies in the construction business, the acquisition or disposal of real estate for construction use from or to a non-related party with transaction amount exceeding NT\$500 million.
  - (VI) Real estate acquired by means of commissioned construction on own land, commissioned construction on leased land, distributing housing units in a joint construction project, distributing profit in a joint construction project or selling of housing units separately in a joint construction project with expected investment exceeding NT\$500 million.

(VII) Other than the six preceding subparagraphs, any asset transactions, disposals of claims by financial institutions or engagement in investment in Mainland China with transaction amount exceeding 20 percent of the Company's paid-in capital or NT\$300 million. However, the following situations are exceptions:

1. Purchase or sale of government bonds.
2. Trading of marketable securities in domestic or foreign securities exchanges or OTC markets or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued at the domestic primary market by investment professionals; or subscription of marketable securities by a securities firm for underwriting business or as a recommended advisory securities firm for emerging companies in accordance with the rules of the Taipei Exchange.
3. Purchase or sale of bonds with repurchase or resale agreements, the subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(VIII) The transaction amount in the preceding Subparagraph 7 shall be calculated in the following methods. In addition, the said "within one year" means one year calculated retrospectively from the date of occurrence when assets are acquired or disposed of. The part which has been publicly announced in accordance with regulations shall not be included.

1. Amount of each transaction.
2. The cumulative amount of acquisition or disposal of subject matter of the same nature from or to the same counterparty within one year.
3. The cumulative amount of acquisition or disposal of real estate of the same development project within one year (the acquisition and disposal amounts shall be accumulated separately).
4. The cumulative amount of acquisition or disposal of the same marketable securities within one year (the acquisition and disposal amounts shall be accumulated separately).

## II. Deadline for public announcement and filing

If the Company's acquisition or disposal of assets meets the criteria in Paragraph 1 of this Article and the transaction amount meets the criteria for public announcement and filing of this Article, the Company shall make public announcement and file within two (2) days commencing immediately from the date of the occurrence.

## III. Procedures for public announcement and filing

- (I) The Company shall publicly announce and file relevant information at websites designated by the FSC.
- (II) The Company shall update the status of derivative transaction of the Company and its non-domestically public subsidiaries as of the end of previous month in the prescribed format at the information filing website designated by the FSC by the tenth of each month.
- (III) If the Company has to amend errors or omissions in items publicly announced, the Company shall announce and file all items again within two (2) days from the date when it becomes aware of the mistake.
- (IV) Regarding the Company's acquisition or disposal of assets, the related contracts, minutes, record books, appraisal reports and opinions of CPAs, lawyers or

securities underwriters shall be retained within the Company. Unless otherwise provided in other laws, these documents shall be retained for at least five (5) years.

- (V) After the Company publicly announces and files transactions in accordance with the preceding Article, the Company shall make public announcement and file relevant information on the website designated by the FSC within two (2) days from the date of the occurrence if one of the following circumstances occurs:
1. The contract signed in relation to the original transaction is changed, terminated or cancelled.
  2. The merger, spin off, acquisition or transfer of shares fails to be completed as scheduled.
  3. The original announcement and filing have been changed.

Article 15 The Company's subsidiaries shall take actions in accordance with the following provisions:

- I. The subsidiary shall establish the "Procedures for Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies."
- II. Acquisition or disposal of assets by subsidiaries shall be in compliance with the aforementioned procedures.
- III. Where the subsidiary is a non-public company and its asset acquisition or disposal meets the standards for public announcement and filing as stipulated in the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies", the Company shall make public announcement and filing on behalf of the subsidiary.
- IV. In the subsidiary's standards for public announcement and filing, the said "over 20 percent of the company's paid-in capital or 10 percent of the total assets" refers to the Company's paid-in capital or total assets.

Article 16 Implementation and amendment

The Procedures are to be amended by the management in accordance with company operation. Amendments take effect once they are reviewed and approved by the Audit Committee, resolved by the Board of Directors and adopted at the shareholders' meeting. The same applies to any amendment made to the Procedures. If any Director expresses objections on the record or in writing, the Company shall submit the objections to the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures.

When submitting the "Procedures for Acquisition or Disposal of Assets" to the Board of Directors for discussion in accordance with the aforesaid provision, opinions of Independent Directors shall be fully considered. Their opinions on whether they approve the Procedures and the reasons shall be recorded in the minutes of the Board meeting.

The establishment and amendment of the "Procedures for Acquisition or Disposal of Assets" shall be approved by the majority of all Audit Committee members and submitted to the Board of Directors for resolutions.

The Procedures may come into force upon the consent of two-thirds of all Directors if the majority of all Audit Committee members does not approve. In such a case, the resolutions of the Audit Committee shall be recorded in the minutes of the Board meeting.

The terms "all Audit Committee members" in Paragraph 3 and "all Directors" used in the preceding paragraph are actual number of persons currently holding those positions.

#### Article 17 Penalties

If the Company's managers and in-charge personnel violated the Procedures or processes, they would be penalized in accordance with the Company's employee rules.

#### Article 18 Supplementary provisions

The Procedures take effect once they are approved by the Board of Directors and adopted at the shareholders' meeting. The same applies to any amendment made to the Procedures.

Date of establishment of the Procedures: December 30, 2010

First amendment: March 5, 2011

Second amendment: August 24, 2011

Third amendment: June 18, 2012

Fourth amendment: June 17, 2014

Fifth amendment: June 16, 2015

Sixth amendment: June 7, 2017

## **[Appendix VII] Rules of Procedure for Shareholders' Meeting**

### **Redwood Group Ltd**

#### **Rules of Procedure for Shareholders' Meeting**

Article 1 The Rules of Procedure for Shareholders' Meeting (the Rules) are drawn up in accordance with the Company's Articles of Incorporation and relevant laws and regulations in order to build a sound governance system for the shareholders' meeting, reinforce its supervisory functions, and strengthen its management functions.

Article 2 The Rules of Procedure for Shareholders' Meeting (the Rules) are drawn up in accordance with the Company's Articles of Incorporation and relevant laws and regulations in order to build a sound governance system for the shareholders' meeting, reinforce its supervisory functions, and strengthen its management functions.

Article 3 Unless otherwise provided by the laws and regulations, the Company's shareholders' meeting shall be convened by the Board of Directors.

For the convention of an annual general meeting, a meeting agenda shall be prepared and all shareholders shall be notified thirty (30) days prior to the meeting. For the convention of an extraordinary general meeting, all shareholders shall be notified fifteen (15) days in advance. While the shares are traded at the Taipei Exchange, the Company shall make public announcement of the meeting notice, letter of authorization, agenda, as well as information concerning proposed resolutions, e.g. proposals for ratification and discussion items (including but not limited to the appointment and discharge of Directors), etc., for the shareholders' meeting pursuant to Article 16.1 of the Articles of Incorporation, and upload them to the Market Observation Post System (MOPS) in accordance with regulations governing public companies. If shareholders are to vote in writing, the Company shall deliver a print copy of the material in the preceding paragraph and a ballot to shareholders pursuant to Article 16.1 of the Articles of Incorporation. The Board of Directors shall prepare agenda and supplementary information for the shareholders' meeting pursuant to regulations governing public companies, deliver them or make them available to the shareholders, and upload those material to the MOPS.

The notice and public announcement shall indicate the reasons for convening the meeting. The notice, if agreed by counterparties, may be delivered by electronic means.

The appointment and discharge of Directors and Independent Directors; amendments to the Article of Incorporation; the dissolution, merger, spin off or laws and regulations of the company; and matters that cannot be raised as a special motion as stipulated in the Company's Articles of Incorporation shall be listed in the reasons for convening the meeting and shall not be raised as a special motion.

Shareholders holding 1 percent or more of the total number of issued shares may submit proposals for the annual general meeting in writing. However, each proposal is limited to one subject matter. A proposal containing more than one subject matter will not be included in the agenda. Moreover, if the proposal is of matters that cannot be resolved at the shareholders' meeting, the shareholding of the shareholder who has submitted a proposal is less than 1 percent on the book closure date or the proposal is submitted outside the specified period, the Board of Directors can exclude it from the agenda.

Prior to the book closure date before the annual general meeting, the Company shall publicly announce the acceptance of shareholders' proposals and the location and period for such submission. The period for submission shall not be less than ten (10) days.

Shareholders' proposal shall be limited to 300 words. Proposal containing more than 300 words shall not be included in the agenda. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the annual general meeting and participate in the discussion of his/her proposal.

The Company shall inform the shareholders who has submitted proposals the outcome of those proposals before the notification date for the meeting and include proposals in compliance with provisions of this Article in the meeting notice. For proposals failing to be included in the agenda, the Board of Directors shall explain the reasons in the shareholders' meeting.

Article 4 Shareholders may submit the letter of authorization printed by the Company at each shareholders' meeting, indicating the scope of authorization and appointing a proxy to attend the shareholders' meeting.

Each shareholder is limited to submit one letter of authorization and appoint one person as a proxy. The form shall be delivered to the Company five (5) days prior to the shareholders' meeting. If duplicate forms are received, the one arrives earliest shall prevail, unless a statement is made to withdraw the previous letters of authorization.

Once the letter of authorization is delivered to the Company, if the shareholder intends to attend the meeting in person, he/she may notify the Company to withdraw the letter of authorization in writing at least two (2) days prior to the shareholders' meeting. If the withdrawal statement did not arrive in time, the voting rights of the proxy shall prevail.

Article 5 The shareholders' meeting may submit the letter of authorization printed by the Company at each shareholders' meeting, indicating the scope of authorization and appointing a proxy to attend the shareholders' meeting.

Each shareholder is limited to submit one letter of authorization and appoint one person as a proxy. The form shall be delivered to the Company five (5) days prior to the shareholders' meeting. If duplicate forms are received, the one arrives earliest shall prevail, unless a statement is made to withdraw the previous letters of authorization.

Once the letter of authorization is delivered to the Company, if the shareholder intends to attend the meeting in person, he/she may notify the Company to withdraw the letter of authorization in writing at least two (2) days prior to the shareholders' meeting. If the withdrawal statement did not arrive in time, the voting rights of the proxy shall prevail.

Article 6 The Company shall specify the time and location for shareholder attendance registration and other matters to be noted in the meeting notice.

The said time for shareholder attendance registration shall be at least thirty (30) minutes before the meeting commences. The place for registration shall be clearly marked and a sufficient number of capable personnel shall be assigned to the task.

The shareholders or their appointed proxies (hereinafter referred to as "shareholders") shall attend the shareholders' meeting with attendance permit, attendance card or other attendance certificates. The Company shall not arbitrarily request attending shareholders to provide other documents of proof. Those who solicit letters of authorization shall also bring identification documents for verification.

The Company shall prepare the attendance booklet for the attending shareholders to sign in, or the attending shareholders may submit the attendance cards in lieu of signing in.

The Company shall deliver the meeting agenda, annual report, attendance permit, speaker's slip, voting ballot and other meeting materials to the shareholders attending the shareholders' meeting. If Directors are to be elected, ballots shall also be provided.

When the government or a juristic person is a shareholder, the representative attending the shareholders' meeting is not limited to only one person. When a juristic person is appointed to attend as a proxy in the shareholders' meeting, it may designate only one person to attend

on its behalf.

Article 7 The shareholders' meeting is presided by the Chairman of the Board of Directors if convened by the Board. It is advised to have the majority of Directors of the Board and at least one Independent Director to attend in person and at least one representative from each functional committee to attend and the attendance is recorded in the minutes of shareholders' meeting. When the Chairman is on leave or for some reasons unable to exercise the power, the Vice Chairman shall serve as a proxy. If there is no Vice Chairman or the Vice Chairman is on leave or for some reasons unable to exercise the power, the Chairman shall appoint a Managing Director to serve as a proxy. If there is no Managing Directors, the Chairman shall appoint one Director to serve as a proxy. If the Chairman does not appoint a proxy, the Directors shall elect one from among themselves.

When a Managing Director or a Director is to preside the meeting, he/she shall have held the position for at least six (6) months and understands the Company's financial and business conditions. The same rule applies when a representative of a juristic person Director is to preside at the meeting.

If the shareholders' meeting is convened by any other party entitled to convene the meeting, the convening party shall preside at the meeting. When there are two (2) or more convening parties, they shall choose a person from among themselves to preside at the meeting.

The Company may appoint designated attorneys, certified public accountants (CPAs) or related persons to attend the shareholders' meeting.

Article 8 The Company shall record audio or video commencing from the shareholder attendance registrations to the shareholders' meeting, and the voting and ballot counting processes uninterruptedly and retain the recording for at least one year.

If litigations associated with the convention procedures or resolution process of the shareholder's meeting arise, the recordings shall be retained until the litigation is concluded.

Article 9 The attendance at the shareholders' meeting shall be calculated based on the number of shares. The number of shares in attendance shall be calculated in accordance with the shares indicated by the attendance booklet or attendance card submitted plus the number of shares with voting rights exercised by correspondence or electronic means.

The Chairman shall call the meeting to order at the scheduled time. When the majority of the total number of issued shares are not represented by the attending shareholders, the Chairman may announce to postpone the meeting. The postponement is limited to two (2) times with a combined duration of less than one hour. If the quorum stipulated in the Company's Articles of Incorporation is not met after two (2) postponements, the Chairman shall announce the adjournment of meeting. However, if a shareholders' meeting is still required, one shall be re-convened in accordance with the Articles of Incorporation.

Article 10 The Board of Directors shall formulate the meeting agenda if the shareholders' meeting is convened by the Board of Directors. The meeting shall proceed according to the agenda which shall not be changed without a resolution of the shareholders' meeting.

The above provisions apply mutatis mutandis to the shareholders' meeting convened by a party entitled to convene other than the Board of Directors.

The Chairman shall not announce adjournment of the meeting before completion of the agenda (including special motions) referred to in the two preceding paragraphs unless otherwise resolved at the shareholders' meeting. If the Chairman announces the adjournment in violation of the Rules, other members of the Board shall promptly assist the attending shareholders in electing a Chairman pursuant to the statutory procedures with the consent of the majority of voting rights represented by the attending shareholders to continue the meeting.

The Chairman shall give ample opportunity for explanation and discussion of the proposals,

and amendments or special motions proposed by the shareholders. When the Chairman believes that a proposal has been discussed sufficiently to put it to a vote, he/she shall announce the discussion closed and call for a vote.

Article 11 Before speaking, the attending shareholder shall complete the speaker's slip indicating the subject of speech, shareholder's account number (or the number of attendance permit) and account name. The sequence of speeches shall be determined by the Chairman.

If the attending shareholder submits a speaker's slip without speaking, it shall be deemed as making no speeches. If the contents of speech are inconsistent with the contents of speaker's slip, the contents of speech shall prevail.

The shareholder shall not make a speech concerning the same proposal for more than two (2) times without the consent of Chairman, and the duration of each speech shall not exceed five (5) minutes. If the shareholder speaks in violation of the provisions or beyond the scope of agenda item, the Chairman may stop the speech.

When the attending shareholder speaks, other shareholders shall not interrupt the speech unless they are permitted by the Chairman and the speaking shareholder. Otherwise, the Chairman shall stop such interruption.

If a corporate shareholder appoints two or more representatives to attend the shareholders' meeting, only one representative may speak for each agenda item.

After the attending shareholder has spoken, the Chairman may respond in person or appoint an appropriate person to respond.

Article 12 Before speeches are made at the shareholders' meeting, the attending shareholder shall complete the speaker's slip indicating the subject of speech, shareholder's account number (or the number of attendance permit) and account name. The sequence of speeches shall be determined by the Chairman.

If the attending shareholder submits a speaker's slip without speaking, it shall be deemed as making no speeches. If the contents of speech are inconsistent with the contents of speaker's slip, the contents of speech shall prevail.

The shareholder shall not make a speech concerning the same proposal for more than two (2) times without the consent of Chairman, and the duration of each speech shall not exceed five (5) minutes. If the shareholder speaks in violation of the provisions or beyond the scope of agenda item, the Chairman may stop the speech.

When the attending shareholder speaks, other shareholders shall not interrupt the speech unless they are permitted by the Chairman and the speaking shareholder. Otherwise, the Chairman shall stop such interruption.

If a corporate shareholder appoints two (2) or more representatives to attend the shareholders' meeting, only one representative may speak for each agenda item.

After the attending shareholder has spoken, the Chairman may respond in person or appoint an appropriate person to respond.

Article 13 Unless otherwise provided by the Company's Articles of Incorporation, shareholders are entitled to one vote for each share held.

When the Company convenes a shareholder's meeting, voting rights may be exercised by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the methods of exercise shall be clearly indicated in the shareholders' meeting notice. Shareholders exercising their voting rights by correspondence or electronic means are deemed as appointing Chairman as their representatives and exercise their voting rights in accordance with instructions in the documents delivered by correspondence or electronic means. They are, however, deemed as waiving their rights on special motions or amendments to the original proposals of that shareholders' meeting.

A shareholder intending to exercise the voting rights by correspondence or electronic mean



as described in the preceding paragraph shall delivered his/her intention statement to the Company two (2) days prior to the shareholders' meeting. If duplicate statements are received, the one arrives earliest shall prevail, unless a statement is made to withdraw the previous intention statements.

Once the shareholder has exercised his/her voting right by correspondence or electronic mean, if he/she intends to attend the meeting in person, he/she shall withdraw the intention statement in the same way the voting right is to be exercised at least two (2) days prior to the shareholders' meeting. If the withdrawal did not arrive in time, the voting rights exercised by correspondence or electronic mean shall prevail. If a shareholder has exercised his/her voting right by correspondence or electronic mean and appointed a proxy via letter of authorization to attend the shareholders' meeting, the voting right exercised by the proxy shall prevail.

Unless otherwise provided in the Company's Articles of Incorporation, the adoption of resolution shall be approved by the majority of voting rights represented by the attending shareholders.

When voting commences, the Chairman or the designated personnel thereof shall announce the total number of voting rights represented by the attending shareholders by each proposal before shareholders start to cast ballots by proposals. On the same day as the conclusion of the shareholders' meeting, the voting results of the number of votes for and against and abstention shall be uploaded to the MOPS.

When there are amendments or substitutes to a proposed resolution, the Chairman shall present these together with the original proposed resolution and determine their voting order. However, if any one of them has been adopted, the others shall be deemed vetoed and no further voting is required.

The ballot supervisors and ballot counters of proposal voting shall be appointed by the Chairman, but the ballot supervisors shall be shareholders.

The ballot counting for proposal voting or election shall be publicly conducted at the venue of shareholders' meeting. The voting results shall be announced at the meeting upon completion of counting, and along with the number of voting rights totaled, be recorded in the minutes.

Article 14 When a Director election is held at the shareholders' meeting, actions shall be taken in accordance with relevant laws and regulations, and applicable election rules of the Company. The election results shall be announced at the meeting, including the list of Directors elected and the number of voting rights thereof.

The election ballots referred to in the preceding paragraph shall be sealed with the ballot supervisors' signatures and kept in proper custody for at least one year. However, if litigations associated with the convention procedures or resolution process of the shareholder's meeting arise, the sealed election ballots shall be retained until the litigation is concluded.

Article 15 The resolutions of the shareholders' meeting shall be recorded in the minutes. The meeting minutes shall be affixed with the Chairman's signature and seal, and distributed to all shareholders within twenty (20) days after meeting. The preparation and distribution of the meeting minutes may be done via public announcement.

The distribution of meeting minutes referred to in the preceding paragraph to shareholders who have less than one thousand (1,000) shares of registered stocks may be done via public announcements by uploading the document at MOPS.

The meeting minutes shall accurately record the year, month, day, and location of the meeting, the name of Chairman, the resolution methods, and a summary of the discussion and the results thereof. The minutes shall be retained throughout the life of the Company.

With regard to the resolution methods in the preceding paragraph, if no objection is voiced

by any of the shareholders when enquired by the Chairman, the wordings, "The proposal is approved by a unanimous consent of all attending shareholders upon enquiry from the Chairman," shall be recorded. For proposals where shareholders voice objections, the adoption of ballot casting method, number of votes, and its percentage of total shall be clearly stated.

Article 16 On the date of shareholders' meeting, the Company shall prepare a statistical table in a prescribed format indicating the number of shares solicited and the number of shares represented by proxies, and make an express disclosure at the meeting venue.

For resolutions of the shareholders' meeting, if they meet the definition of material information under relevant laws and regulations or rules of the Taipei Exchange, the Company shall upload the information to MOPS within the prescribed period.

Article 17 Personnel at the shareholders' meeting shall wear identification cards or arm bands.

The Chairman shall direct the disciplinary officers or security guards to assist with order maintenance at the meeting venue. The disciplinary officers or security guards shall wear armbands marked "disciplinary officer" or identification cards while assisting with order maintenance at the meeting venue.

If the meeting venue is equipped with public address system, the Chairman may stop shareholders from making a speech through other devices.

If a shareholder violates the Rules and defies the Chairman's correction, obstructs the proceedings and refuses to heed calls to stop, the Chairman may direct the disciplinary officers or security guards to escort the shareholder from the meeting.

Article 18 When the meeting is in progress, the Chairman may announce a break at his/her discretion.

If force majeure events occur, the Chairman may decide to temporarily suspend the meeting and announce the time to resume the meeting depending on the situation. The shareholders' meeting may resolve to postpone or reconvene the meeting within five (5) days. In that case, Article 16.1 of the Company's Articles of Incorporation does not apply.

If the meeting venue becomes unavailable before meeting agenda (including special motions) has been completed, another venue can be used to resume the meeting upon resolution at the shareholders' meeting.

Article 19 The Rules take effect once adopted at the Company's shareholders' meeting. The same applies to any amendment made to the Rules.

If there is any discrepancy between the Rules and the Company's Articles of Incorporation, the Articles of Incorporation shall prevail.

Date of establishment of the Rules: December 30, 2010

First amendment: August 24, 2011

Second amendment: June 18, 2012

Third amendment: June 14, 2013

Fourth amendment: June 16, 2015

## **[Appendix VIII] Rules for Election of Directors**

### **Redwood Group Ltd Rules for Election of Directors**

- Article 1 The Rules for Election of Directors (Rules) are established in compliance with the Company's Articles of Incorporation and relevant laws and regulation for a fair, just, and open election of Directors.
- Article 2 Unless otherwise provided by the laws and regulations, the Company's Directors/Independent Director election shall be conducted in accordance with the provisions of the Rules.
- Article 3 The Company's Director/Independent Director election shall take into account the Board of Directors (the Board) composition. Board members shall possess knowledge, skills, and qualities required to carry out their duties. Abilities needed for each member are as follows:
- I. Operational judgment
  - II. Accounting and financial analysis
  - III. Business management
  - IV. Crisis management
  - V. Industrial knowledge
  - VI. International market perspective
  - VII. Leadership
  - VIII. Decision-making
- Article 4 The qualification and election of the Company's Independent Directors shall be in compliance with "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" of the Republic of China.
- Article 5 The Company's Directors/Independent Directors are elected using the cumulative voting method. Each share shall have voting rights equivalent to the number of Directors (including Independent and Non-Independent Directors) to be elected. Such voting rights can be combined to vote for one person, or divided to vote for several persons.
- Article 6 The Company shall prepare the same number of ballots as Directors (including Independent and Non-Independent Directors) to be elected and the number of voting rights shall be specified on the ballots, which would be distributed to shareholders attending the shareholders' meeting. The attendance card numbers may be used to replace the names of shareholders on the ballots.
- Article 7 The Company's Directors calculate the number of votes for Independent and Non-Independent Directors separately based on the number of seats specified in the Articles of Incorporation. Candidates who acquire more votes shall win the seats of Independent and Non-Independent Directors respectively. If more than two (2) persons acquire the same number of votes and the number of such persons exceeds the specified available seats, such persons acquiring the same votes shall draw lots to decide who should win the seats, and the Chairman shall draw lots on behalf of the candidate who is not present.

- Article 8 Before the election commences, the Company's Directors calculate the number of votes for Independent and Non-Independent Directors separately based on the number of seats specified in the Articles of Incorporation. Candidates who acquire more votes shall win the seats of Independent and Non-Independent Directors respectively. If more than two (2) persons acquire the same number of votes and the number of such persons exceeds the specified available seats, such persons acquiring the same votes shall draw lots to decide who should win the seats, and the Chairman shall draw lots on behalf of the candidate who is not present.
- Article 9 If the candidate is a shareholder, voters shall enter the candidate's account name and shareholder account number in the "candidate" column. If the candidate is not a shareholder of the Company, voters shall enter the candidate's name and identification card number in the "candidate" column. If the candidate is a government agency or a corporate shareholder, the full name of the government agency or the corporate shareholder, or the full name and the names of their representatives shall be entered in the "candidate" column. If there are multiple representatives, their names shall be entered separately.
- Article 10 Ballots are deemed void in any of the following circumstances:
- I. Ballots not prepared by the Company's Board of Directors.
  - II. Blank ballots.
  - III. Illegible writing or modification.
  - IV. If the candidate is a shareholder, the account name or shareholder account number of the candidate entered in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder, the name or identification card number of the candidate entered in the ballot is inconsistent upon verification.
  - V. Ballots with written characters or symbols other than the candidate's account name (name), shareholder number (identification card number), and the number of votes cast for the candidate.
  - VI. The name of the candidates entered in the ballots is identical to that of another candidate, but shareholder account number or identification number is not provided in the ballot to identify such individual.
- Article 11 The ballots shall be counted right after the completion of vote casting, and the election results, including the list of Directors/Independent Directors elected and the number of voting rights thereof, shall be announced by the Chairman at the meeting.
- Article 12 The ballots shall be counted right after the election, and the election results, including the list of Directors/Independent Directors elected and the number of voting rights thereof, shall be announced by the Chairman at the meeting.
- Article 13 The Rules take effect once adopted at the Company's shareholders' meeting. The same applies to any amendment made to the Rules.

If there is any discrepancy between the Rules and the Company's Articles of Incorporation, the Articles of Incorporation shall prevail.

Date of establishment of the Rules: December 30, 2010

First amendment: March 3, 2011

Second amendment: May 4, 2012

## [Appendix IX] Shareholdings of All Directors

### Redwood Group Ltd Shareholdings of All Directors

Book closure date: April 12, 2019

Title	Name	Date Elected	Shareholding at the Time of Appointment		Shareholding as of the Book Closure Date	
			Number of Shares	Percentage of Total Issued Shares (Note 1)	Number of Shares	Percentage of Total Issued Shares (Note 2)
Director	Thong-ming Soh	2016.06.13	15,254,125	36.96%	16,608,571	33.06%
Director	Lee-mui Teh	2016.06.13	13,661,374	32.53%	15,456,264	30.76%
Director	Khay-pin Neo	2016.06.13	157,500	0.38%	123,900	0.25%
Director	Pok-chin Lim	2016.06.13	105,000	0.25%	5,932	0.01%
Independent Director	Min-chiu Chien	2016.06.13	-	-%	-	-%
Independent Director	Chin-huat Guok	2016.06.13	-	-%	-	-%
Independent Director	Chia-shi Lo	2016.06.13	-	-%	-	-%
Shareholding and its percentage of all Directors			29,447,999	70.12%	32,194,667	64.08%

Note 1: On the appointment date of the Company's current-term Directors (June 13, 2016), the number of common shares issued was 48,300,000 shares.

Note 2: As of the book closure date (April 12, 2019), the number of common shares issued was 50,242,500 shares.

## **[Appendix VIII] Other Information**

- I. The impact of stock dividend issuance on business performance, earnings per share, and shareholder return rate:  
This is not applicable as the Company did not distribute any stock dividends this year.
- II. Information on employee bonus and remuneration to Directors and Supervisors:  
The Company has resolved not to distribute employee bonus and remuneration to Directors in the Board of Directors' meeting on March 20, 2019.
- III. Details on shareholder proposals for this annual general meeting:
  - (I) Pursuant to the Company's Articles of Incorporation and "Rules of Procedure for Shareholders' Meeting," shareholders holding 1 percent or more of the Company's total number of issued shares may submit proposals, in writing, to be discussed at annual shareholders' meeting during the period announced by the Company. Each proposal is limited to one subject matter, 300 words, and matters that can be resolved at the shareholders' meeting. A proposal containing more than one subject matter, or more than 300 words, or matters that cannot be resolved at the shareholders' meeting, or one that is submitted outside the specified period, shall not be included in the agenda. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the annual general meeting and participate in the discussion of his/her proposal. Shareholders can submit proposals from April 3, 2019 to April 12, 2019. Relevant information has been released in the Market Observation Post System website in accordance with relevant laws.
  - (II) The Company did not receive any shareholder proposals during the aforementioned period.