



**Grand Ocean Retail Group Limited 5907**

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GRAND OCEAN RETAIL GROUP LIMITED

# 2025 Shareholders Meeting Meeting Handbook

Date: Jun 12, 2025

Location: No. 231, Sec. 2, Jianguo S. Rd., Da'an Dist., Taipei City 106,  
Taiwan (R.O.C.)

(Jianguo Campus, School of Continuing Education, Chinese Culture University)

Method of convening: Entity Shareholders Meeting

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# GRAND OCEAN RETAIL GROUP LIMITED

## 2025 Shareholders Meeting

### Meeting Procedure

- I. Start Meeting
- II. Chairman's Address
- III. Report Items
- IV. Recognition Items
- V. Topic Discussions
- VI. Extraordinary Motions
- VII. Adjournment

# GRAND OCEAN RETAIL GROUP LIMITED

## 2025 Shareholders Meeting

### Meeting Agenda

Time: 9:00AM, Jun 12(Thu.), 2025

Location: No. 231, Sec. 2, Jianguo S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)  
(International Conference Hall, Jianguo Campus, School of Continuing Education, Chinese Culture University)

- I. Start Meeting
- II. Chairman's Address
- III. Report Items
  - (I) 2024 Business Report
  - (II) 2024 Audit Committee Annual Financial Statement
- IV. Recognition Items
  - (I) 2024 Business Report and Consolidated Financial Statements
  - (II) 2024 Loss Recovery Statement
- V. Topic Discussions
  - (I) Amendment to Certain Articles of "Articles of Incorporation"
  - (II) Proposal to remove the non-complete restriction on elected directors
- VI. Extraordinary Motions
- VII. Adjournment

## Topic 1: 2024 Business Report

Ladies and Gentlemen:

Thanks for everyone for your kindly support as well as encouragement to Grand Ocean Retail Group Limited for such a long time as always. We are honored to be on behalf of the whole operating team to present the operational results and development in 2024 as well as operational strategies in 2025

### 1、2024 Operational Results:

Annual consolidated operating revenues of the group in 2024 was NT\$ 3,234,915 thousand, which grew by a decrease of 15.32% than NT\$ 3,820,133 thousand in 2023; net loss after tax in 2024 was NT\$ (511,891) thousand, which grew by a decrease of 75.44% in 2023; Loss per share in 2024 was NT\$2.62.

### 2、2024 Operational Development:

In 2024, the global economy will face pressure to slow down growth after its post-epidemic recovery. The monetary policies of major economies have entered a cycle of interest rate cuts, and the economic gap between developed and developing countries has further widened. The high inflation problem faced by many countries in 2023 will ease in 2024, but the Federal Reserve's monetary policy will still have a significant impact on the global economy. In China, the economy is in a critical period of structural adjustment and transformation, and the successive conversion of traditional growth momentum to emerging growth momentum is accelerating. By the fourth quarter, the overall consumer confidence index was 97.7, a year-on-year decrease of 4.6% and a month-on-month increase of 2.2%. Confidence in prices, investment and home purchases did not change much year-on-year, but confidence in economic development, employment and life declined year-on-year, while investment confidence rebounded significantly month-on-month. Faced with such a complex and ever-changing external environment, Grand Ocean's overall performance failed to meet expectations, but during this difficult period, we still achieved some results and progress.

Grand Ocean Center officially opened on September 1, 2024. Grand Ocean Center is located in the core area of Xunlimen on Jiefang Avenue, the first business district in Central China. It integrates shopping, entertainment, catering, leisure, humanities, art, and innovative retail, and strives to create a new trendy commercial landmark for young people's social entertainment and gatherings. Based on the Grand Ocean Classic's "fun to shop", "fun to buy" and "good value for money", we will further enhance the experience, freshness and youthfulness, and strive to become a new business card for the Wuhan consumer market.

In addition, in 2024, we adjusted and renovated some floors of some stores, including the underground floor of the Hefei store, the first and third floors of the South Second Store, the Fuzhou Second Project and the Wuhan Second Store, achieving an optimized combination of business formats and upgrading of brands, focusing on attracting investment in catering and experience formats. During the period, the

investment promotion area reached 70,633 square meters, accounting for 20.1% of the total investment promotion ratio. The vacancy rate further decreased, which significantly improved the product power. As people's consumption habits change, they prefer experiences and are indifferent to pure retail, so Grand Ocean continues to promote the shopping centerization of department stores and increase the proportion of experience formats. At present, most of the stores have basically realized the adjustment into department store shopping centers, such as the Fuzhou underground street, Quanzhou store, Shiyuan store and Nanjing store. A small number are in progress. This adjustment can give full play to the company's advantages and increase consumers' experience attributes of shopping centers. Grand Ocean is relatively advanced in this regard in the industry.

In 2024, the parking lots of Grand Ocean's eight stores will be connected to the in-store micro-mall, making parking easier and redeemable with points, which improves the convenience and activity of members. The group's membership system is connected with Meituan's to facilitate the sharing of membership benefits. At the same time, 9 stores introduced Meituan power banks, further enhancing member acquisition and customer convenience.

In 2024, Grand Ocean significantly improved the frequency and efficiency of its online activities, and carried out many large-scale live broadcast events. The live broadcast GMV (excluding Meituan) reached RMB 100 million, of which self-broadcasting performance was RMB 80 million. Grand Ocean released 8,643 short videos on platforms such as WeChat Video Account, Douyin, and rednote Short Video, providing leading fashion promotions such as outfits for various occasions, increasing the stickiness between each platform and customers, and making Ocean fans interested in and dependent on Grand Ocean, which in turn promoted the attractiveness of stores and the purchasing power of customers. For example, the Yichang store, Hefei store, Wuhan store, Wuhan Second store, Shiyuan store, Grand Ocean Center and Fuzhou Second store performed very well. In the process, many stores with outstanding performance emerged. Grand Ocean's online performance increased by 16% year-on-year, and the proportion of online performance increased to 34%.

Grand Ocean also continued to reduce its overseas US dollar borrowings, which were remitted from China on a continuous basis for repayment, thereby reducing its overseas financial expenses.

### 3、2025 Operational Strategies:

It is difficult for the current Chinese consumer market to return to its best-selling trend in the short term. Consumers' habits are still at the stage of passive reach, and the growth rate of online consumption is still several times that of offline consumption. The shift of consumers from "cost-effectiveness" to "quality-price ratio" is enough to reflect the current downturn in the consumer market.

In 2025, Grand Ocean proposed the business theme of "following the trend to

drive both online and offline wheels; responding to the trend and focusing on the retail experience in both directions." All stores are required to adapt to market trends and consumer demands, adhere to the policy of "online traffic, offline experience", and provide consumers with a full range of shopping services. Through the dual-wheel drive of online and offline, we will steadily advance market expansion. At the same time, we will continue to innovate, optimize our brand lineup, and actively introduce emerging business formats and brands to achieve the goal of two-way integration of retail and experience.

Currently, the sluggish trend of China's consumer market has not improved, and consumers are paying more attention to product quality and experience, practicality and value. This places higher demands on physical businesses. In order to meet this challenge, we need to adjust our business philosophy, conduct in-depth research on consumer behavior and psychology, grasp their personalized and diversified needs, and make full use of tools such as big data and AI technology to deepen member management and implement refined management and precision marketing. At the same time, online and offline channels should complement each other, give full play to the role of talents, actively cultivate professional talents, and promote the company's innovation and progress. The following are development strategies for the current situation:

(1) Deeply cultivate online and offline membership management

Grand Ocean has always adhered to the "customer-centric" business philosophy and has accumulated rich membership resources over many years of operation. Through big data and AI technology, we analyze consumers' shopping behaviors and habits, and then implement targeted marketing to meet their personalized and diversified needs, and ultimately achieve precision marketing.

In terms of member management, we conduct data analysis to gain an in-depth understanding of member profiles, and on this basis, we plan a variety of member-only activities, such as member day activities on fixed dates every month, and redemption of high-value points for popular products or services. In addition, traditional offline promotional channels can no longer meet current demand, so it is necessary to promote activities through multiple online and offline channels in advance to attract members to actively participate.

Grand Ocean Boundless Retail Business Department is committed to expanding online sales channels, expanding the scope of online promotions, and actively developing strategic cooperation with mainstream online platforms to make up for the shortcomings of offline sales.

(2) Make every effort to promote investment promotion, adjustment, reform and upgrading

Adjustment, reform and upgrading have become the only way for the retail industry to adapt to consumption changes and cope with competition. In 2025, Grand Ocean will focus on promoting investment promotion for 1000 Trees Phase I and Phase II, Wuhan Grand Ocean Center and Fuzhou Second Store. Accurately position target brands based on factors such as the city's economic level, consumption habits and population structure. For example, Shanghai has diverse and high-end consumption, so it can introduce children's experience formats and fashion sports formats that focus on quality and experience; Wuhan has high consumption vitality, focuses on cost-effectiveness and trends, so it can introduce cost-effective brands, trendy domestic products and Internet celebrity restaurants; Fuzhou's developed business districts need brands with quality assurance and local specialty restaurants. In 2025, our goal is to reduce the vacancy rate to less than 10%, providing strong support for the stable development of the group.

(3) Streamlining administration and improving efficiency

Streamlining administration and staffing is a key measure to improve efficiency, reduce costs, enhance flexibility and service quality, and help build business and adapt to market demand. In 2025, Grand Ocean will further optimize store staffing and strictly control redundant costs. At the same time, we will refine the responsibilities of management levels, comprehensively sort out and optimize the team of management-level cadres, and implement an "upward and downward" assessment mechanism. For departments or individuals that fail to meet the standards, set clear rectification deadlines to comprehensively improve management efficiency.

In addition, based on the successful experience of OA time-limited approval, we will regularly collect employees' feedback on the OA system, optimize problems such as cumbersome processes and long approval times, simplify the approval procedures, shorten response time, and improve overall work efficiency.

(4) Strengthen talent training and improve incentive mechanisms

Grand Ocean will further strengthen talent cultivation, break the conventional employment mechanism, tap employees with special talents and potential, and select talents in an unconventional way. For employees with outstanding performance, regardless of qualifications or academic qualifications, they will be given promotion opportunities or the right to participate in important projects to ensure that talents can maximize their value in suitable positions.

At the same time, we will improve the talent incentive mechanism and deepen the implementation of the target responsibility system for all employees. The system has achieved remarkable results in more than two

years since its implementation. In 2024, despite the impact of the overall environment, only a few stores successfully received bonuses, but this proves that we are willing to give employees more rewards as long as the goals are achieved. In 2025, we will further optimize the assessment system, assign responsibilities specifically to management levels and floors, and strengthen monthly assessments. If the target is not achieved, the group will help analyze the problem and develop improvement strategies; if there is no improvement after assistance, some people will be eliminated.

#### 4、Prospect

The development trend of the consumer market in 2025 will be influenced by the combined influence of technological progress, social changes and economic environment. Specifically, the process of online and offline integration is accelerating, and consumers' requirements for shopping experience are increasing; consumption concepts have shifted from focusing on "cost-effectiveness" to pursuing "quality-price ratio"; and the demand for personalized consumption and emotional consumption has significantly increased. Grand Ocean will closely monitor this trend and actively make targeted adjustments.

In 2024, the retail industry faces two major pressures: weak consumption and consumption diversion. The overall situation is worse than expected, and businesses are generally under great pressure in their operations. At the Central Economic Work Conference held in mid-December, "boosting consumption, improving investment efficiency, and expanding domestic demand in all directions" was listed as the first of the nine tasks to be carried out in 2025, which brought a major turning point for retail development.

China is currently actively activating its domestic financial markets and increasing support for the development of the stock market. There are signs of overseas funds flowing in, which may subsequently create breakthroughs in the economy and boost domestic consumption. Various provinces and cities in China have successively launched large-scale infrastructure projects, including the renovation of old cities and the construction of infrastructure, in order to produce a new and old driving force transformation, which is expected to be of considerable help to the recovery of the domestic consumer market. It is still difficult to judge whether China's consumer market will improve soon, but some of the above favorable signs have appeared, which will stimulate the domestic consumer market.

"The future is bright, but the road is tortuous." Although the retail market is facing difficulties, we firmly believe that the current difficulties are temporary. Grand Ocean should follow the trend and adapt to market trends and consumer demands, continuously improve its business capabilities, actively adjust and upgrade, and optimize resource allocation. By focusing on consumers, improving service quality, and concentrating our efforts on overcoming difficulties, we will surely usher in new development opportunities.

GRAND OCEAN RETAIL GROUP LIMITED

Chairman: GUO JEN HAO



General Manager: NG QING HAI



Accounting Supervisor: LI CHAO



**Topic 2: 2024 Audit Committee Annual Financial Statement**

## Audit Committee Audit Reports

The board has prepared the 2024 business report and consolidated financial statements, wherein the latter ones have been authorized to the KPMG Taiwan accountants Zhang Shu Ying as well as Pan Jun Ming and accomplished; the audit reports are issued here. Business report, consolidated financial statements and loss make-up proposal as above have been checked by the audit committee, and incompatibility is not yet found. Thus Article 14.4 of Securities Exchange Act as well as Article 219 of Company Act of R.O.C. are to be adopted for the report, please be informed.

Sincerely

GRAND OCEAN RETAIL GROUP LIMITED  
2025 Shareholders Meeting

GRAND OCEAN RETAIL GROUP LIMITED



Audit Committee Coordinator: SHER CHING YEE



MAR 28, 2025

**Topic 1: 2024 Business Report and Consolidated Financial Statements**

Board's Proposals

Descriptions:

- I. The board has passed the resolution of the 2024 consolidated financial statements, and authorizes the KPMG Taiwan accountants Zhang Shu ying as well as Pan Jun Ming, to perform the audit, having been fulfilled. Consequently, the consolidated statements will be submitted to the audit committee along with the business report for further check, and the written check report is to be documented.
- II. For the business report, please refer to page 4~9 in this handbook; for the audit report, consolidated income statement, consolidated statement of changes in shareholders' equity, as well as consolidated statement of cash flows, please refer to page 12~28 in this handbook.
- III. Please be informed for recognition.

Resolution:

## Independent Auditors' Report

To the Board of Directors of Grand Ocean Retail Group Ltd.:

### Opinion

We have audited the consolidated financial statements of the Grand Ocean Retail Group Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, 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 ("IFRSs"), International Accounting Standards ("IASs"), 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 audit in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section 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 years ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Impairment of Goodwill and Trademark Rights

Please refer to notes 4(13), 5(2), and 6(7) to the consolidated financial statements for the year ended

December 31, 2024, for the accounting principles on the recognition of impairment of non-financial assets, the accounting estimates and uncertainty of assumptions in assessment of impairment of goodwill and trademark privileges, as well as details of impairment of goodwill and intangible assets, respectively.

Description of key audit matter:

As of December 31, 2024, the carrying amounts of intangible assets 7% of the total assets of the Group. The major part of goodwill and trademark originated from the acquisition of GORG in 2006. In recent years, the Group's retail business has been impacted by the COVID-19 pandemic and the slowing economic growth in mainland China. Profits in the department store sector have not yet returned to pre-pandemic levels, making it a significant challenge to maintain revenue and profitability. Therefore, the goodwill and trademark from the acquisition were affected, and the Group was concerned if the carrying amounts exceeded recoverable amounts of the retailing department. The management of the Group estimated the present value of future cash flow of the retail department in accordance with IAS 36 to confirm the recoverable amount of the aforementioned assets. Given that the estimation of recoverable amounts involved significant judgment by management and was subject to high uncertainty, there was a risk of overestimation in the carrying values of goodwill, trademark, and operational assets of the retailing business. Therefore, we considered the assessment of asset impairment as one of the key audit matters for the audit of the consolidated financial statements.

How the matter was addressed in our audit

**We casted professional doubt on the model that the Group's management used to assess the impairment of goodwill and trademark, including to evaluate whether management had identified cash generating units ("CGU") which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed individual financial assumptions that the management used to assess impairments and relevant supporting documents for recoverable amounts. We verified the reasonableness of the management's assumptions and correctness of the calculation based on the relevant information available. Additionally, we assessed whether the company's historical financial statements performance consistent with its past forecasts to verify the accuracy of management's predictions. Finally, we also examined whether the Group's disclosures regarding the impairment of these assets were appropriate.**

2. Impairment of Assets

Please refer to notes 4(13) and 5(1) to the consolidated financial statements for the year ended December 31, 2024, for the accounting principles on the recognition of impairment of non-financial assets, the accounting estimates and assumptions uncertainty in assessment of impairment of

property, plant and equipment, and right-of-use assets, respectively. Please refer to notes 6(5) and 6(6) to the consolidated financial statements for details of impairment of property, plant and equipment, as well as right-of-use assets, respectively.

Description of key audit matter:

As of December 31, 2024, the carrying amounts of property, plant, and equipment, as well as right-of-use assets, accounted for approximately 70% of the Group's total assets. The retail industry in Mainland China has experienced a decline in profitability due to the impact of the COVID-19 pandemic, and it has not yet fully recovered to pre-pandemic levels. Decreased consumer spending has led to deflation, resulting in fluctuations in property values in Mainland China. This, in turn, has raised concerns about whether the carrying amounts of operating assets exceed their recoverable amounts. The management of the Group estimated the present value of future cash flow of the retail department in accordance with IAS 36 to confirm the recoverable amount of the aforementioned assets. Given that the estimation of recoverable amounts involved significant judgment by management and was subject to high uncertainty, there was a risk of overestimation in the carrying values of operational assets of the retailing business. Therefore, we considered the assessment of asset impairment as one of the key audit matters for the audit of the consolidated financial statements.

How the matter was addressed in our audit

We casted **professional doubt on the model that the Group's management used to assess the impairment of property, plant and equipment, as well as right-of-use assets.** This included **evaluating whether management had identified potential impaired cash generating units ("CGU")** and ensuring that all the assets requiring impairment testing had been included in the assessment. Additionally, we reviewed the individual financial assumptions made by management for impairment assessments, along with the relevant supporting documents for recoverable amounts. **We verified the reasonableness of the management's assumptions and correctness of the calculations based on available information.** Furthermore, we assessed whether the company's **historical financial statements' performance consistent with its past forecasts to verify the accuracy of management's predictions.** Finally, we also examined whether the Group's disclosures regarding the impairment of these assets were appropriate.

**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 IFRSs, IASs, IFRIC, and 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**.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements **as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report** 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 auditor's 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 the 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 of the current period 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 Shu-Ying Chang and Jun-Ming Pan.

KPMG  
Taipei, Taiwan (Republic of China)  
March 28, 2025

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries  
 Consolidated Balance Sheet  
 December 31, 2024, and December 31, 2023  
 (Expressed in Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023		
	Amount	%	Amount	%	
<b>Assets</b>					
<b>Current assets:</b>					
1100	Cash and cash equivalents (Note 6(1))	\$ 831,362	3	1,020,335	4
1110	Financial assets measured at fair value through profit or loss – current (Note 6(2))	12,667	-	11,689	-
1170	Accounts receivable of net amount (Note 6(3))	164,486	1	191,538	1
1200	Other receivables (Note 6(3), (4) and 7)	35,245	-	39,067	-
1300	Inventories – merchandising business	164,513	1	161,085	1
1410	Pre-payments (Note 7)	255,772	1	253,194	1
1476	Other financial assets – current (Note 6(8), 8 and 9)	573,303	2	469,670	2
		<u>2,037,348</u>	<u>8</u>	<u>2,146,578</u>	<u>9</u>
<b>Non-current assets:</b>					
1600	Property, plants and equipment (Note 6(5) and 8)	5,255,621	22	5,333,310	22
1755	Right-of-use asset (Note 6(6), 7 and 8)	11,736,960	48	11,480,102	47
1780	Intangible assets (Note 6(7))	1,673,410	7	1,590,718	7
1840	Deferred tax assets (Note 6(14))	2,827,639	12	2,762,540	11
1980	Other financial assets – non-current (Note 6(8), 7 and 8)	485,908	2	726,101	3
1990	Other non-current assets (Note 6(4), (15) and 7)	198,542	1	197,053	1
		<u>22,178,080</u>	<u>92</u>	<u>22,089,824</u>	<u>91</u>
	<b>Total assets</b>	<b><u>\$ 24,215,428</u></b>	<b><u>100</u></b>	<b><u>24,236,402</u></b>	<b><u>100</u></b>

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

December 31, 2024, and December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
<b>Liabilities and equity</b>				
<b>Current liabilities:</b>				
2100 Short-term loans (Note 6(9) )	\$ 2,539,845	10	2,311,414	10
2171 Accounts payable (Note 6(11) )	1,058,720	4	1,265,324	5
2219 Other payables (Note 6(5), (11), 7 and 9)	1,385,111	6	1,322,492	5
2230 Current tax liabilities	54,223	-	41,489	-
2280 Current lease liabilities (Note 6(12), 7 and 9)	822,209	3	831,093	3
2322 Current portion of long-term borrowings (Note 6(10) )	791,943	3	412,610	2
2399 Other current liabilities	10,571	-	10,049	-
	<u>6,662,622</u>	<u>26</u>	<u>6,194,471</u>	<u>25</u>
<b>Non-current liabilities:</b>				
2541 Long-term loans of bank (Note 6(10) )	39,342	-	763,434	3
2570 Deferred tax liabilities (Note 6(14) )	2,272,332	10	2,217,897	10
2580 Non-current lease liabilities (Note 6(12) and 7)	9,864,050	42	9,416,852	40
2645 Deposit received	590,775	2	570,947	2
	<u>12,766,499</u>	<u>54</u>	<u>12,969,130</u>	<u>55</u>
<b>Total liabilities:</b>	<u>19,429,121</u>	<u>80</u>	<u>19,163,601</u>	<u>80</u>
<b>Equity of owner of parent company (Note 6(15) ):</b>				
3100 Share capital	1,955,310	8	1,955,310	8
3200 Capital surplus	4,168,363	17	5,075,485	21
3310 Legal reserve	-	-	580,244	2
3320 Special reserve	-	-	596,630	2
3350 Unappropriated retained earnings	(511,891)	(2)	(2,083,996)	(9)
3400 Other equity	(825,475)	(3)	(1,050,872)	(4)
<b>Total equity</b>	<u>4,786,307</u>	<u>20</u>	<u>5,072,801</u>	<u>20</u>
<b>Total liabilities and equity</b>	<u>\$ 24,215,428</u>	<u>100</u>	<u>24,236,402</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries  
 Consolidated Balance Sheet  
 December 31, 2024, and December 31, 2023  
 (Expressed in Thousands of Chinese Yuan Renminbi)

	December 31, 2024		December 31, 2023		
	Amount	%	Amount	%	
<b>Assets</b>					
<b>Current assets:</b>					
1100	Cash and cash equivalents	\$ 182,283	3	235,322	4
1110	Financial assets measured at fair value through profit or loss – current	2,777	-	2,696	-
1170	Accounts receivable of net amount	36,065	1	44,174	1
1200	Other receivables	7,728	-	9,010	-
1300	Inventories – merchandising business	36,071	1	37,151	1
1410	Pre-payments	56,080	1	58,394	1
1476	Other financial assets – current	125,702	2	108,321	2
		<u>446,706</u>	<u>8</u>	<u>495,068</u>	<u>9</u>
<b>Non-current assets:</b>					
1600	Property, plants and equipment	1,152,341	22	1,230,030	22
1755	Right-of-use asset	2,573,432	48	2,647,676	47
1780	Intangible assets	366,910	7	366,870	7
1840	Deferred tax assets	619,985	12	637,129	11
1980	Other financial assets – non-current	106,539	2	167,462	3
1990	Other non-current assets	43,531	1	45,446	1
		<u>4,862,738</u>	<u>92</u>	<u>5,094,613</u>	<u>91</u>
	<b>Total assets</b>	<b><u>\$ 5,309,444</u></b>	<b><u>100</u></b>	<b><u>5,589,681</u></b>	<b><u>100</u></b>

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

December 31, 2024, and December 31, 2023

(Expressed in Thousands of Chinese Yuan Renminbi)

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
<b>Liabilities and equity</b>				
<b>Current liabilities:</b>				
2100 Short-term loans	\$ 556,883	10	533,085	10
2171 Accounts payable	232,134	4	291,824	5
2219 Other payables	303,699	6	305,009	5
2230 Current tax liabilities	11,889	-	9,569	-
2280 Current lease liabilities	180,276	3	191,676	3
2322 Current portion of long-term borrowings	173,640	3	95,161	2
2399 Other current liabilities	2,318	-	2,318	-
	<u>1,460,839</u>	<u>26</u>	<u>1,428,642</u>	<u>25</u>
<b>Non-current liabilities:</b>				
2541 Long-term loans of bank	8,626	-	176,072	3
2570 Deferred tax liabilities	498,229	10	511,517	10
2580 Non-current lease liabilities	2,162,780	42	2,171,825	40
2645 Deposit received	129,533	2	131,678	2
	<u>2,799,168</u>	<u>54</u>	<u>2,991,092</u>	<u>55</u>
<b>Total liabilities:</b>	<u>4,260,007</u>	<u>80</u>	<u>4,419,734</u>	<u>80</u>
<b>Equity of owner of parent company:</b>				
3100 Share capital	492,105	9	492,105	9
3200 Capital surplus	728,494	14	1,020,044	18
3310 Legal reserve	-	-	121,053	2
3320 Special reserve	-	-	129,560	2
3350 Unappropriated retained earnings	(115,305)	(2)	(542,163)	(10)
3400 Other equity	(55,857)	(1)	(50,652)	(1)
<b>Total equity</b>	<u>1,049,437</u>	<u>20</u>	<u>1,169,947</u>	<u>20</u>
<b>Total liabilities and equity</b>	<u>\$ 5,309,444</u>	<u>100</u>	<u>5,589,681</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

**GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries**  
**Consolidated Income Statement**  
**For the years ended December 31, 2024 and 2023**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
4000 <b>Operating revenues (Note 6(17) and 7)</b>	\$ 3,234,915	100	3,820,133	100
5000 <b>Operating costs</b>	485,303	15	641,318	17
<b>Gross profit</b>	2,749,612	85	3,178,815	83
6000 <b>Operating expenses (Note 6(5), (6), (7), (12), (13), 7 and 9)</b>	2,840,617	88	3,408,826	89
6450 <b>Expected credit loss (Note 6(3))</b>	30,273	1	10,054	-
	<u>2,870,890</u>	<u>89</u>	<u>3,418,880</u>	<u>89</u>
<b>Operating loss</b>	<u>(121,278)</u>	<u>(4)</u>	<u>(240,065)</u>	<u>(6)</u>
<b>Non-operating income and expenses:</b>				
7100 Total interest income (Note 6(19))	34,434	1	27,598	1
7010 Other revenues (Note 6(19))	17,184	1	15,020	-
7020 Other gains and losses (Note 6(5), (6), (7), (19) and 9)	284,096	8	(828,787)	(22)
7050 Financial costs (Note 6(12), (19) and 7)	(662,011)	(20)	(688,683)	(18)
7055 Expected credit loss (Note 6(20))	-	-	(131,608)	(3)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(4))	-	-	(15,074)	-
	<u>(326,297)</u>	<u>(10)</u>	<u>(1,621,534)</u>	<u>(42)</u>
7900 <b>Loss before tax</b>	<u>(447,575)</u>	<u>(14)</u>	<u>(1,861,599)</u>	<u>(48)</u>
7950 <b>Deduction: income tax expenses (Note 6(14))</b>	64,316	2	222,397	6
<b>Current net loss</b>	<u>(511,891)</u>	<u>(16)</u>	<u>(2,083,996)</u>	<u>(54)</u>
8300 <b>Other comprehensive income:</b>				
8360 <b>Items that may be re-classified subsequently to profit or loss (Note 6(4) and (15))</b>				
8361 Exchange difference on translation of foreign operations	225,397	7	(98,275)	(3)
8370 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	(176)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Sum of items that may be re-classified subsequently to profit or loss</b>	<u>225,397</u>	<u>7</u>	<u>(98,451)</u>	<u>(3)</u>
8300 <b>Other comprehensive income (loss)</b>	<u>225,397</u>	<u>7</u>	<u>(98,451)</u>	<u>(3)</u>
<b>Comprehensive income</b>	<u>\$ (286,494)</u>	<u>(9)</u>	<u>(2,182,447)</u>	<u>(57)</u>
<b>Net loss, attributable to:</b>				
8610 Owners of parent	<u>\$ (511,891)</u>	<u>(16)</u>	<u>(2,083,996)</u>	<u>(54)</u>
<b>Comprehensive income (loss) attributable to:</b>				
8710 Owners of parent	<u>\$ (286,494)</u>	<u>(9)</u>	<u>(2,182,447)</u>	<u>(57)</u>
<b>Loss per share (Note 6(16))</b>				
9750 Basic loss per share (NT dollars)	<u>\$ (2.62)</u>		<u>(10.66)</u>	

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries  
**Consolidated Income Statement**  
For the years ended December 31, 2024 and 2023  
(Expressed in Thousands of Chinese Yuan Renminbi, Except for Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
4000 <b>Operating revenues</b>	\$ 728,667	100	863,713	100
5000 <b>Operating costs</b>	109,315	15	144,999	17
<b>Gross profit</b>	619,352	85	718,714	83
6000 <b>Operating expenses</b>	639,851	88	770,719	89
6450 <b>Expected credit loss</b>	6,819	1	2,273	-
	646,670	89	772,992	89
<b>Operating loss</b>	(27,318)	(4)	(54,278)	(6)
<b>Non-operating income and expenses:</b>				
7100 Total interest income	7,756	1	6,240	1
7010 Other revenues	3,871	1	3,396	-
7020 Other gains and losses	63,992	8	(187,384)	(22)
7050 Financial costs	(149,119)	(20)	(155,708)	(18)
7055 Expected credit loss	-	-	(29,756)	(3)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method, net	-	-	(3,408)	-
	(73,500)	(10)	(366,620)	(42)
7900 <b>Loss before tax</b>	(100,818)	(14)	(420,898)	(48)
7950 <b>Deduction: income tax expenses</b>	14,487	2	50,283	6
<b>Current net loss</b>	(115,305)	(16)	(471,181)	(54)
8300 <b>Other comprehensive income:</b>				
8360 <b>Items that may be re-classified subsequently to profit or loss</b>				
8361 Exchange difference on translation of foreign operations	(5,205)	(1)	(4,914)	(1)
8370 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	117	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Sum of items that may be re-classified subsequently to profit or loss</b>	(5,205)	(1)	(4,797)	(1)
8300 <b>Other comprehensive income (loss)</b>	(5,205)	(1)	(4,797)	(1)
<b>Comprehensive income</b>	\$ (120,510)	(17)	(475,978)	(55)
<b>Net loss, attributable to:</b>				
8610 Owners of parent	\$ (115,305)	(16)	(471,181)	(54)
<b>Comprehensive income (loss) attributable to:</b>				
8710 Owners of parent	\$ (120,510)	(17)	(475,978)	(55)
<b>Loss per share</b>				
9750 Basic loss per share (RMB)	\$ (0.59)		(2.41)	

See accompanying notes to consolidated financial statements.

**GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Owner's equity				Other equity		Attributed to parent company total equity	Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Sum		
<b>Balance at January 1, 2023</b>	\$ 1,955,310	5,075,485	580,244	992,593	(395,963)	1,176,874	(952,421)	7,255,248
Current net loss	-	-	-	-	(2,083,996)	(2,083,996)	-	(2,083,996)
Current other comprehensive income	-	-	-	-	-	-	(98,451)	(98,451)
Current total comprehensive income	-	-	-	-	(2,083,996)	(2,083,996)	(98,451)	(2,182,447)
Appropriation and distribution of retained earnings:								
Reversal of special reserve	-	-	-	(40,171)	40,171	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(355,792)	355,792	-	-	-
<b>Balance at December 31, 2023</b>	1,955,310	5,075,485	580,244	596,630	(2,083,996)	(907,122)	(1,050,872)	5,072,801
Current net loss	-	-	-	-	(511,891)	(511,891)	-	(511,891)
Current other comprehensive income	-	-	-	-	-	-	225,397	225,397
Current total comprehensive income	-	-	-	-	(511,891)	(511,891)	225,397	(286,494)
Appropriation and distribution of retained earnings:								
Legal reserve used to offset accumulated deficits	-	-	(580,244)	-	580,244	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(596,630)	596,630	-	-	-
Changes in other capital surplus:								
Capital surplus used to offset accumulated deficits	-	(907,122)	-	-	907,122	907,122	-	-
<b>Balance at December 31, 2024</b>	\$ 1,955,310	4,168,363	-	-	(511,891)	(511,891)	(825,475)	4,786,307

See accompanying notes to consolidated financial statements.

**GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Thousands of Chinese Yuan Renminbi)**

	Owner's equity					Other equity		Attributed to parent company total equity	Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Sum		
<b>Balance at January 1, 2023</b>	\$ 492,105	1,020,044	121,053	221,735	(163,157)	(45,855)	1,79,631	1,645,925	1,645,925
Current net loss	-	-	-	-	(471,181)	-	(4,797)	(471,181)	(471,181)
Current other comprehensive income	-	-	-	-	-	(4,797)	-	(4,797)	(4,797)
Current total comprehensive income	-	-	-	-	-	(4,797)	-	(4,797)	(4,797)
Appropriation and distribution of retained earnings:									
Reversal of special reserve	-	-	-	(9,351)	9,351	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(82,824)	82,824	-	-	-	-
<b>Balance at December 31, 2023</b>	492,105	1,020,044	121,053	129,560	(542,163)	(50,652)	(291,550)	1,169,947	1,169,947
Current net loss	-	-	-	-	(115,305)	-	(5,205)	(115,305)	(115,305)
Current other comprehensive income	-	-	-	-	-	(5,205)	-	(5,205)	(5,205)
Current total comprehensive income	-	-	-	-	(115,305)	(5,205)	-	(120,510)	(120,510)
Appropriation and distribution of retained earnings:									
Legal reserve used to offset accumulated deficits	-	-	(121,053)	-	121,053	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(129,560)	129,560	-	-	-	-
Changes in other capital surplus:									
Capital surplus used to offset accumulated deficits	-	(291,550)	-	-	291,550	-	291,550	-	-
<b>Balance at December 31, 2024</b>	\$ 492,105	728,494	-	-	(115,305)	(55,857)	(115,305)	1,049,437	1,049,437

See accompanying notes to consolidated financial statements.

**GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries**
**Consolidated Statement of Cash Flows**
**For the years ended December 31, 2024 and 2023**
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
(Loss) profit before tax	\$ (447,575)	(1,861,599)
Adjusting events:		
Income and expenses		
Depreciation expense	1,533,978	1,548,213
Amortization expense	2,257	3,172
Expected credit loss	30,273	141,662
Net gain on financial assets or liabilities at fair value through profit or loss	(1,968)	(9,189)
Interest expense	662,011	688,683
Interest income	(34,434)	(27,598)
Share of profit (loss) of associates accounted for using equity method	-	15,074
Loss on disposal of property, plant and equipment	528	783
Gain on disposal of investments	-	(5,113)
Impairment loss on non-financial assets	-	1,068,499
Rent concession	-	174,470
Lease modification benefits	-	(495,197)
Compensation gain on store closures and lawsuit	(205,460)	-
Total adjustments to reconcile profit (loss)	<u>1,987,185</u>	<u>3,103,459</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit	1,783	66,394
Accounts receivable	5,730	49,984
Other receivables	22,547	19,893
Inventories	4,796	54,726
Prepayments	10,281	(11,261)
Sum of net variance of assets concern operating activities	<u>45,137</u>	<u>179,736</u>
Changes in operating liabilities:		
Accounts payable	(264,994)	326,377
Other payables	(100,520)	258,835
Other current liabilities	(2)	(32)
Sum of net variance of liabilities concern operating activities	<u>(365,516)</u>	<u>585,180</u>
Sum of net variance of assets and liabilities concern operating activities	<u>(320,379)</u>	<u>764,916</u>
<b>Total adjustments</b>	<u>1,666,806</u>	<u>3,868,375</u>
Cash inflow generated from operations	1,219,231	2,006,776
Interest received	17,523	10,723
Interest paid	(641,202)	(687,115)
Income taxes paid	(37,146)	(79,330)
<b>Cash inflow from operating activities</b>	<u>558,406</u>	<u>1,251,054</u>

**GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries**
**Consolidated Statement of Cash Flows**
**For the years ended December 31, 2024 and 2023**
**(Expressed in Thousands of New Taiwan Dollars)**

	2024	2023
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments using the equity method	-	(12,658)
Proceeds from disposal of investments using the equity method	8,524	12,641
Acquisition of property, plant and equipment	(97,125)	(264,913)
Proceeds from disposal of property, plant and equipment	75	321
Decrease (increase) in refundable deposits	1,867	(45,527)
Acquisition of intangible assets	(469)	(1,348)
Decrease (increase) in other financial assets	191,554	(902,073)
Decrease in other non-current assets	-	16,295
<b>Net cash flows used in investing activities</b>	<b>104,426</b>	<b>(1,197,262)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	89,538	523,140
Lease from long-term loans	-	451,922
Payments for long-term loans	(409,378)	(900,289)
(Decrease) increase in deposit received	(9,528)	1,577
Increase in Other payables	289,039	140,252
Payment of lease liabilities	(863,019)	(876,424)
<b>Net cash flows used in financing activities</b>	<b>(903,348)</b>	<b>(659,822)</b>
Effect of exchange rate changes on cash and cash equivalents	51,543	(13,119)
<b>Net decrease in cash and cash equivalents</b>	<b>(188,973)</b>	<b>(619,149)</b>
Cash and cash equivalents at beginning of period	1,020,335	1,639,484
<b>Cash and cash equivalents at end of period</b>	<b>\$ 831,362</b>	<b>1,020,335</b>

See accompanying notes to consolidated financial statements.

**GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries**
**Consolidated Statement of Cash Flows**
**For the years ended December 31, 2024 and 2023**
**(Expressed in Thousands of Chinese Yuan Renminbi)**

	2024	2023
<b>Cash flows from operating activities</b>		
(Loss) profit before tax	\$ (100,818)	(420,898)
Adjusting events:		
Income and expenses		
Depreciation expense	345,530	350,043
Amortization expense	508	717
Expected credit loss	6,819	32,029
Net gain on financial assets or liabilities at fair value through profit or loss	(443)	(2,078)
Interest expense	149,119	155,708
Interest income	(7,756)	(6,240)
Share of profit (loss) of associates accounted for using equity method	-	3,408
Loss on disposal of property, plant and equipment	119	177
Gain on disposal of investments	-	(1,156)
Impairment loss on non-financial assets	-	241,582
Rent concession	-	39,447
Lease modification benefits	-	(111,962)
Compensation gain on store closures and lawsuit	(46,280)	-
Total adjustments to reconcile profit (loss)	<u>447,616</u>	<u>701,675</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit	402	15,011
Accounts receivable	1,291	11,301
Other receivables	5,079	4,498
Inventories	1,080	12,373
Prepayments	2,316	(2,546)
Sum of net variance of assets concern operating activities	<u>10,168</u>	<u>40,637</u>
Changes in operating liabilities:		
Accounts payable	(59,690)	73,792
Other payables	(22,643)	58,521
Other current liabilities	-	(7)
Sum of net variance of liabilities concern operating activities	<u>(82,333)</u>	<u>132,306</u>
Sum of net variance of assets and liabilities concern operating activities	<u>(72,165)</u>	<u>172,943</u>
<b>Total adjustments</b>	<u>375,451</u>	<u>874,618</u>
Cash inflow generated from operations	274,633	453,720
Interest received	3,947	2,424
Interest paid	(144,431)	(155,353)
Income taxes paid	(8,367)	(17,936)
<b>Cash inflow from operating activities</b>	<u>125,782</u>	<u>282,855</u>

**GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Thousands of Chinese Yuan Renminbi)**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments using the equity method	-	(2,862)
Proceeds from disposal of investments using the equity method	1,920	2,960
Acquisition of property, plant and equipment	(21,877)	(59,895)
Proceeds from disposal of property, plant and equipment	17	73
Decrease (increase) in refundable deposits	421	(10,293)
Acquisition of intangible assets	(106)	(305)
Decrease (increase) in other financial assets	43,148	(203,954)
Decrease in other non-current assets	-	3,684
<b>Net cash flows used in investing activities</b>	<u>23,523</u>	<u>(270,592)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	20,169	118,279
Lease from long-term loans	-	102,177
Payments for long-term loans	(92,213)	(203,551)
(Decrease) increase in deposit received	(2,146)	357
Increase in other payables	65,106	31,710
Payment of lease liabilities	(194,396)	(198,155)
<b>Net cash flows used in financing activities</b>	<u>(203,480)</u>	<u>(149,183)</u>
Effect of exchange rate changes on cash and cash equivalents	1,136	309
Net decrease in cash and cash equivalents	(53,039)	(136,611)
Cash and cash equivalents at beginning of period	235,322	371,933
Cash and cash equivalents at end of period	<u>\$ 182,283</u>	<u>235,322</u>

See accompanying notes to consolidated financial statements.

Topic 2: 2024 Loss Recovery Statement

Board's Proposals

Descriptions:

- I. Net loss after tax of the company in 2024 is NT\$ 511,891,205, which is proposed offsetting of losses with special surplus reserve , statutory surplus reserves and capital reserves. The Loss Recovery Statement is as follows:

GRAND OCEAN RETAIL GROUP LIMITED

2024 Loss Recovery Statement

Currency: NTD

<b>Retained earnings at the beginning of the period</b>	<b>0</b>
Deduction : Net loss after tax for the period	511,891,205
Addition : Reverse special surplus reserve	-
<b>Deficit at the end of the period</b>	<b>(511,891,205)</b>
<b>Deferred items</b>	
Offsetting losses with special surplus reserves	-
Offsetting losses with statutory surplus reserves	-
Offsetting losses with capital reserves	511,891,205
<b>Retained earnings at the end of the period (Appropriated)</b>	<b>0</b>

Chairman:

GUO JEN HAO



General Manager:

NG QING HAI



Accounting Supervisor:

Li Chao



- II. Management assessed that the economic prosperity has not yet recovered in China and the company continues to suffer losses and needs to retain working capital, it plans not to distribute dividends in 2024.
- III. Please be informed for recognition.

Resolution:

**Topic 1: Amendment to Certain Articles of “Articles of Incorporation”**

Board's Proposals

## Descriptions:

- I. In response to the amendment of laws and regulations and the company's practical operations, it is proposed to amend the certain articles of "Articles of Incorporation" of incorporation.
- II. Please refer to Page 31~37 of the handbook for comparison table of the articles.

## Resolution:

**Comparison Chart of the “Articles of Incorporation” of Incorporation of  
Grand Ocean Retail Group Limited**

Articles No.	Amended and Restated Articles of Association (Proposed Revision)	Amended and Restated Articles of Association (Original)	Explanations
1.	<u>“Share Swap” as defined in the Business Mergers and Acquisitions Act of the ROC and rules and regulations promulgated thereunder;</u>	Newly added article.	Revised per paragraph 5, Article 4 of the Business Mergers and Acquisitions Act.
8(d)	<u>The Board or such person(s) authorised by these Articles to convene a general meeting of shareholders of the Company shall have the right to inspect and/or obtain a copy of the register of members of the Company (whether branch and/or principal) upon written request to the Company and the Company (including the Company’s share registrar or transfer agent) shall comply with such written request within five days of receipt of such written request.</u>	Newly added article.	Revised per Article 210-1 of the Company Act.
21(a)	(a) Subject to and in so far as permitted by the provisions of the Statute, the Company may from time to time by Special Resolution alter or amend its Memorandum of Association to : (i) increase the share capital by such sum to be divided into shares of such amount and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine.	(a) Subject to and in so far as permitted by the provisions of the Statute, the Company may from time to time by Special Resolution alter or amend its Memorandum of Association to : (i) increase the share capital by such sum to be divided into shares of such amount <u>or without nominal or par value</u> as the resolution shall prescribe and with such	Revised per paragraph 5 and 6, Article 156-1 of the Company Act.

Articles No.	Amended and Restated Articles of Association (Proposed Revision)	Amended and Restated Articles of Association (Original)	Explanations
	<p>(ii) consolidate any of its share capital into shares of larger amount than its existing shares;</p> <p>(iii) subdivide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association; or</p> <p>(iv) cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person;</p> <p>provided that any share(s) issued by the Company without any par or nominal value shall not by any means be converted or re-designated into share(s) with par or nominal value <u>and any share(s) issued by the Company with par or nominal value shall also not by any means be converted or re-designated into share(s) without par or nominal value.</u></p>	<p>rights, priorities and privileges annexed thereto, as the Company in general meeting may determine.</p> <p>(ii)consolidate any of its share capital into shares of larger amount than its existing shares;</p> <p>(iii)subdivide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association <u>or into shares without nominal or par value;</u> or</p> <p>(iv)cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person;</p> <p>provided that any share(s) issued by the Company without any par or nominal value shall not by any means be converted or re-designated into share(s) with par or nominal value and.</p>	
27(e)	<p>In the event that the Board do not or is unable to convene a general meeting of shareholders, the Audit Committee may, for the benefit of the Company, convene a meeting of shareholders when it is deemed necessary.</p>	<p>In the event that the Board do not or is unable to convene a general meeting of shareholders, <u>the supervisor (if any) or the Independent Director of Audit Committee</u> may, for the benefit of the Company, convene a meeting of shareholders when it is deemed necessary.</p>	<p>Revised per Article 5 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.</p>

Articles No.	Amended and Restated Articles of Association (Proposed Revision)	Amended and Restated Articles of Association (Original)	Explanations
32(a)	<p>For as long as the Company's shares are listed on the Designated Stock Market, the Board shall prepare a manual setting out the agenda of a general meeting of Members (including all the subjects and matters to be resolved at the meeting), and shall make public announcement(s) by uploading the content of the manual any other supplemental information to an electronic database designated by the Designated Stock Market at least twenty-one (21) days prior to a general annual meeting and at least fifteen (15) days prior to an extraordinary annual meeting. Such manual shall be distributed to the Members attending the general meeting in person, by proxy or by corporate representative(s) (where the Member is a corporation) at the general meeting. In the case that the Company's paid-in capital at of the end of the most recent fiscal year exceeds NT\$<u>2</u> billion or at the last general meeting held in the current recent fiscal year, the total shareholding ratio of foreign capital and mainland capital recorded in the Register of Member was more than thirty percent (30%), the manual shall be distributed to the Members</p>	<p>For as long as the Company's shares are listed on the Designated Stock Market, the Board shall prepare a manual setting out the agenda of a general meeting of Members (including all the subjects and matters to be resolved at the meeting), and shall make public announcement(s) by uploading the content of the manual any other supplemental information to an electronic database designated by the Designated Stock Market at least twenty-one (21) days prior to a general annual meeting and at least fifteen (15) days prior to an extraordinary annual meeting. Such manual shall be distributed to the Members attending the general meeting in person, by proxy or by corporate representative(s) (where the Member is a corporation) at the general meeting. In the case that the Company's paid-in capital at of the end of the most recent fiscal year exceeds NT\$<u>10</u> billion or at the last general meeting held in the current recent fiscal year, the total shareholding ratio of foreign capital and</p>	<p>Revised per Article 6 of the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies.</p>

Articles No.	Amended and Restated Articles of Association (Proposed Revision)	Amended and Restated Articles of Association (Original)	Explanations
	by electronic form at least thirty (30) days prior to a general meeting.	mainland capital recorded in the Register of Member was more than thirty percent (30%), the manual shall be distributed to the Members by electronic form at least thirty (30) days prior to a general meeting.	
34(e)	any dissolution, voluntary winding-up, <u>Share Swap</u> , merger, consolidation, amalgamation or split-up of the Company;	any dissolution, voluntary winding-up, merger, consolidation, amalgamation or split-up of the Company;	Revised per Article 172 of the Company Act.
47(5)	Subject to any additional and applicable requirements under the Statute and without prejudice to Article 47B, the following matters require approval of the Members by way of a Special Resolution: (5) any <u>dissolution</u> , merger, consolidation, amalgamation, split-off or a splitting of the Company;	Subject to any additional and applicable requirements under the Statute and without prejudice to Article 47B, the following matters require approval of the Members by way of a Special Resolution: (5) any merger, consolidation, amalgamation, split-off or a splitting of the Company;	Revised per Article 316 of the Company Act.
68	For as long as the Company's shares are listed on the Designated Stock Market, subject to the Applicable Law, any Director (not including Independent Director), who, during his or her term of office and in one or more transactions, deals with Shares so held by him/her and results in such Director (not including Independent Director) ceases to hold more than fifty percent (50%) of the total Shares then	For as long as the Company's shares are listed on the Designated Stock Market, subject to the Applicable Law, any Director (not including Independent Director) <u>or supervisor (if any)</u> , who, during his or her term of office and in one or more transactions, deals with Shares so held by him/her and results in such Director (not including Independent Director) <u>or supervisor (as</u>	Revised per Article 5 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.

Articles No.	Amended and Restated Articles of Association (Proposed Revision)	Amended and Restated Articles of Association (Original)	Explanations
	<p>held by such Director (not including Independent Director) at the time of his or her appointment or election as Director (not including Independent Director) at a general meeting (the "Approval Time"), such Director (not including Independent Director) shall immediately resign or otherwise be removed or vacated from his/her office.</p> <p>For as long as the Company's shares are listed on the Designated Stock Market, subject to the Applicable Law, if any person deals with Shares so held by him/her in or more transactions and results in such person ceases to hold more than fifty percent (50%) of the Shares held by him or her at the Approval Time either (i) during the period from the Approval Time to the commencement date of his or her office as Director (not including Independent Director), or (ii) during the period when the Register is closed for transfer of Shares prior to the general meeting at which the appointment or election of such person as a Director (not including Independent Director) will be proposed, his or her appointment or election as Director shall not take effect.</p>	<p><u>the case may be</u> ceases to hold more than fifty percent (50%) of the total Shares then held by such Director (not including Independent Director) <u>or supervisor (as the case may be)</u> at the time of his or her appointment or election as Director (not including Independent Director) <u>or supervisor (as the case may be)</u> at a general meeting (the "Approval Time"), such Director (not including Independent Director) <u>or supervisor (as the case may be)</u> shall immediately resign or otherwise be removed or vacated from his/her office.</p> <p>For as long as the Company's shares are listed on the Designated Stock Market, subject to the Applicable Law, if any person deals with Shares so held by him/her in or more transactions and results in such person ceases to hold more than fifty percent (50%) of the Shares held by him or her at the Approval Time either (i) during the period from the Approval Time to the commencement date of his or her office as Director (not including Independent Director) <u>or supervisor (if</u></p>	

Articles No.	Amended and Restated Articles of Association (Proposed Revision)	Amended and Restated Articles of Association (Original)	Explanations
		<p><u>any</u>), or (ii) during the period when the Register is closed for transfer of Shares prior to the general meeting at which the appointment or election of such person as a Director (not including Independent Director) <u>or supervisor (if any)</u> will be proposed, his or her appointment or election as Director <u>or supervisor (if any)</u> shall not take effect.</p>	
125	<p>Where a Director is or may be in breach of his duties and subject to and if permitted by Applicable Law, one or more Member(s) of the Company holding one-percent (1%) or more of the total number of the outstanding voting shares of the Company continuously for a period of six (6) months or more may request the Audit Committee, if permitted by Applicable Law, to institute a lawsuit against such Director(s) on behalf of the Company in a competent court having jurisdiction, including, if applicable, the Taipei District Court as the court of first instance. Where the Audit Committee fails to institute a lawsuit against the Director(s) within thirty (30) days of receipt of such request from the Member(s), such one or more Member(s) of the Company holding one-percent (1%) or</p>	<p>Where a Director is or may be in breach of his duties and subject to and if permitted by Applicable Law, one or more Member(s) of the Company holding one-percent (1%) or more of the total number of the outstanding voting shares of the Company continuously for a period of six (6) months or more may request <u>a member of the</u> Audit Committee, if permitted by Applicable Law, to institute a lawsuit against such Director(s) on behalf of the Company in a competent court having jurisdiction, including, if applicable, the Taipei District Court as the court of first instance. Where <u>a member of the</u> Audit Committee fails to institute a lawsuit against the Director(s) within thirty (30) days of receipt of such</p>	<p>Revised per Article 5 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.</p>

Articles No.	Amended and Restated Articles of Association (Proposed Revision)	Amended and Restated Articles of Association (Original)	Explanations
	<p>more of the total number of the outstanding voting shares of the Company continuously for a period of six (6) months or more, subject to and if permitted by Applicable Law, may initiate a lawsuit against the Director(s) on behalf of the Company in a competent court having jurisdiction, including, if applicable the Taipei District Court as the court of first instance.</p>	<p>request from the Member(s), such one or more Member(s) of the Company holding one-percent (1%) or more of the total number of the outstanding voting shares of the Company continuously for a period of six (6) months or more, subject to and if permitted by Applicable Law, may initiate a lawsuit against the Director(s) on behalf of the Company in a competent court having jurisdiction, including, if applicable the Taipei District Court as the court of first instance.</p>	

**Topic 2 : Proposal to remove the non-compete restriction on elected directors**

Board's Proposal

Description:

- I. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall in the Board as explain to the Shareholders Meeting the essential content of such an act and secure approval.
- II. When directors of our Company serve in the management of, invest in, or operate other companies with business scopes identical or similar to that of our company, it is necessary to seek permission from the shareholders' meeting to lift the restriction on competition prohibition for our Company's directors and their representatives, in accordance with th law.
- III. The explanation for the removal of the directors' concurrent positions is as follows :

Title	Company Name
Director : KUO,JEN HAO	YUNG FU CO.,LTD/Director ; Pro brand Technology (TW) Inc./Director

Resolution:



## **Extraordinary Motions**

## **Adjournment**

## **Appendix**

### **Appendix I: Articles of Incorporation**

TENTH AMENDED AND RESTATED MEMORANDUM

AND

NINTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

**GRAND OCEAN RETAIL GROUP LIMITED**

Incorporated on the 23rd day of August, 2006  
(adopted pursuant to special resolutions of the shareholders  
of the Company passed on the 15 day of June, 2023)

INCORPORATED IN THE CAYMAN ISLANDS

THE COMPANIES LAW (2013 Revision)  
Company Limited by Shares

TENTH AMENDED AND RESTATED MEMORANDUM  
OF ASSOCIATION

OF

**GRAND OCEAN RETAIL GROUP LIMITED**

(adopted pursuant to special resolutions of the shareholders  
of the Company passed on the 15 day of June, 2023)

1. The name of the Company is GRAND OCEAN RETAIL GROUP LIMITED
2. The Registered Office of the Company shall be at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands or at such other place as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and shall include, but without limitation, the following:
  - (a) (i) To carry on the business of an investment company and to act as promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, merchants, brokers, traders, dealers, agents, importers and exporters and to undertake and carry on and execute all kinds of investment, financial, commercial, mercantile, trading and other operations.
  - (ii) To carry on whether as principals, agents or otherwise howsoever the business of realtors, developers, consultants, estate agents or managers, builders, contractors, engineers, manufacturers, dealers in or vendors of all types of property including services.
  - (b) To exercise and enforce all rights and powers conferred by or incidental to the ownership of any shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof, to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit.
  - (c) To purchase or otherwise acquire, to sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of and deal with real and personal property and rights of all kinds and, in particular, mortgages, debentures, produce, concessions, options, contracts, patents, annuities, licences, stocks, shares, bonds, policies, book debts, business concerns, undertakings, claims, privileges and choses in action of all kinds.

- (d) To subscribe for, conditionally or unconditionally, to underwrite, issue on commission or otherwise, take, hold, deal in and convert stocks, shares and securities of all kinds and to enter into partnership or into any arrangement for sharing profits, reciprocal concessions or cooperation with any, person or company and to promote and aid in promoting, to constitute, form or organize any company syndicate or partnership of any kind, for the purpose of acquiring and undertaking and property and liabilities of the Company or of advancing, directly or indirectly, the object of the Company or for any other purpose which the Company may think expedient.
- (e) To stand surety for or to guarantee, support or secure the performance of all or any of the obligations of any person, firm or company whether or not related to or a Subsidiary of the Company in any manner and whether by personal covenant or by mortgage, charge or lien upon the whole or any part of the undertaking, property and assets of the Company, both present and future, including its uncalled capital or by any such method and whether or not the Company shall receive valuable consideration thereof.
- (f) To engage in or carry on any other lawful trade, business or enterprise which may at any time appear to the Directors of the Company capable of being conveniently carried on in conjunction with any of the aforementioned businesses or activities or which may appear to the Directors or the Company likely to be profitable to the Company.

In the interpretation of this Memorandum of Association in general and of this Clause 3 in particular no object, business or power specified or mentioned shall be limited or restricted by reference to or inference from any other object, business or power, or the name of the Company, or by the juxtaposition of two or more objects, businesses or powers and that, in the event of any ambiguity in this clause or elsewhere in this Memorandum of Association, the same shall be resolved by such interpretation and construction as will widen and enlarge and not restrict the objects, businesses and powers of and exercisable by the Company.

4. Except as prohibited or limited by the Companies Law(2013 Revision), the Company shall have full power and authority to carry out any object and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, the power to make any alterations or amendments to this Memorandum of Association and the Articles of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and 7the power to do any of the following acts or things, viz: to pay all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any other jurisdiction; to sell, lease or dispose of any property of the Company; to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to

distribute assets in specie to Members of the Company; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance and to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be conveniently or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the business aforesaid PROVIDED THAT the Company shall only carry on the businesses for which a license is required under the laws of the Cayman Islands when so licensed under the terms of such laws.

5. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
6. The share capital of the Company is NT\$5,000,000,000 divided into 500,000,000 shares of a nominal or par value of NT\$10 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law(2013 Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained PROVIDED ALWAYS that, notwithstanding any provision to the contrary contained in this Memorandum of association, the Company shall have no power to issue bearer shares, warrants, coupons or certificates.
7. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 193 of the Companies Law (2023 Revision) and, subject to the provisions of the Companies Law (2023 Revision) and the Articles of Association, it shall have the 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.

We, the undersigned, are desirous of being formed into a Company pursuant to this Memorandum of Association and the Companies Law (2023 Revision), and we hereby agree to take the numbers of shares set opposite our name below.

Signature, Name, Occupation, and Address Of Subscriber	Number of Shares Taken by Each Subscriber
<p>For and on behalf of  Offshore Incorporations (Cayman) Limited  Corporation  Of Scotia Centre, 4<sup>th</sup> Floor, P.O. Box 2804  George Town, Grand Cayman  Cayman Islands</p> <p>.....  (Sd.)Authorised Signatory</p>	<p>ONE</p>

DATED 23 AUG 2006

WITNESS to the above signature

(Sd.) **Toni Rombough**  
Of Scotia Centre, 4<sup>th</sup> Floor, P.O. Box 2804  
George Town, Grand Cayman  
Cayman Islands

I, **JOY A. RANKINE Asst.** Registrar of Companies in and for the Cayman Islands. DO  
HEREBY CERTIFY that is a true copy of the Memorandum of Association of this Company  
duly incorporated on the

REGISTRAR OF COMPANIES(SD.)

THE COMPANIES ACT (AS REVISED)  
Company Limited by Shares

TENTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION

(adopted pursuant to a special resolution of the shareholders

of the Company passed on the 15 day of June, 2023)

OF

**GRAND OCEAN RETAIL GROUP LIMITED**

1. In these Articles Table A in the Schedule to the Statute does not apply and, unless there be' something in the subject or context inconsistent therewith,

"Acquisition"	means any company acquiring shares, business or assets of another company in exchange for shares, cash or other assets under the Business Mergers and Acquisitions Act of ROC, the Company Act of ROC, the Securities and Exchange Act of ROC, the Financial Institutions Merger Act of ROC or the Financial Holding Act of the ROC;
"Articles"	means the Articles as originally framed or as from time to time altered by Special Resolution.
"Applicable Law"	means the laws of the ROC, the rules of the Designated Stock Market, the Statute or such other rules or legislation applicable to the Company.
"Approved Stock Exchange"	means a stock exchange listed in the Fourth Schedule to the Statute.
"Audit Committee"	means the audit committee of the Company formed by the Board pursuant to Article 120 hereof, or any successor audit committee.
"Commission"	means the Financial Supervisory Commission of the ROC or any other authority for the time being administering the ROC SEA.
"Company"	means the above named Company.
"Compensation Committee"	means the compensation committee formed by the Board pursuant to Article 89(f) hereof.
"Cumulative Voting"	means the voting mechanism for an election of Directors as described in Article 67.

"Debenture"	means debenture stock, mortgages, bonds and any other such securities of the Company whether constituting a charge on the assets of the Company or not.
"Designated Stock Market"	means the Taiwan Stock Exchange Corporation.
"Board"	means the board of directors appointed or elected pursuant to these Articles and acting at a meeting of directors at which there is a quorum in accordance with these Articles.
"Directors"	means the directors for the time being of the Company.
"Dividend"	includes bonus.
"Family Relationship within Second Degree of Kinship"	in respect of a person, means another person who is related to the first person either by blood or by marriage of a member of the family and within the second degree to include but not limited to the parents, siblings, grandparents, children and grandchildren of the person as well as spouse's parents, siblings and grandparent.
"Independent Directors"	as defined in the Securities and Exchange Act of the ROC and rules and regulations promulgated thereunder;
"Joint Operation Contract"	a contract between the Company and one or more person(s) or entit(ies) where the parties to the contract agree to pursue the same business venture and jointly bear losses and enjoy profits arising out of such business venture in accordance with the terms of such contract.
"Lease Contract"	means a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) lease or rent from the Company the necessary means and assets to operate a material or substantial part of the business of the Company in the name of such person and for the benefits of such person, and as consideration, the Company receives a pre-determined compensation from such person.
"Legal Reserves"	means the designated reserve allocated from profits of the Company in accordance with the Applicable Law.

"Litigious or Non-Litigious Agent (訴訟或非訟代理人)"	means a person appointed by the Company pursuant to the Applicable Law as the Company's responsible person in the ROC (本公司於中華民國境內之負責人).
"Management Contract"	means a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) manage and operate the business of the Company in the name of the Company and for the benefits of the Company, and as consideration, such person(s) received a pre-determined compensation while the Company continues to be entitled to the profits (or losses) of such business.
"Member"	shall bear the meaning as ascribed to it in the Statute.
"Month"	means calendar month.
"NTD"	New Taiwan Dollars
"Ordinary Resolution"	means a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company of which a quorum is present by a majority of more than one-half of the votes cast by such Members as, being entitled so to do, vote in person, or in the case of any Member being a corporation, by its duly authorised representative, or where proxies are allowed, by proxy;
"Paid-up"	means paid-up and/or credited as paid-up.
"Registered Office"	means the registered office for the time being of the Company.
"Retained Earnings"	means profits of the Company including but not limited to sums allocated to the Legal Reserves, Special Reserves, and unappropriated earnings.
"ROC"	means the Republic of China.
"ROC SEA"	means the Securities and Exchange Act of the ROC as amended and every statutory modification or re-enactment thereof for the time being in force.
"Seal"	means the common seal of the Company and includes every duplicate seal.
"Secretary"	includes an Assistant Secretary and any person appointed to perform the duties of Secretary of the Company.

"Share"	includes a fraction of a share.
"Special Reserves"	means the reserve allocated from profits of the Company in accordance with the Applicable Law, or resolutions of shareholders meetings.
"Special Resolution"	means a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company of which a quorum is present by a majority of at least two-thirds of the vote cast by such Member as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which the quorum is present, specifying (without prejudice to the power contained in these Articles to amend the same) the intention to propose the resolution as a special resolution.
"Statute"	means the Companies Act of the Cayman Islands (As Revised), as amended and every statutory modification or re-enactment thereof for the time being in force.
"Subsidiary"	any other person or entity that directly, or indirectly through one or more intermediaries, is controlled by, or is under common control with the Company. For the purposes of this definition, "control" (including the terms "controlling", "controlled by" and "under common control with"), shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of the Company, whether through ownership of voting securities, by contract, agency or otherwise;
"Treasury Shares"	means Shares that were previously issued but were purchased, redeemed, otherwise acquired by or surrendered to the Company which are held by the Company and not cancelled.
"Written" and In Writing"	include all modes of representing or reproducing words in visible form.

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

Words importing the masculine gender only include the feminine gender.

Words importing persons only include corporations.

Section 8 and 19(3) of the Electronic Transactions Act (As Revised) shall not apply to the extent that it imposes obligations or requirements in addition to those set out.

A reference to a meeting: shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all purposes of the Statute and these Articles, and attend, participate, attending, participating, attendance and participation shall be construed accordingly;

References to a person's participation in the business of a general meeting include without limitation and as relevant the right (including, in the case of a corporation, through a duly authorised representative) to speak or communicate, vote, be represented by a proxy and have access in hard copy or electronic form to all documents which are required by the Statute or these Articles to be made available at the meeting, and participate and participating in the business of a general meeting shall be construed accordingly; and

References to electronic facilities include, without limitation, website addresses, webinars, webcast, video or any form of conference call systems to the extent that permitted by Applicable Law and do not conflict with or contravene the laws of the Cayman Islands.

2. The business of the Company may be commenced as soon after incorporation as the Directors shall see fit, notwithstanding that part only of the shares may have been allotted.
- 2B. When conducting its 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.
3. The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company including the expenses of registration.

### **CERTIFICATES FOR SHARES**

4. Shares of the Company may be issued in uncertificated/scripless form. If shares are issued in certificated forms, certificates representing shares of the Company shall be in such form as shall be determined by the Directors. Such certificates may be under Seal. All certificates for shares shall be consecutively numbered or otherwise identified and shall specify the shares to which they relate. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered in the register of Members of the Company. All certificates surrendered to the Company for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled. The Directors may authorize certificated to be issued with the seal and authorised signature(s) affixed by some method or system of mechanical process.
5. Notwithstanding Article 4 of these Articles, if a share certificate be defaced, lost or destroyed, it may be renewed on payment of a fee of one dollar (US\$1.00) or such less sum and on such terms (if any) as to evidence and indemnity and the payment

of the expenses incurred by the Company in investigating evidence, as the Directors may prescribe.

6. Share certificates may not be issued in bearer form.

## **ISSUE OF SHARES**

7. (a) Subject to the requirements of these Articles and Applicable Law, the issuance of shares or securities shall be at the disposal of the Board of Directors provided that the issuance must be approved by a majority vote cast at a meeting of the Board with two-thirds (2/3) or more of the total number of Directors present and where shares carrying any deferred, additional or special rights are proposed to be issued, such issuance shall require the approval of the Members in accordance with Article 7(b) below. Subject to the foregoing, the Board may offer, allot, grant options over, or otherwise dispose of them to such persons, on such terms and conditions as the Directors may in their absolute discretion determine, but so that no share shall be issued at a discount, except in accordance with the provisions of the Statute.
- (b) Subject to these Articles and to any resolution of the Members to the contrary, the rules of the Designated Stock Market, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, where the Board proposes to issue any share that carry any deferred, additional or special rights (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of such shares), such issuance shall be subject to the prior approval of the Members by way of Special Resolution and the Members may by Special Resolutions approve the issuance of any share with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise, provided that no share shall be issued at a discount except in accordance with the Statute; and , the Memorandum and these Articles shall thereupon be amended with the sanction of a Special Resolution to stipulate the rights, benefit and restriction of any such preferred or deferred shares and the authorised number of the preferred or deferred shares.
- (c) Subject to these Articles and the rules of the Designated Stock Market, where the Board proposes to issue any shares to the employees of the Company and/or its Subsidiaries with deferred rights or subject to restrictions (whether contractual or otherwise) in accordance with the terms of their issue, such issuance shall be subject to the prior approval of the Members by way of Special Resolution. The amount, price and terms of any such restricted shares shall be determined in accordance with the Applicable Law.
- (d) Where any subscriber proposes to purchase shares of the Company, the Company shall require such subscriber to pay in full the subscription price prior to the allotment and issue of any new share of the Company.
- (e) Where a subscriber failed to make payment for the shares subscribed by such subscriber on or before the payment date determined by the Company, the Company shall fix a period of not less than one month and call upon each subscriber to pay up, declaring that in case of default of payment within the

stipulated period their subscription rights shall be forfeited and cancelled. After the Company have made the aforesaid call, the subscribers who failed to pay accordingly shall have their subscription rights forfeited and cancelled. Under the aforesaid circumstances, compensation for loss or damage, if any, may still be claimed against such defaulting subscribers.

8. (a) The Company shall maintain a register of its Members which may be kept outside the Cayman Islands at such place as the Directors shall approve and every Member shall be entitled, without payment, to a certificate of the Company specifying the share or shares held by him and the amount paid up thereon within thirty (30) days from the date that the name of Member is entered in the Register of Members in respect of such shares acquired by such Member, issue share certificates in accordance with these Articles and deliver the share certificates to the Members, unless the shares of the Company are issued in scripless form. In respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all. The Company shall publicly announce in the manner permitted by Applicable Law the time and procedure for Members to collect their share certificates. Where the shares are issued in scripless form and where applicable, the Company shall procure and instruct the relevant depository or clearing house to make the necessary book entries to reflect the entitlement of the relevant Member in accordance with the Applicable Law.
  - (b) The Board may cause to be kept in any country or territory one or more branch registers of such category or categories of members as the Board may determine from time to time and any branch register shall be deemed to be part of the Company's register of members. Where a branch register is kept, the Company shall cause to be kept at the place where the principal register of members of the Company is kept a duplicate of any branch register duly entered up from time to time within twenty-one (21) days (or within such other time period required under the Law) after establishing such branch register or making changes to the details recorded in the branch register.
  - (c) Any register maintained by the Company in respect of listed shares, which are defined as the shares of the Company traded or listed on an Approved Stock Exchange, may be kept by recording the particulars set out in section 40 (as amended from time to time) of the Statute in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the relevant Approved Stock Exchange provided that if a listed shares register is maintained, the Company must also maintain, in respect of any shares of the Company which are not listed shares, a separate register of members in accordance with section 40 (as amended from time to time) of the Statute.
9. Notwithstanding any other provision in these Articles, all shares of the Company must be fully paid for or credited as fully paid up upon issue.

## **TRANSFEEF OF SHARES**

10. All transfers of shares which are in certificated form may be effected by transfer in writing in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid up, by or on behalf of the transferee. Without prejudice to the last preceding Article, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers.
11. Any transfer in respect of shares of the Company which are traded or listed on an Approved Stock Exchange may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the relevant Approved Stock Exchange that are or shall be applicable to such shares of the Company which are traded or listed on such an Approved Stock Exchange. .
12. The registration of transfers may be suspended at such time in accordance with Article 22, or otherwise for such periods as the Directors may from time to time determine appropriate subject to the requirements of the Articles and the Applicable Laws.

## **REDEEMABLE SHARES AND PURCHASE OF SHARES**

13. Subject to the compliance with the Applicable Law,
  - (a) Subject to the provisions of the Statute and the Memorandum of Association, shares may be issued on the terms that they are, or at the option of the Company or the holder are, to be redeemed on such terms and in such manner as the Company, before the issue of the shares, may by Special Resolution determine.
  - (b) Subject to the Statute, these Articles and, where applicable, the rules of the Designated Stock Market and/or any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares, including a purchase of shares in connection with Article 62 or paragraph (c) below and to accept the surrender of its fully paid up shares without consideration. Unless a purchase is made in connection with Article 62 (other than a purchase that involves a pro rata purchase and cancellation of shares of the Company among all the Members which shall also be subject to approval by way of Ordinary Resolution under Article 13(h)), any purchase by the Company of its shares listed in the Designated Stock Market shall be approved by consent of majority of the Directors present at the meeting attended by two-thirds (2/3) or more of the total number of Directors, and the relevant board resolution approving the purchase and execution thereof by the Company (or lack thereof) shall be reported in the following general meeting of the Members.. The Company may make payments in respect of the purchase of its shares out of capital or out of any other account or fund legally available in accordance with the Statute.

- (c) Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) may be cancelled immediately or held as Treasury Shares in accordance with the Statute and on such terms and conditions as determined by the Directors. In the event that the Directors do not resolve that the relevant shares are to be held as Treasury Shares, such shares shall be cancelled.
- (d) No dividend may be declared or paid, and no other distribution (whether in cash, shares, bonus issue or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up) may be declared or paid in respect of a Treasury Share.
- (e) The Company shall be entered in the Register as the holder of the Treasury Shares provided that:
  - (i) 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;
  - (ii) any 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.
  - (iii) subject to other provisions in these Articles, Treasury Shares may be disposed of, transferred or cancelled by the Company on such terms and conditions as determined by the Directors.
- (f) Without prejudice to the generality of Article 13(e)(iii) and subject to compliance with the Statute, the Company may transfer the Treasury Shares to the employees of the Company and/or of the Company's Subsidiary(ies), and the Board may impose a lock-up period restricting the transfer of any Treasury Shares transferred to the employees pursuant to this Article 13(f) for a term of up to two (2) years, provided, however, if the Company shall transfer the Treasury Shares to the employees of the Company and/or of the Company's Subsidiary(ies) for a consideration that is less than the consideration paid by the Company, such transfer of Treasury Shares is subject to approval by the Members by way of a Special Resolution passed at a general meeting of the Members, and the following matters shall be specified with reasonable explanation in the notice of such general meeting of the Members:
  - (i) consideration receivable by the Company for the disposal of the Treasury Shares and the applicable discount rate as determined by reference to the consideration paid by the Company as well as calculation basis and an assessment of the reasonableness thereof;
  - (ii) number of Treasury Shares subject to the transfer, purpose of the transfer and an assessment of the reasonableness thereof;

- (iii) qualification requirements of employee(s) eligible to purchase such Treasury Shares and the number of Treasury Shares to be purchased by such employee(s); and
- (iv) effects on the share capital, share premium and profits and loss of the Company, including the amount to be booked as expenses of the Company relating to the transfer, the dilution effect on the Company's per share earning, and any adverse effect on the Company's financial circumstances that may be caused by disposing the Treasury Shares for a consideration that is less than the consideration paid by the Company.

The foregoing matters shall not be discussed or submitted for voting or proposed for discussion or approval at a general meeting unless they have been included in the notice of such general meeting.

- (g) The aggregate number of Treasury Shares to be purchased by the employees of the Company and/or of the Company's Subsidiary(ies) pursuant to approvals obtained at one or more general meetings of the Members under paragraph (f) may not, whether in a single or series of transaction(s), exceed five percent (5%) of the total issued shares of the Company at any time, and the total cumulative amount of shares purchased by any single employee may not, in a single or series of transaction(s), exceed 0.5% of the Company's total number of issued shares at any time.
- (h) Subject to the Statute, these Articles and, where applicable, the rules of the Designated Stock Market and/or any competent regulatory authority, the Company may by Ordinary Resolution authorize and approve a repurchase of its own shares from all of the Members, provided that
  - (i) The number of shares to be repurchased pursuant to a repurchase of Shares described in this Article 13 (h) shall be pro-rata among the Members in proportion to the number of shares held by each such Member and all repurchased shares shall be cancelled;
  - (ii) In connection with a repurchase of shares, the Company may make payments in respect of the repurchased shares either in cash or in kind out of any account or funds legally available therefor. The value and amount of any payment in kind shall be determined and approved at the general meeting of the Members and consented to by the Members receiving such payment in kind in writing as consideration for the repurchased shares, and the Board shall have a ROC certified public accountant issue an appraisal and/or audit report in respect of the value and amount of the payment in kind as consideration prior to the general meeting.

Subject to compliance with the above, any approval granted by the Members in accordance with this Article 13(h) shall be binding on each and every Member(s) irrespective of whether such Member was a Member at the time that such approval was granted or whether such Member had abstained from voting, voted for or against such resolution at the general meeting approving such repurchase of shares of the Company and no further transfer document(s) shall be required from any Member whose shares are subject to the repurchase to effect the transfer of the repurchased shares to the Company for cancellation and/or for

7implementation of the repurchase of shares authorized in accordance with this Article 13(h), save and except where the repurchase price is payable in kind then the written consent of the relevant Member receiving such payment in kind shall be required.

- (i) Subject to Applicable Law and the requirements of these Articles, the Company may, by a majority vote cast at a meeting of the Board at which two thirds (2/3) or more of the total number of Directors are present, grant such number of employee stock options, and set forth the terms of employee stock option issuance and exercise plan. Employee stock options may be granted to the employees of the Company and/or of the Company's Subsidiary(ies) in accordance with the Applicable Law. A total of [10,000,000] shares among the authorised shares of the Company should be reserved for issuing shares upon an exercise of the employee stock options. An employee stock option shall not be transferrable, except through transfer by inheritance or intestacy.

### **VARIATION OF RIGHTS OF SHARES**

14. (a) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a Special Resolution passed at a general meeting of the holders of the shares of that class.
- (b) The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class of shares.
- 15 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.

### **NON-RECOGNITION OF TRUSTS**

16. No person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

### **REGISTRATION OF EMPOWERING INSTRUMENTS**

17. The Company shall be entitled to charge a fee not exceeding one dollar (US\$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

## **TRANSMISSION OF SHARES**

18. In case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any shares which had been held by him solely or jointly with other persons.
19.
  - (a) Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer )may, upon such evidence being produced as may from time to time be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to make such transfer of the share to such other person nominated by him as the deceased or bankrupt person could have made and to have such person registered as the transferee thereof, but the Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy as the case may be.
  - (b) If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
20. A person becoming entitled to a share in certificated form by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer ) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company PROVIDED HOWEVER that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

## **AMENDMENT OF MEMORANDUM OF ASSOCIATION, CHANGE OF LOCATION OF REGISTERED OFFICE & ALTERATION OF CAPITAL**

21.
  - (a) Subject to and in so far as permitted by the provisions of the Statute, the Company may from time to time by Special Resolution alter or amend its Memorandum of Association to :
    - (i) increase the share capital by such sum to be divided into shares of such amount or without nominal or par value as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine.
    - (ii) consolidate any of its share capital into shares of larger amount than its existing shares;
    - (iii) subdivide its existing shares or any of them into shares of smaller amount than

is fixed by the Memorandum of Association or into shares without nominal or par value; or

(iv)cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person;

provided that any share(s) issued by the Company without any par or nominal value shall not by any means be converted or re-designated into share(s) with par or nominal value.

(b)All new shares created hereunder shall be subject to the same provisions with reference to the same provisions as the shares in the original share capital.

(c) Subject to the provisions of the Statute, the Company may by Special Resolution change its name or alter its objects.

(d)Subject to the provisions of the Statute, the Company may by Special Resolution reduce its share capital (including cancellation of issued shares) or any capital redemption reserve fund in any manner permitted by the Statute. Where a reduction of issued share capital is to be effected by way of cancellation of issued shares, the number of issued shares to be cancelled against each Member's shareholding shall be determined on a pro rata basis based on the total number of issued shares held by such Member relative to the total number of issued shares.

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

#### **CLOSING REGISTER OF MEMBERS OF FIXING RECORD DATE**

22. The Register of Members shall be closed for sixty (60) days prior to the date the annual general meeting is scheduled to convene and thirty (30) days prior to the date the extraordinary general meeting is scheduled to convene. For the purpose of determining Members entitled to notice of or to vote at any such annual or extraordinary general meeting of Members or any adjournment thereof, the Directors of the Company are entitled to fix a record date by reference to the proposed date of such annual or extraordinary general meeting of Members.

23. For the purpose of determining the Members entitled to receive payment of any dividend or distribution, the Register of Members shall be closed for five (5) days prior to the date of the declaration of such dividend or distribution in accordance with Article 111. Subject to the requirements of these Articles, Members whose names are recorded in the Register of Members upon commencement of the above closure period shall be entitled to receive payment of any dividend or distribution, whichever the case may be.

#### **PRE-EMPTIVE RIGHTS OF EXISTING MEMBERS**

24. Unless waived by an Ordinary Resolution of Members, the Company shall, when conducting any share offering other than an issuance of shares resulting from or in connection with any merger, consolidation, split-off, amalgamation, asset acquisition, group reorganisation, share swap, share subdivision, exercise of share options, warrants or awards granted to employees, conversion of convertible securities or debt instruments or pursuant to resolutions of the Board passed conditionally or unconditionally before the date these Articles became effective, subject to the Employees Pre-emptive Rights (if any), grant to the Members pre-emptive rights (the "Members Pre-emptive Rights") to subscribe for new shares of the Company in

proportion respectively to their then shareholdings and advise Members, by public announcement in such manner as may be permitted by the Applicable Law and give notice to the Members of their pre-emptive rights. The Company may, if so resolved by the Board, grant to the employees (the "Employees Pre-emptive Rights") of the Company and/or of the Company's Subsidiary(ies) pre-emptive rights to subscribe for 10% to 15% of the total number of shares offered in the abovementioned share offering and the Members Pre-emptive Rights shall be made subject to the Employees Pre-emptive Rights; provided, however, that the Board may impose a lock-up period restricting the transfer of any shares subscribed by the Employees pursuant to this Article 26 for a term of up to two (2) years.

25. The Company shall include in its notice to the Members an explanation relating to the share offering and procedures as to how their pre-emptive rights may be exercised, and shall specify the terms and conditions (as determined by the Board in its absolute discretion) in accordance with which the Members may exercise their pre-emptive rights. The Company shall also indicate in the notice that Members' failure to exercise their pre-emptive right in the manner so specified (including failing to exercise pre-emptive rights prior to the deadline) shall be deemed a waiver to such right. Where an exercise of the pre-emptive rights may result in fractional entitlement, the fractional entitlements of two or more Members may be aggregated to jointly subscribe for one or more whole new shares in the name of a single Member, subject to compliance with such discretions and terms and conditions as determined by the Board. Any share not taken up in the share offering may be offered by the Company to the public or for subscription by designated person(s).
26. When the Company conducts a share offering other than issuance of shares resulting from or in connection with any merger, consolidation, split-off, amalgamation, asset acquisition, group reorganisation, share swap, share subdivision, exercise of share options, warrants or awards granted to employees, conversion of convertible securities or debt instruments within the ROC in accordance with the ROC Securities Exchange Act and the ROC Regulations Governing the Offering and Issuance of Securities by Foreign Securities Issuer, unless the ROC competent authority deems the public offering of the new shares unnecessary or inappropriate, ten percent (10%) or any greater percentage as resolved by the Members at a general meeting (if any) of the total number of new shares to be issued shall be made available for public investors by way of public offering within the ROC in accordance with Applicable Law.

## **GENERAL MEETING**

- 27 (a) The Company shall in each year hold a general meeting as its annual general meeting no later than six (6) months after the close of each fiscal year. General meetings other than annual general meetings shall be called extraordinary general meetings.
- (b) General meetings of the Company can be convened by means of electronic facilities, visual communication network or other methods promulgated by the central competent authority which permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. The visual communication network shall be subject to the prerequisites, procedures, and other compliance matters set by the competent authority of the Company Act of the ROC to the extent that they do not conflict with or contravene the laws of the

Cayman Islands. Participation in such a meeting shall constitute presence in person at such meeting.

- (c) In addition to sub-paragraphs (d) and (e) below and Article 29, general meetings of the Company shall be convened by the Board and may be held at such time and place (unless the meeting is to be held electronically without any physical place of meeting) as may be determined the Board. Such meeting shall be convened in the ROC, and may be convened outside the territory of the ROC only if an application has been submitted to the Designated Stock Market for approval within two (2) days after the date of the Board resolve to convene such meeting, and such approval has been obtained by the Company.
- (d) One or more Member(s) holding fifty percent (50%) or more of the total number of the outstanding voting shares of the Company continuously for a period of three months or a longer time may convene an extraordinary general meeting of the Company. The calculation of the holding period and number of shares being held shall be determined in accordance with the Register of Members of the Company as of the date and time when the Register of Members of the Company is closed for transfer of shares of the Company before the aforesaid extraordinary general meeting of the Company is held.
- (e) In the event that the Board do not or is unable to convene a general meeting of shareholders, the supervisor (if any) or the Independent Director of Audit Committee may, for the benefit of the Company, convene a meeting of shareholders when it is deemed necessary.
- (f) The Board or other authorized conveners of general meeting may require the Company or its agent of stock affairs to provide with the Register of Members.
- (g) When a general meeting is convened outside the territory of the ROC, the Company shall appoint an agent of stock affairs within the ROC to administer and handle affairs relating to voting by Members at such general meeting.
- (h) To the maximum extent permitted under the laws of the Cayman Islands and the Statute, the Members may, by Special Resolution, adopt or amend any rules and procedures, including the Procedural Rules of General Meeting of Members governing the general meeting of the Members. In the event of any inconsistency between the main content of these Articles and the Procedural Rules of General Meeting of Members, the Articles shall prevail to the extent required by any Applicable Law.

28. One or more Member(s) holding three percent (3%) or more of the total number of the outstanding voting shares of the Company continuously for a period of one (1) year or more, by filing with the Company a written proposal setting forth therein the subjects for discussion, consideration and approval and the reasons thereof, shall be entitled to request the Board to convene an extraordinary general meeting of the Company.

29. If the Board does not within fifteen (15) days after receiving the request duly proceed to call an extraordinary general meeting, the Member(s) making such request may convene an extraordinary general meeting by sending out a notice of general meeting in accordance with Article 30. The Board will not be required to prepare the manual referred to in Article 32 where a general meeting is convened by Member(s) according to this Article 29. Such meeting shall be held within the ROC and may be convened outside the territory of the ROC only if an application has been submitted to the Designated Stock Market for approval and such approval has been obtained. Subject to the aforesaid, a general meeting convened as aforesaid by requisitionists

shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Directors.

### **NOTICE OF GENERAL MEETINGS**

30. At least thirty (30) days' notice of an annual general meeting and fifteen (15) days' notice for an extraordinary meeting (exclusive of the day on which the notice is dispatched, and the day on which the meeting is to be held) shall be given to each Member entitled to attend and vote thereat, stating the date, place (save for a meeting which is to be held entirely electronically without any physical place of meeting) and time at which the meeting is to be held and, as far as practicable, the other business to be conducted at the meeting. If a general meeting is to be held by way of electronic facilities, visual communication network or other methods promulgated by the competent authority of the Company Act of the ROC in whole or in part, the notice of general meeting shall include a statement to such effect and with details of the electronic facilities, visual communication network or other methods promulgated by the central competent authority to be provided for attendance and participation by such means at such meeting or in any event, such details shall be made available by the Company prior to the meeting.
31. (a) Any notice or document, whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the register of Members or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the notice being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website or the website of the Designated Stock Exchange. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the register of Members and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.
- (b) Any notice shall be deemed to have been served at the time when the same would be delivered in the ordinary course of transmission and, in proving such service, it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted, and the time when it was posted, delivered to the courier or to the cable company or transmitted by telex, facsimile, electronic mail, or such other method as the case may be.
- (c) Notwithstanding anything to the contrary, for as long as the Company's shares are listed on the Designated Stock Market, any requirement with respect to Notice, including the manners and means of which such notice is sent, shall be in compliance with the Applicable Law and the rules of the Designated Stock Market.
- (d) The accidental omission to give notice of a general meeting to, or the non-receipt

of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.

- (e) A notice may be given by the Company to person or persons which the Company has been advised are entitled to a share or shares in consequence of the death or bankruptcy of a Member by sending it through the post as aforesaid in a pre-paid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
- (f) Notice of every general meeting shall be given in any manner hereinbefore authorised to:
  - (i) every person shown as a Member in the register of Members as of 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.
  - (ii) 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 of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting; and
- (e) No other person shall be entitled to receive notices of general meetings.

## **MANUAL AND PROPOSAL FOR DISCUSSION**

- 32. (a) For as long as the Company's shares are listed on the Designated Stock Market, the Board shall prepare a manual setting out the agenda of a general meeting of Members (including all the subjects and matters to be resolved at the meeting), and shall make public announcement(s) by uploading the content of the manual any other supplemental information to an electronic database designated by the Designated Stock Market at least twenty-one (21) days prior to a general annual meeting and at least fifteen (15) days prior to an extraordinary annual meeting. Such manual shall be distributed to the Members attending the general meeting in person, by proxy or by corporate representative(s) (where the Member is a corporation) at the general meeting. In the case that the Company's paid-in capital at the end of the most recent fiscal year exceeds NT\$10 billion or at the last general meeting held in the current recent fiscal year, the total shareholding ratio of foreign capital and mainland capital recorded in the Register of Member was more than thirty percent (30%), the manual shall be distributed to the Members by electronic form at least thirty (30) days prior to a general meeting.
- (b) For as long as the Company's shares are listed on the Designated Stock Market, the Board shall prepare, and make public announcement(s) the notice of the general meeting, proxy instrument, matters for discussion, and where applicable, information relating to the election or removal of directors, by uploading such information to an electronic database designated by the Designated Stock Market at least thirty (30) days prior to a general annual meeting and at least fifteen (15) days prior to an extraordinary annual meeting. Where the Board has resolved to allow Members to exercise their voting power and cast their votes by a written instrument approved by the Board in accordance with Article 55, the Company shall distribute the above information together with the written instrument approved by the Board to the Members.

33. Any Member holding not less than one percent (1%) of the Company's total and outstanding shares may submit a proposal in writing or by way of electronic transmission to the Company for discussion at an annual general meeting. The Company shall give a public notice in such manner as permitted by Applicable Law deemed appropriate by the Board specifying the place and a period of not less than ten (10) days for Members to submit proposals or the electronic address where any electronic communication is to be sent. Unless (i) the proposal is submitted by such Member(s) who hold(s) less than one percent (1%) of the Company's total and outstanding shares; (ii) the proposal consists of a matter which as determined by the Directors is not a matter which can be resolved or settled at a general meeting of the Members in accordance with or under the Applicable Laws; (iii) the proposal exceeded three hundred words or relates to more than one matter; or (iv) the proposal is submitted after expiration of the specified period determined by the Board, Board shall include the proposal in the list of proposals to be discussed at the meeting of shareholders. If the shareholder proposal is for urging the Company to promote public interests or fulfill its social responsibilities, such proposal may still be included in the list of proposals to be discussed at the meeting of shareholders by the Board notwithstanding that it falls within aforesaid items (i), (ii) (iii) or (iv). Subject to Article 34 and to the extent permitted under the Statute, a Member may, if so approved by the chairman of the relevant general meeting, bring forward any matter(s) during a general meeting for the consideration, discussion or approval by the Members at such general meeting, provided such matter(s) falls within the scope and directly relates to a matter included in the notice of general meeting.
34. Subject to these Articles, the following matters may not be considered, discussed or proposed for approval at a general meeting unless they have been included in the notice of general meeting with reasonable amount of explanation, and its essential contents may be posted on the website designated by the competent authority or the Company, and such website shall be indicated in the notice.
- (a) any election or removal of Directors;
  - (b) any amendment or modification to the Memorandum of Association or these Articles, including any change of the Company name;
  - (c) reduction of capital;
  - (d) application for the approval to cease its status as a public company;
  - (e) any dissolution, voluntary winding-up, merger, consolidation, amalgamation or split-up of the Company;
  - (f) any proposal for the Company to enter into, amend, or terminate any Lease Contract, Management Contract or Joint Operation Contract;
  - (g) transfer whole or any substantial part of the Company's business or assets;
  - (h) acquisition of whole of the business or assets of a third-party, which materially affects the operation of the Company;
  - (i) any issuance of equity-linked securities of the Company by way of private placement;
  - (j) to the extent permitted by Applicable Law, any proposal to approve a Director to engage in competitive activities with the Company;
  - (k) upon recommendation of the Board, any proposal to distribute cash and/or stock dividends or distributions out of surplus in whole or in part by way of issuance of new shares of the Company;
  - (l) distribution of amounts, by issuing new shares or by cash, in the legal reserve and the capital reserve derived from share premium or donations received by the Company;

- (m) transfer of Treasury Shares to the employees of the Company and/or of the Company's Subsidiary(ies) for a consideration that is less than the consideration paid by the Company in accordance with Article 13(f);
- (n) issuance of any shares of the Company with deferred rights or subject to restrictions (whether contractual or otherwise) in accordance with the terms of their issue to the employees of the Company and/or its Subsidiaries; and
- (o) granting of employee stock options with an exercise price per share that is lower than the closing price of shares of the Company traded on the Taiwan Stock Exchange as of the grant date.

### **PROCEEDINGS AT GENERAL MEETINGS**

- 35. (a) Save as herein otherwise provided (in particular, Article 47) and subject to any additional requirements provided for under these Articles, one or more Members holding in the aggregate more than one-half (1/2) of the total issued share capital of the Company present in person or by proxy and entitled to vote shall be a quorum for convening a general meeting. If the Company shall at any time have only one Member, one Member present in person or by proxy shall form a quorum for the transaction of business at any general meeting of the Company held during such time.
  - (b) No business shall be transacted at any general meeting unless a quorum of Members is present at the time that the meeting proceeds to business. If a quorum of Members is not present at the commencement time of a general meeting, the chairman of the general meeting may postpone the commencement time of the general meeting not more than twice provided that the total postponement time shall not exceed one hour from the original commencement time. If after two postponements the number of shares represented by the attending Members has not yet constitute more than one-half (1/2) of the total issued shares, the chairman shall announce the dissolution of the Meeting.
- 36. (a) The Chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company, or if there is no such Chairman, or if he shall not be present, the Directors present shall elect one of their number to be chairman of the meeting.
  - (b) If at any general meeting no Director is willing to act as chairman or if no Director is present, the Members present shall choose one of their number to be chairman of the meeting.
- 37. The Members may resolve to adjourn the meeting within five days in accordance with Article 182 of the ROC Company Act.
  - 38. The agenda of the general meeting shall be set by the Board of Directors if it is convened by the Board of Directors. Unless otherwise resolved at the general meeting, a general meeting shall proceed in accordance with the agenda. Unless otherwise resolved at the general meeting, or in exceptional cases, when there are incidents that temporarily prevent the normal progress of the general meeting, the chairman may decide to temporarily suspend the meeting and announce, depending on the situation, the time that the meeting will resume, the chairman cannot announce adjournment of the meeting before all items listed in the agenda are resolved. In

case that the chairman adjourns the general meeting in violation of the Procedural Rules of General Meeting of Members, other members of the Board of Directors shall promptly assist the attending Members to elect, by a majority of votes represented by attending Members present in the Meeting, another person to serve as the chairman to continue the meeting in accordance with due procedures.

39. Resolutions made at a general meeting shall be compiled in the form of minutes. The chairman shall affix his/her signature or seal to the minutes, which shall be issued to Members within twenty (20) days after the end of the meeting. Minutes may be produced and issued to Members in electronic form. For as long as the Company's shares are listed on the Designated Stock Market, the minutes may be issued to Members by means of a public notice in accordance with the Applicable Law.

### **VOTES OF MEMBERS**

40. A resolution shall be voted on by way of a poll. Subject to the provisions of the Statute and these Articles, any question proposed for the consideration of the Members at any general meeting shall be decided by way of an Ordinary Resolution, unless such question proposed is required to be decided by a Special Resolution or a resolution of Members with a higher approval threshold pursuant to the provisions of these Articles or the Statute.
41. The Company shall list electronic transmission as one of the ways for Members to exercise their voting rights when holding a general meeting. Voting at a general meeting shall be based on the number of shares issued and held by the Members. On a poll, every Member presenting person or by proxy and entitled to vote shall have one vote for each share of which he is the holder.
42. In the case of joint holders of record the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
43. A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote by his committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other persons may vote by proxy.
44. No Member shall be entitled to vote at any general meeting unless he is registered as a shareholder of the Company on the record date for such meeting nor other sums presently payable by him in respect of shares in the Company have been paid.
45. (a) To the extent required by the Applicable Law, the Member who bears a personal interest that may conflict with and impair the interests of the Company in respect of any matter proposed for consideration and approval at a general meeting shall abstain from voting any of the shares that such Member should otherwise be entitled to vote in person, as a proxy for another Member or corporate representative with respect to the said matter, but all such shares shall be counted in the quorum for the purpose of convening a general meeting pursuant to Article 35(a); provided that such Member shall not be counted as person being

entitled to vote for such matter(s); the shares of Members who are required to abstain from voting shall not be counted in the number of votes of Member(s) present in respect of the relevant resolution(s) in respect of which such Member(s) is/are required to abstain from voting. To the extent that the Company has knowledge, any votes cast by or on behalf of such Member in contravention of the foregoing shall not be counted by the Company.

- (b) To the extent required by and subject to the Applicable Law, if a Director, immediately prior to a general meeting, has charged, mortgaged or otherwise created or permitted the creation of encumbrance over more than one-half (1/2) of the total number of shares of the Company held by such Director as of the date of his appointment ("**Original Shareholding**"), such Director shall abstain from voting such number (rounded to the nearest whole number) of shares that exceeds one-half (1/2) of the Original Shareholding, and in respect of such number (rounded to the nearest whole number) of shares that the Director is required to abstain from voting, they shall not be counted in the number of votes of Members present at the meeting but shall be counted in the quorum for the purpose of convening a general meeting pursuant to Article 35(a). To the extent that the Company has knowledge, any votes cast by or on behalf of such Director in contravention of the foregoing shall not be counted by the Company.

46. Shares of the Company held by the following persons shall not carry any voting rights and shall not be counted in the total number of outstanding shares of the Company which are entitled to vote for purposes of convening a general meeting pursuant to Article 35(a):

- (1) Any shares purchased by the Company which are held as Treasury Shares; or
- (2) Any entity in which the Company is legally or beneficially interested in more than fifty percent (50%) of its issued and voting shares capital or equity capital; or
- (3) Any entity in which the Company together with the holding company of the Company, or with any subsidiary of the holding company of the Company, are legally or beneficially interested in more than fifty percent (50%) of its issued and voting shares capital or equity capital.

47. Subject to any additional and applicable requirements under the Statute and without prejudice to Article 47B, the following matters require approval of the Members by way of a Special Resolution:

- (1) any proposal of the Company to enter into, amend, or terminate any Lease Contract, Management Contract or Joint Operation Contracts;
- (2) any proposal to transfer or dispose of the whole or any substantial part of the Company's business or assets;
- (3) any proposal to acquire the whole of the business or assets of a third-party, which will have material effect on the operations of the Company;
- (4) upon recommendation of the Board, any proposal to distribute dividends or other distributions in whole or in part by way of issuance of new shares of the Company other than any distribution of bonus shares in connection with the Employees' Remunerations and Directors' Remunerations pursuant to Article 111;
- (5) any merger, consolidation, amalgamation, split-off or a splitting of the Company;
- (6) any issuance of equity-linked securities of the Company by way of private placement;
- (7) any proposal for the Company's shares to stop being publicly traded;
- (8) granting of employee stock options with an exercise price per share that is lower than the closing price of shares of the Company traded on the Taiwan Stock

Exchange as of the grant date; and

(9) any share swap pursuant to which all of the issued shares of the Company will be transferred to another person in exchange for which, shares, cash or other assets in that other person will be paid or issued to the Members as consideration.

47B. Subject to any additional and applicable requirements under the Applicable Law, if there is (i)(a) any merger, consolidation or amalgamation involving the Company which results in the cessation or dissolution of the Company; (b) any transfer of the whole or substantial part of assets or business of the Company; (c) any arrangement, scheme or plan involving an exchange of shares of the Company for shares or equity interests in another entity; (d) any split or spin-off of assets of the Company (any of such event, the "Trigger Event"); and (ii) the resulting, surviving, consolidated or amalgamated entity or acquirer or transferee of shares, assets or business of the Company is not be a listed or OTC company, then any such Trigger Event shall be subject to approval of the Members by way of a resolution passed by such Member(s) holding an absolute majority of at least two-thirds of the total number of issued shares of the Company entitled to vote thereon (irrespective of whether holder(s) of such shares are present or not at the general meeting), as being entitled to do so, voted in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which the quorum is present.

48. (a) On a poll votes may be given either personally or by proxy.  
(b) Any corporation which is a Member may 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 at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.  
(c) For so long as the shares of the Company are listed on the Designated Stock Exchange, where a Member is a clearing house, depositary, custodian and/or trustee (or its/their nominee(s) and, in each case, being a corporation, "Third Party Holder"), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of these Articles shall be entitled to exercise the same rights and powers on behalf of the Third Party Holder as if such person was the registered holder of the shares of the Company held by the Third Party Holder in respect of the number and class of shares specified in the relevant authorisation."  
(d) To the extent permissible under the laws of the Cayman Islands and these Articles, the qualifications, scopes, methods, procedures, and other details for the Member to exercise the voting rights under the preceding paragraph (c) shall be in compliance with the Applicable Law.

49. Any corporation which is a Member of record of the Company may in accordance with its Articles or in the absence of such provision by resolution of its Directors or other governing body authorizes such person as it thinks fit to act as its representative at

any meeting of the Company or of any class of Members of the Company, and the person so authorized 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 of record of the Company.

## PROXIES

50. Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote on behalf of him at a general meeting of the Company; provide that a Member, irrespective of how many shares he holds, may only appoint one proxy to represent him and vote on his behalf. A proxy need not be a Member of the Company.
51. The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation under the hand of an officer or attorney duly authorised in that behalf, which instrument of proxy shall be in a form determined by the Board and provided to the Members in accordance with Article 52, and shall include such information considered necessary by the Company, including instruction to Member for completion of the proxy, proxy voting instruction and basic information of the Member appointing the proxy and of the proxy appointed.
52. The Board may send out the form of instrument for appointing a proxy either by post or electronic transmission in or by way of note to or in any document accompanying the notice convening the meeting on the same delivery date with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument appointing a proxy shall be delivered to the Registered Office of the Company or at such other place as is specified in the notice for that purpose not less than five (5) days before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default, save with respect to the deemed appointment of the chairman as proxy under Article 55, the instrument of proxy shall not be treated as valid PROVIDED that the chairman of the meeting may in his discretion accept an instrument of proxy sent by telex or telefax upon receipt of telex or telefax confirmation that the signed original thereof has been sent.
53. Where multiple instruments of proxy are received by the Company from the same Member, the first written duly executed and valid instrument of proxy received by the Company shall prevail, unless an explicit written statement revoking the previous instrument(s) appointing a proxy is made in the subsequent duly executed and valid instrument of proxy received by the Company. The Board shall have the final discretion to determine which instrument of proxy shall be accepted where there is any dispute. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy is given, or the notice of casting vote by way of written notice or electronic commissions pursuant to Article 55; provided that the Company has not been notified in writing of such death, insanity or revocation as aforesaid at its Registered Office or at an address specified in the proxy form, or by written notice from the Member revoking the proxy and expressing his intent to attend the meeting in person or to vote by way of written notice or electronic commissions pursuant to Article 55 at least two (2) days before the date of

the general meeting, or adjourned meeting, at which the proxy proposes to vote.

54. Unless otherwise provided in these Articles, the instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates
55. To the extent permitted by Applicable Law and notwithstanding any provisions provided in these Articles, the Board may resolve to allow Members not attending and voting at a general meeting in person, by proxy or by corporate representatives (where a Member is a corporation), to exercise their voting power and cast their votes by way of electronic transmission (as provided under the ROC Electronic Signatures Act) two (2) days prior to commencement of the general meeting, provided that the relevant methods and procedures are specified in the notice of that meeting and complied with by such Member(s). For the avoidance of doubt, those Members who have voted in the manner mentioned in the foregoing shall, for purposes of these Articles and the Statute, be deemed to have appointed the chairman of the general meeting as their proxy to vote their shares at the general meeting in the manner directed by the 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 electronic document and/or any amendment to resolution(s) proposed at the general meeting, and the Members 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.
56.
  - (a) Where a Member has exercised the voting power and has cast its votes by written instrument or by way of electronics transmission intends to attend the meeting physically in person, such Member shall send a separate written declaration of intention to rescind and revoke the votes casted by way of written instrument or electronic transmission to the Company, whichever was previously exercised by the Member, two (2) days prior to the date of the general meeting failing which, the Member shall be deemed to have waived his right to attend and vote at the relevant general meeting in person, the deemed appointment by the Member of the chairman as proxy shall remain valid and the Company shall not count any votes cast by such Member physically at the relevant general meeting.
  - (b) Where multiple written instrument or electronic transmission for the same meeting are received by the Company from the same Member, the first written duly executed and valid written instrument or electronic transmission received by the Company shall prevail, unless an explicit written statement revoking the previous instrument(s) or transmission is made in the subsequent duly executed and valid instrument or transmission received by the Company. The Board shall have the final discretion to determine which written instrument or electronic transmission shall be accepted where there is any dispute.
57. A Member who is deemed to have appointed the chairman as proxy pursuant to Article 55 for purposes of casting his vote by written instrument approved by the Board or by way of electronic transmission shall have the right to appoint another person as its proxy to attend the meeting, in which case the express appointment of another proxy shall be deemed to have revoked the deemed appointment of the chairman as proxy under Article 55 and the Company shall only count the vote(s) casted by such

expressly appointed proxy at the meeting.

58. Except for an ROC trust enterprise or stock agency approved by the ROC competent authority, save with respect to the chairman being deemed appointed as proxy under Article 55, when a person acts as the proxy for two or more Members, the total number of voting shares that the proxy may vote shall not exceed three percent (3%) of the total number of voting shares of the Company; otherwise, such number of voting shares in excess of the aforesaid threshold shall not be counted towards the number of votes cast for or against the relevant resolution or the number of voting shares entitled to vote on such resolution but such shares shall be included in the quorum. Upon such exclusion, the number of voting shares being excluded and attributed to each Member represented by the same proxy shall be determined on a pro-rata basis based on the total number of voting shares being excluded and for which the number of voting shares that such Members have appointed the proxy to vote.
59. To the extent permissible under Applicable Law and subject to compliance with these Articles and the Statute, when a proxy is used by a member in a general meeting, the relevant provisions under the "ROC Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" shall also apply.

#### **ANNULMENT OF RESOLUTIONS**

60. To the extent permitted by Applicable Law, where the procedures for convening a general meeting or the proceedings of the general meeting contravene any applicable laws, regulations, ordinances, Applicable Law or these Articles, any Member may submit a petition within thirty (30) days from the date of such general meeting to a competent court having proper jurisdiction, including, the ROC Taipei District Court, if applicable, for annulment of such resolution.

#### **APPRAISAL RIGHT OF DISSENTING MEMBERS**

61. Subject to compliance with Applicable Law, a Member who has expressed his dissent, in writing or verbally with a record, before or during a general meeting, with respect to any resolution proposed at a general meeting in relation to the following matter(s), may vote against or abstain from exercising his voting rights in respect of such resolution(s) and request the Company to acquire or purchase his share(s) at the then prevailing fair price:
- (a) splitting part of the business or assets of the Company by way of disposal or otherwise;
  - (b) a merger, Acquisition or share swap of the Company pursuant to which all of the issued shares of the Company will be transferred to another person in exchange for which, shares, cash or other assets in that other person will be paid or issued to the Members as consideration;
  - (c) the Company proposes to enter into, amend, or terminate any Lease Contract, Management Contract or Joint Operation Contract;
  - (d) transfer whole or any substantial part of the Company's business or assets; and
  - (e) acquisition of whole of the business or assets of a third-party, which materially affects the operation of the Company.

62. Subject to the above, the Member shall give written notice to request the Company to acquire or purchase his shares no later than twenty (20) days after the passing of a conditional or unconditional resolution approving any of the above matter(s) at the relevant general meeting, and shall state in such request the class, number of shares and the asking price for the repurchase buying back that such Member requests the Company to repurchase.
63. Without prejudice to the Statute, if agreement on the price of the shares can be reached between the dissenting Member and the Company, the Company shall, subject to compliance with these Articles and the Statute, repurchase and pay for the shares within ninety (90) days of the date of the resolution passed by the Members under Article 61. In case no agreement is reached between the Company and the dissenting Member, the Company shall pay to the dissenting Member the offer price approved pursuant to the resolution passed by the Members under Article 61 within ninety (90) days of the date of such resolution. If no payment has been made by the Company within ninety (90) days of the date of the resolution passed by the Members under Article 61, the Company shall be deemed to have agreed to the repurchase price requested by the dissenting Member. The Member who has voted against or abstained from exercising his voting rights during the general meeting in relation to the matters described under Article 61 may request the Company to acquire or purchase his share(s). If no agreement is reached within sixty (60) days of the date on which the resolution of Members under Article 61 was passed, to the extent that the laws of ROC prevail, the Company may, within thirty (30) days from the date on which the sixty day (60) period expires, apply to a competent court for a ruling on the price against the dissenting Members who hasn't reach an agreement with the Company as the opposing party in the Taipei District Court as the court of first instance. Shares for which voting right has been abstained in the general meeting described in Article 61 shall be counted in the quorum of that general meeting; provided that such Member who abstained his voting right shall not be counted as person being entitled to vote for such matter(s).
64. The payment of repurchase price to the Members shall be made at the same time against the delivery of the relevant share certificate(s) and an instrument(s) of transfer (where the shares are in certificated form) in respect of the shares subject to such instrument(s) of transfer (where the shares are in certificated form) for the repurchase being duly executed by such Member to the Company, and the date of transfer of such shares shall be the date on which payment is made by the Company to the Member and the Register of Members of the Company shall be updated accordingly.
65. The request of a Member pursuant to Article 62 above shall become ineffective if the Company announces before completion of the purchase under Article 63 that the Company will not proceed with the matters that such Member dissented to under Article 61 or where the Company is prohibited under Applicable Law to repurchase the relevant shares. Where a Member fails to make a request within the period prescribed in Articles 62 and 63 above, such Member is deemed to have duly waived his rights under Article 61.

## **DIRECTORS**

66.

- (a) The Board shall consist of no less than five (5) directors. At least three (3) of the directors shall be Independent Directors pursuant to Article 70, and the total number of Independent Directors shall not be less than one-fifth (1/5) of the total number of Directors. When a Member is a corporate entity, it may be elected as a corporate Director provided that it shall designate at least one natural person as its authorized representative to act for and on its behalf as a Director. The authorized representative of a corporate Member may also be elected as a Director in its own individual capacity. If a corporate Member designates more than one representatives, all of the representatives are eligible to be elected as Directors in their own individual capacity.
- (b) The term of office for a Director shall not exceed three (3) years and the Director whose term has expired may be eligible for re-election. If the term of office of all Directors expires at the same time and no general meeting was held before such expiry for their re-election, their term of office shall be extended to the time when the new Directors elected or re-elected in the next general meeting assume their office.
- (c) Where there is a re-election of all Directors at a general meeting prior to the expiry of the term of office of the existing Directors, if no resolution has been passed by the Members to approve that the existing Directors who are not re-elected at such general meeting shall remain in office until expiry of their original term of office or such other date as approved by the Members at the general meeting, such non-re-elected Directors shall vacate their office with effect from closing of such general meeting.
- (d) In addition to such applicable requirements and to the extent permissible under the Statute, each Director shall comply with the applicable requirements under the Applicable Law relating to qualification and obligations of directors of a company whose shares are listed on the Designated Stock Market.
- (e) The election of the directors shall adopt candidates nomination system and such adoption shall comply with ROC SEA and the ROC Company Act, to the maximum extent permitted under the Statute.

67. The Board shall be elected or appointed by Members upon a poll vote by way of cumulative voting (the manner of voting described in this Article to be referred to as "Cumulative Voting") in the following manner:

- (i) on an election of directors, the numbers of votes attached to each voting share held by a Member shall be cumulative and be voted for the directors nominated for appointment at the general meeting provided that such votes shall only cumulate in respect of such number of directors nominated within the same category (namely, independent or non-independent) of directors to be appointed;
- (ii) the Member(s) may vote all or part of their cumulated votes in respect of one or more directors within the same category of directors to be elected;
- (iii) such number of directors receiving the highest number of votes in the same category of directors to be elected shall be appointed; and
- (iv) where two or more directors nominated for appointment receive the same number of votes which exceeds the number of new directors intended to be appointed, there shall be a draw by such directors receiving the same number of votes to determine who shall be appointed; the chairman shall draw for a director nominated for appointment who is not present at the general meeting.

68. A spousal relationship and/or a Family Relationship within the Second Degree of Kinship shall not exist among more than half (1/2) of the members of the Board (the "Threshold"), unless with the prior approval by the Designated Stock Market. Where the appointment of any person having a spousal relationship and/or a Family Relationship within the Second Degree of Kinship with any existing member of the Board or with any other person(s) also nominated for appointment as a director (the "Related Person") is proposed at a general meeting, only the following persons may be appointed as a Director:
- (i) firstly, such person(s) approved by the Members by way of Cumulative Voting and who is not a Related Person; and
  - (ii) secondly, such number of Related Person(s) elected by the Members by way of Cumulative Voting and who receive the highest number of votes from the Members for its appointment among all the Related Persons and the appointment of whom would not result in contravention of the Threshold. If the existing composition of the Board fails to satisfy the Threshold, such Director in office being a Related Person shall immediately cease to be a Director of the Company.
- 68B. For as long as the Company's shares are listed on the Designated Stock Market, subject to the Applicable Law, any Director (not including Independent Director) or supervisor (if any), who, during his or her term of office and in one or more transactions, deals with Shares so held by him/her and results in such Director (not including Independent Director) or supervisor (as the case may be) ceases to hold more than fifty percent (50%) of the total Shares then held by such Director (not including Independent Director) or supervisor (as the case may be) at the time of his or her appointment or election as Director (not including Independent Director) or supervisor (as the case may be) at a general meeting (the "Approval Time"), such Director (not including Independent Director) or supervisor (as the case may be) shall immediately resign or otherwise be removed or vacated from his/her office. .

For as long as the Company's shares are listed on the Designated Stock Market, subject to the Applicable Law, if any person deals with Shares so held by him/her in or more transactions and results in such person ceases to hold more than fifty percent (50%) of the Shares held by him or her at the Approval Time either (i) during the period from the Approval Time to the commencement date of his or her office as Director (not including Independent Director) or supervisor (if any), or (ii) during the period when the Register is closed for transfer of Shares prior to the general meeting at which the appointment or election of such person as a Director (not including Independent Director) or supervisor (if any) will be proposed, his or her appointment or election as Director or supervisor (if any) shall not take effect.

69. When the number of Directors falls below five (5) due to the dismissal of a Director or any Director ceases to be a Director of the Company for any reason, including but not limited to vacancy in the office of such Director(s) under Article 105, the Company shall hold an election to elect new director(s) at the next following general meeting by way of Cumulative Voting. When the number of Directors falls short by one-third (1/3) of the number prescribed by these Articles, an extraordinary general meeting shall be convened within sixty (60) days of the occurrence of the fact to hold a by-election of directors.
70. The Company shall have at least one Independent Director shall be domiciled in the ROC, and shall adopt the candidate nomination mechanism as provided by Article 192-1 of the ROC Company Law for the election of the Independent Directors..

71. When the number of Independent Directors falls below three (3) due to the dismissal of an Independent Director or the Independent Director ceases to be a Director for any reason, the vacancy of such Independent Director shall be filled and elected at the next following general meeting. When all of the Independent Directors have been dismissed or cease to be Directors, an extraordinary general meeting shall be convened within sixty (60) days of the occurrence of that fact to elect for independent directors.
72. The Independent Directors shall possess the requisite professional knowledge and shall maintain independence within the scope of their directorial duties. The Independent Directors may not have any direct or indirect interest in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions held, and assessment of independence shall be subject to the relevant rules of the Applicable Law.
73. The Directors may by resolution award special remuneration to any Director of the Company undertaking any special work or services for, or undertaking any special mission on behalf of, the Company other than his ordinary routine work as Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.
74. A 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 Directors may determine.
75. A Director may act by himself or his firm in 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.
76. A shareholding qualification for Directors may be fixed by the Company in general meeting but unless and until so fixed no shareholding qualification shall be required.
77. A Director of the Company 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 shareholder 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.
78. 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 any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established; provided, however, to the extent required by Applicable Laws, a Director may not vote in respect to any matter, including any contract or proposed contract or arrangement or contemplated transaction of the Company, whether on behalf of himself or as a proxy for another Director, in which such Director bears a personal interest which may conflict with and impair the interest of the Company, but the director may express his

or her opinion and respond to inquiries. After the interested director has responded to inquiries raised and/or expressed his or her opinions or views and as soon as the board of directors proceed to discuss their views and vote on the relevant matter, the interested director shall excuse him or herself from such discussion and voting, but the Director shall be counted in the quorum for purposes of convening such meeting. Paragraph 2, Article 206 of the ROC Company Act, under which the provisions under Paragraph 2, Article 180 of the same law may apply *mutatis mutandis* shall apply to directors who may not exercise their voting rights in the process of resolving a proposal at the Company's board meeting to the maximum extent that does not contravene the laws of the Cayman Islands. A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by law to the Board and the Audit Committee. In any merger, consolidation and/or acquisition by the Company, a director who has a personal interest in any such transaction shall disclose at the Board meeting and the general meeting at which such matter is considered the essential details of such personal interest and explain the reasons why he/she approves or disapproves such transaction. The Company shall itemize the essential contents of the director's personal interest and the cause of approval or dissent to the resolution of merger, consolidation and/or acquisition in the notice to convene the general meeting. The essential contents may be posted on the website designated by the ROC competent authority in charge of securities affairs or the Company, and the Uniform Resource Locator (URL) of such website shall be indicated in the notice of such general meeting.

- 78B. Where the spouse, a blood-related relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has interests in the matters under discussion in the meeting of the preceding paragraph, such Director shall be deemed to have a personal interest in the matter.
79. The ordinary remuneration of the Directors shall from time to time be determined by the Board, taking into consideration market standards as well as the standards of other companies listed on the Designated Stock Market.

## **POWERS AND DUTIES OF DIRECTORS**

80. The business of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not, from time to time by the Statute, or by these Articles, or such regulations, being not inconsistent with the aforesaid, as may be prescribed by the Company in general meeting required to be exercised by the Company in general meeting PROVIDED HOWEVER that no regulations made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
81. The Directors may from time to time and at any time by powers of attorney appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with

any such attorneys as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

82. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall from time to time by resolution determine.
83. The Directors shall cause minutes to be made in books provided for the purpose:
  - (a) of all appointments of officers made by the Directors;
  - (b) of the names of the Directors (including those represented thereat by proxy) present at each meeting of the Directors and of any committee of the Directors;
  - (c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors.
84. Subject to the requirements of these Articles, the Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
85. Subject to these Articles, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
86. Subject to the Applicable Law, the Board shall, within fifteen (15) calendar days after receipt of a copy of the notice by the Company or the Company's Litigious or Non-Litigious Agent of a public tender offer and relevant information to purchase shares of the Company, resolve to recommend the Members to either accept or object the tender offer purchase, and shall disclose the following by way of public announcement in any manner permitted under Applicable Law:
  - (1) the type and number of shares currently held by the Directors, any Members, directly or indirectly on behalf of another, with more than ten percent (10%) of the Company's outstanding shares;
  - (2) the recommendation made by the Board based on its investigation into the identify and financial position of the tender offeror, fairness of the tender offer conditions, and validity of funding sources to the Members on such tender offer purchase, where in the opinions and reasons of every consenting and objecting Director(s) shall be indicated;
  - (3) whether there were major changes to the Company's financial conditions after the delivery of its most recent financial statements, and the contents of such changes; and
  - (4) the type, number and amount of shares of the offeror or its affiliates held, directly or indirectly on behalf of another, by the Directors or any Member holding over ten percent (10%) of the Company's outstanding shares.
87. In addition to the above, the Board shall keep copies of these Articles, the minutes of prior general meetings, financial statements, Register of Members as well as summary of the bonds and notes issued by the Company at the Company's agent for

stock affairs located within the ROC for inspection or duplication by the Members from time to time by showing evidence of such Members' interest involved in the Company and specifying the scope of inspection, transcription or right to take copies. The Company shall procure its agent for stock affairs to provide with the access.

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- (a) A Director engaging in any activity, or entering into any contract or transaction, which may be in competition with the business of the Company or which falls within the business scope of the Company, shall disclose in a general meeting the nature, extent and major terms of such activity, contract or transaction, and shall proceed with such activity, contract or transaction only upon approval of the Members at a general meeting by a Special Resolution.
- (b) Without prejudice and subject to the general directors' duties that a Director owe to the Company and its shareholders under common law principals and the laws of the Cayman Islands, a Director shall perform his/her fiduciary duties of loyalty and care, and shall indemnify the Company, to the maximum extent legally permissible, from any loss incurred or suffered by the Company arising from breach of his/her fiduciary duties. If Director has made any earnings for the benefit of himself/herself or any third party due as a result of breach of his/her fiduciary duties, the Company shall, if so resolved by the Members by way of an Ordinary Resolution, take all such actions and steps as may be appropriate and to the maximum extent legally permissible to seek to recover such earnings from such relevant Director..
- (c) If a Director has, in the course of conducting the Company's business, violated any applicable laws or regulations which causes the Company to become liable for any compensation or damages to any third person, such Director shall become jointly and severally liable for such compensation or damages with the Company and to the extent that for any reason, such Director is not made jointly and severally liable with the Company, such Director shall indemnify the Company for any loss incurred or suffered by the Company for any compensation and/or damages that the Company became liable .

## **MANAGEMENT**

- 89.
- (a) The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
  - (b) Subject to these Articles, the Directors from time to time and at any time may establish any committees or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or any managers or agents and may fix their remuneration.
  - (c) The Directors from time to time and at any time may delegate to any such committee, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such committee, manager or agent, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
  - (d) Any such delegates as aforesaid may be authorised by the Directors to

- subdelegate all or any of the powers, authorities, and discretions for the time beings vested in them.
- (e) A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present except as otherwise required by these Articles.
  - (f) The Company shall establish a Compensation Committee to assist the Board in discharging its responsibilities related to the compensation and benefit policies, plans and programs of the Company, and the evaluation and remunerations, stock options or other substantive awards given to the Company's Directors and officers. For as long as the shares of the Company are listed on the Designated Stock Exchange, the professional qualification, scope of authority and other requirements of the members of the Compensation Committee shall be subject to the Applicable Law.
  - (g) Members of any committee appointed by the Board may participate in a meeting of such committee by means of video conference and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

### **MANAGING DIRECTORS**

- 90. The Directors may, from time to time, appoint one or more of their body to the office of Managing Director for such term and at such remuneration (whether by way of salary, or commission, or participation in profits, or partly in one way and partly in another) as they may think fit but his appointment shall be subject to determination *ipso facto* if he ceases from any cause to be a Director.
- 91. The Directors may entrust to and confer upon a Managing Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

### **PROCEEDINGS OF DIRECTORS**

- 92.
  - (a) Except as otherwise provided by these Articles, the Directors shall meet together for the dispatch of business, convening, adjourning and otherwise regulating their meetings as they think fit.
  - (b) The quorum necessary for the transaction of the business of the Directors at a meeting of the Board shall be a majority of the number of members of the Board. For the purpose of this Article, a proxy appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present
- 93.
  - (a) The Company's board meetings shall be convened at least once every quarter. Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors; provided, however, that the first meeting of the Board of Directors following an election of Directors shall be convened by the Director who received a ballot representing the highest number of votes at the election of Directors and shall act as chairperson of the meeting. In case there are two or more directors having the power to convene such meeting, such directors shall agree among themselves who shall act as the chairperson of the meeting.
  - (b) In case the Chairman of the Board is unable to exercise his or her duties during

his or her absence or for cause, the vice Chairman shall act as in his stead. In the absence of a vice Chairman or if the vice Chairman is unable to exercise his or her duties during his or her absence or for cause, the Chairman shall appoint a managing director to act in his stead. If the Company has no managing directors, a director shall be appointed in his stead. In the absence of such appointment, the chairperson of the meeting shall be elected from among the managing directors or directors by themselves.

94. The Chairman shall, at any time summon a meeting of the Board by giving at least seven (7) days notice in writing to every Director setting forth the general nature of the business to be considered, and such notice may be sent in electronic form upon the Director's consent. Notwithstanding the aforesaid, in the event of a matter considered to be urgent by the Chairman of the Board of Directors, a meeting of the Board may be convened on short notice if the quorum required under Article 92(b) is present.
95. A Director may appoint another Director to act as his proxy to attend and vote on his behalf at meetings of the Directors or any committee of Directors. When a director appoints another director as proxy to attend a board meeting, he or she shall, in each time, issue a written proxy. The proxy form shall state therein the scope of authority of such proxy with reference to the subject matters to be discussed as listed in the board meeting notice. Such appointment must be made in writing for each meeting under the hand of the appointer, and may at any time be revoked in like manner, and may be general (i.e. a blanket authority for the particular meeting) or for specified resolutions, and may authorise and direct the appointee to be chairman if the appointer would, if present, be entitled to preside. The form of appointment of proxy may contain directions to the proxy to vote in accordance with instructions given by that Director or, in the absence of such instructions, the proxy may act in his discretion. Notice of every such appointment or revocation must be presented to the meeting of Directors at which the proxy is to be used or first used prior to the commencement of such meeting. A proxy may be given by telex, telefax or in electronic mail. A proxy shall ipso facto cease to be a proxy for a Director if his appointer ceases for any reason to be a Director; however, such proxy or any other Director may be re-appointed by the Directors to serve as a proxy. A director may act as a proxy for only one other director.
96. Directors may participate in any meeting of the Board by video conference and participation in such a meeting shall constitute presence in person at such meeting, but shall fax in attendance sheet in lieu of signing it in person.
97. A meeting shall be called to order by the chairperson of the board meeting when the scheduled meeting time has arrived and the quorum is present. If the quorum is not present at the scheduled commencement time of the meeting, the chairperson of the meeting may announce to postpone the meeting with the postponement not more than twice. If a quorum is not constituted after the second postponement, the chairperson shall convene a new meeting.
98. All acts done by any meeting of the Directors or of a committee of Directors (including any person acting as a proxy) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or proxy Director, or that they or any of them were disqualified, be as valid as if every such person had

been duly appointed and qualified to be a Director or proxy Director as the case may be.

99. The following matters shall be brought to the Company's board meeting for discussion and if thought fit, approval. Except in an unexpected emergency or for good reason, the matters described below shall be set out in the notice of meeting, and may not be raised by an extempore motion.
- (a) The Company's business plan;
  - (b) Annual financial report and semi-annual financial report;
  - (c) Internal control system established or amended in accordance with the provisions under Article 14-1 of the ROC Securities and Exchange Act (hereinafter as the "ROC SEA");
  - (d) Procedure for handling important financial and business activities such as the acquisition or disposition of assets, derivative products transactions, lending of capital, endorsement for third party, provision of guarantee, established or amended in accordance with the provisions under Article 36-1 of the ROC SEA;
  - (e) Offering, issue or private placement of securities of the nature of equity;
  - (f) Appointment and/or dismissal of a financial, accounting or internal audit officers; and
  - (g) Matters to be resolved at general meeting or by the board meeting under Article 14-3 of the ROC SEA, other laws and regulations or the Articles of Association, or other important matters required by the competent authority.

For matters to be resolved at general meeting or by the board meeting under Article 14-3 of the ROC SEA, independent directors shall attend a meeting in person or appoint another independent director to attend the meeting on his or her behalf and may not appoint a proxy who is not an independent director as his or her proxy. Any objection or reservation that an independent director may have shall be specified in the minutes of proceedings of the board meeting. If an independent director wishing to express his or her objection or reservation is unable to attend the board meeting in person, he or she shall provide a written statement providing his view and opinions on the relevant matters for consideration at the board meeting and his statement shall be included in the minutes of the board meeting, unless his/her absence is for good cause.

100. The Company's board meeting shall be conducted in accordance with the procedure of the meeting as scheduled and may be subject to change upon consent of a majority of the directors present at the meeting.

The chairperson of the meeting may not declare adjournment without the consent of a majority of the directors present at the meeting.

During the board meeting, if the directors present in the meeting are fewer than the required quorum], upon motion filed by the director present in the meeting, the chairperson shall declare suspension of the meeting and the provisions under Article 97 may apply *mutatis mutandis*.

101. When the directors are deliberating in respect of a resolution to be adopted in a meeting of the Board, the resolution shall be deemed approved and voted on by the Board if all directors present at the meeting consented to the passing of such resolution without raising any objection when the chairperson put forward the relevant resolutions for approval. If, upon the chairperson propose the relevant resolution for approval, a director states his dissent, the resolution shall be voted on in the manner set out below. The said "all directors present at the meeting" do not include directors

who may not exercise their voting rights in accordance with the Article 78.

Formal votes shall be cast for the proposal in the agenda of the Company's board meeting.

Formal votes may be cast in one of the following manners as determined by the chairperson; provided, however, that when a person present at the meeting files an objection, the decision shall be made according to majority votes:

- (a) Vote by show of hands or by voting system;
- (b) Roll-call vote;
- (c) Vote by ballots; or
- (d) Any other voting method as determined by the Board.

102. Unless a higher approval threshold is required under the ROC SEA and the ROC Company Act, a proposal to be resolved at the Company's board meeting shall be approved by consent of a majority of the directors present at the meeting attended by a majority of all directors.

In case of an amendment or substitute to a proposal and to the extent that is permissible under applicable laws, the chairperson shall decide on the order of vote by combining the amendment or substitute with the same proposal. However, if one of the proposals has been approved, the others shall be deemed overruled and no further vote is required.

If certain persons shall be designated to scrutinize balloting and count ballots for voting on proposals, these persons shall be appointed by the chairperson. The persons responsible for scrutinizing balloting shall be directors.

Results of the votes shall be announced on the spot and recorded.

103. Minutes of a meeting of the Board shall be signed or sealed by the chairperson and secretary of the meeting and copies thereof shall be distributed to all directors within twenty (20) days of the meeting. The minutes shall be deemed as important files of the Company and be properly kept during existence of the Company. Minutes may be produced and issued to the Directors in electronic form.

104. To the maximum extent permitted under the laws of the Cayman Islands and the Statute, the Members may, by Special Resolution, adopt or amend any rules and procedures, including the Procedural Rules for the Board of Directors, governing the meeting of the Board; In the event of any inconsistency between the main content of these Articles and the Procedural Rules for the Board of Directors, the Articles shall prevail to the extent required by any Applicable Laws.

### **VACATION OF OFFICE OF DIRECTOR**

105. The office of a Director shall be vacated:
- (1) is removed from office pursuant to these Articles (including ceasing to be a director automatically for being in breach of Article 107);
  - (2) dies or becomes bankrupt, or makes any arrangement or composition with his creditors generally;
  - (3) is or becomes of unsound mind or an order for his detention is made under applicable laws of the Cayman Islands relating to mental health or any analogous law of a jurisdiction outside the Cayman Islands, or dies;
  - (4) resigns his office by notice in writing to the Company; or
  - (5) is the subject of a court order for his removal in accordance with Article 108.

## REMOVAL OF DIRECTORS

106. Notwithstanding any provision in these Articles to the contrary or any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement), a Director may be removed by way of a Special Resolution of the Members at any time before the expiration of his period of office.
107. Any person who falls within any of the following categories shall not be appointed a Director of the Company. If for any reason he becomes a Director, he shall cease to be a Director of the Company forthwith upon the Company having actual notice that a breach of this Article 107 has been made, without any further action required on the part of the Company or such Director in question:
- (1) any person having committed an offense as specified in the ROC Statute of Prevention of Organization Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five (5) years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon; or
  - (2) any person having committed an offense involving fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one (1) year, and has not started serving the sentence, has not completed serving the sentence, or two (2) years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon; or
  - (3) any person having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two (2) years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon; or
  - (4) any person having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and has not been reinstated to his rights and privileges; or
  - (5) any person having been dishonoured for unlawful use of credit instruments, and the term of such sanction has not yet expired; or
  - (6) any person having no or only limited capacity; or
  - (7) any person having been adjudicated of the commencement of assistantship (as defined in Taiwan Civil Code) and such assistantship having not been revoked yet.
108. In case a Director has, in the course of performing his duties, committed any act resulting in material damage to the Company or in material violation of applicable laws and/or regulations and/or these Articles, but not removed by the Members in the general meeting, Member(s) holding not less than three percent (3%) of the total number of outstanding shares of the Company may, within thirty (30) days after such meeting, institute a lawsuit in the court for a judgment to remove such Director. Such lawsuit may be submitted to a competent court having jurisdiction, including the Taipei District Court as the court of first instance.

**SEAL**

109. (a) The Company may, if the Directors so determine, have a Seal which shall, subject to paragraph (c) hereof, only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf and every instrument to which the Seal has been affixed shall be signed by one person who shall be either a Director or the Secretary or Secretary-Treasurer or some person appointed by the Directors for the purpose.
- (b) 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 Directors so determine, with the addition on its face of the name of every place where it is to be used.
- (c) A Director, Secretary or other officer or representative or attorney may without further authority of the Directors affix the Seal of the Company 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.

## **OFFICERS**

110. (a) The Company may have an officer appointed by the Directors who may also from time to time appoint such other officers as they consider necessary, all for such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time prescribe. An officer shall exercise his/her duties in accordance with any resolution adopted by the general meeting of the Members or the Board, and any instructions from the Chairman from time to time.
- (b) An officer shall, in the course of conducting the Company's business, bear the same indemnification liabilities as a Director which are prescribed under these Articles and the Applicable Law, including, but not limited to the liabilities provided under sub-paragraphs (b) and (c) of Article 88, if such officer breaches his/her duties and the Company became liable for any third party compensation or damages.

## **DIVIDENDS, DISTRIBUTIONS, RESERVE AND POWER TO SET ASIDE PROFIT**

111. (a) Unless otherwise provided in the Applicable Law, where the Company makes profits before tax for the last annual financial year, the Company shall allocate (1) no less than one percent (1%) of such annual profits before tax for the purpose of employees' remunerations (including employees of the Company and/or any Affiliated Company) (the "Employees' Remunerations"); and (2) no more than three percent (3%) of such annual profits before tax for the purpose of Directors' remunerations (the "Directors' Remunerations"). Notwithstanding the foregoing paragraph, if the Company has accumulated losses carried forward from the previous years as of the last annual financial year, the Company shall set aside from the profits before tax for the last annual financial year an amount equivalent to the amount of such accumulated losses prior to the allocation of Employees' Remunerations and Directors' Remunerations.
- (b) The Employees' Remunerations may be distributed in the form of cash and/or bonus shares; the Directors' Remunerations may be distributed in the form of cash

only.

(c) Subject to Cayman Islands law and the Applicable Law, the Employees' Remunerations and the Directors' Remunerations may be distributed upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds (2/3) or more of the Directors, and shall be reported to the Shareholders at the general meeting after such Board resolutions are passed.

(d) Unless otherwise provided in the Applicable Law and subject to Article 47, the net profits (after allocations of profits before tax in accordance with Article 111(a)) of the Company for each annual financial year shall be allocated in the following order and proposed by the Board of Directors to the Shareholders in the general meeting for approval by way of an ordinary resolution:

i. to make provision of the applicable amount of income tax pursuant to applicable tax laws and regulations;

ii. to set off accumulated losses of previous years (if any);

iii. to set aside ten percent (10%) as legal reserve pursuant to the Applicable Law for so long as the accumulated amount of such legal reserve does not exceed the total paid-up share capital of the Company;

iv. to set aside an amount as Special Reserve or to transfer amounts standing to the credit of the Special Reserve to another account pursuant to the Applicable Law and requirements of the Commission; and

v. with respect to the earnings available for distribution (i.e. the net profit after the deduction of the items (a) to (d) above plus any previously undistributed cumulative Retained Earnings), the Board of Directors may present a proposal to distribute to the Shareholders by way of dividends at the annual general meeting for approval by an ordinary resolution pursuant to the Applicable Law.

(e) The Company's dividends policy is that the Company shall refer to current and future industrial prosperity and consider fund demand and financial structure of the Company. With respect to the earnings available for distribution, except for reserving part thereof for such purposes as considered appropriate by the Directors depending on the financial needs and circumstances of the Company, remaining retained earnings may be distributed to the Shareholders in the form of cash dividends and/or bonus shares; provided that Cash dividends shall comprise a minimum of ten percent (10%) of the allocated dividends.

112. Where the Directors determine that a dividend shall be paid wholly or partly by the distribution of specific assets, the Directors may settle all questions concerning such distribution. Without limiting the generality of the foregoing, the Directors may fix the value of such specific assets and vest any such specific assets in trustees on such terms as the Directors think fit.

113. Dividends may be declared and paid out of profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed, or not in the same amount. Subject to the requirement of these Articles, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Statute.

114. Subject to the requirement of these Articles, the Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out

of the assets of the Company.

115. (a) No unpaid dividend or distribution shall bear interest against the Company.  
(b) The Board shall establish an account to be called the share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. Unless otherwise provided by the provisions of these Articles, the Board may apply the share premium account in any manner permitted by the Statute. The Company shall at all times comply with the provisions of the Statute in relation to the share premium account.

### **CAPITALISATION**

116. (a) The Company may, with the approval by way of Special Resolution of the Members, capitalise any sum for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.  
(b) The Company may, with the approval by way of Special Resolution of the Members, resolve to capitalise any sum for the time being standing to the credit of a reserve account or sums otherwise available for dividend or distribution by applying such amounts in paying up in full, partly paid, or nil paid shares of those Members who would have been entitled to such sums if they were distributed by way of dividend or distribution.  
(c) Notwithstanding Articles 116(a) and 116(b) above, the Board may, without the approval of the Members, capitalise any sum for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares of the Company to be allotted as fully paid bonus shares for the purpose of the Employees' Remunerations (as defined in Article 111(a)).

### **BOOKS OF ACCOUNT**

117. The Directors shall cause proper books of account to be kept with respect to:
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place;
  - (b) all sales and purchases of goods by the Company;
  - (c) the assets and liabilities of the Company.

Proper books 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.

118. At the close of each fiscal year, the Board shall prepare the business report, financial statements and the surplus earning distribution or loss offsetting proposals for adoption by the annual general meeting and shall submit such report, statements and proposals for verification by the Audit Committee prior to the date of the annual

general meeting. The Board shall, upon adoption by the annual general meeting, distribute to each Member copies of adopted financial statements and the resolutions on the surplus earning distribution and/or loss offsetting in accordance with these Articles and Applicable Laws, and for as long as the Company's shares are listed on the Designated Stock Market, such distribution may be effected by means of a public notice in accordance with the Applicable Law.

119. A printed copy of each of the Directors' report(s) or statement(s) to be submitted for adoption by the general meeting shall be kept at the Company's agent for stock affairs located within the ROC for inspection by the Members from time to time at least ten (10) days before the date of the annual general meeting, and laid before the Company at the annual general meeting.

### **AUDIT COMMITTEE**

120. The Company shall establish an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and the number of committee members shall not be less than three (3). 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 (1/2) or more of all its members.
121. Notwithstanding anything provided to the contrary contained herein, the following matters require approval of the Audit Committee and final approval of the Board:
- (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) the entering into of a transaction that has material effect on the assets of the Company or a material derivatives transaction;
  - (f) a material monetary loan, endorsement, or provision of guarantee;
  - (g) the offering, issuance, or private placement of any equity-linked securities;
  - (h) the hiring or dismissal of an attesting certified public accountant as the auditor of the Company, 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 material matter so required by Applicable Law or the competent authority.

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

122. Subject to the Statute, the accounts of the Company shall be audited at least once in every year.
123. The Audit Committee shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.
124. The statement of income and expenditure and the balance sheet provided for by these Articles shall be examined by the Audit Committee and compared with the books, accounts and vouchers relating thereto; and the Audit Committee shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The Audit Committee may appoint, on behalf of the Company, a practicing lawyer and/or a certified public accountant to conduct the examination. The financial statements of the Company shall be audited by an auditor appointed by the Board in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.
125. Where a Director is or may be in breach of his duties and subject to and if permitted by Applicable Law, one or more Member(s) of the Company holding one-percent (1%) or more of the total number of the outstanding voting shares of the Company continuously for a period of six (6) months or more may request a member of the Audit Committee in writing, if permitted by Applicable Law, to institute a lawsuit against such Director(s) on behalf of the Company in a competent court having jurisdiction, including, if applicable, the Taipei District Court as the court of first instance. Where a member of the Audit Committee fails to institute a lawsuit against the Director(s) within thirty (30) days of receipt of such request from the Member(s), such one or more Member(s) of the Company holding one-percent (1%) or more of the total number of the outstanding voting shares of the Company continuously for a period of six (6) months or more, subject to and if permitted by Applicable Law, may initiate a lawsuit against the Director(s) on behalf of the Company in a competent court having jurisdiction, including, if applicable the Taipei District Court as the court of first instance.
126. To the extent permitted by the Statute, in respect of matters relating to or concerning the Audit Committee not otherwise specified in these Articles, the Applicable Law shall apply.
- 126B.
  - (a) Before any resolution for merger/consolidation and acquisition is proposed to the Board of Directors for consideration and approval, Audit Committee shall review the fairness and reasonableness of the plan and terms of the merger/consolidation or acquisition, and then report their review outcome to

- the Board of Directors and Members of the Company if a resolution of Members of the Company is required for such matter under Applicable Laws or these Articles.
- (b) When Audit Committee review any transaction, it shall seek opinions from an independent expert on the justification of the share exchange ratio or distribution of cash or other assets.
  - (c) Review outcome of audit committee and opinions of independent experts shall be provided to each shareholder together with the notice of the general shareholders' meeting. If the relevant transaction does not require approval of the Members under the laws of the Cayman Islands or these Articles, reports of the audit committee and opinions of independent experts shall be provided at the next following general meeting for Members' information.
  - (d) Notwithstanding any provision to the contrary in these Articles, to the extent permissible under Applicable Law, if the Company has posted the report of the audit committee together with opinions of independent experts (if any) on a website designated by ROC competent authority and such report and expert's opinions are made available for inspection at the general meeting, such report and expert's opinions are deemed to have been duly provided to each shareholder as required under sub-paragraph (c) above.

## **WINDING UP**

127. If the company shall be wound up the liquidator may, with the sanction of a Special Resolution of the company and any other sanction required by the statute, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may with like sanction, vest the whole or any part or such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.
128. If the Company shall be wound up, and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

## **INDEMNITY**

129. The Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their heirs, executors, administrators and personal representatives respectively shall be indemnified out of the assets of the Company from and against all actions, proceedings, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act or omitted in or about the execution of their duty in their respective offices or trusts, except such (is any) as they shall incur or sustain by or through their own breach of duties (in which case they shall become liable to indemnify the Company in accordance with Articles 88(b), 88(c) and/or 110(b)), willful neglect or default respectively and no such Director, officer or trustee shall be answerable for the acts, receipts, neglects or defaults of any other Director, officer or trustee or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other persons with whom any monies or effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency of any security upon which any monies of the Company may be invested or for any other loss or damage due to any such cause as foresaid or which may happen in or about the execution of the office or trust unless the same shall happen through the breach of duties (in which case they shall become liable to indemnify the Company in accordance with Articles 88(b), 88(c) and/or 110(b)), willful neglect or default of such Director, Officer of trustee.

#### **FINANCIAL YEAR**

130. Unless the directors otherwise prescribe, the financial year of the Company shall end on 31<sup>st</sup> December in each year and, following the year of incorporation, shall begin on 1<sup>st</sup> January in each year.

#### **AMENDMENTS OF ARTICLES**

131. Subject to the Statute, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

#### **TRANSFER BY OF CONTINUATION**

132. 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.

#### **THE LAWS OF THE ROC**

133. Notwithstanding any provision to the contrary herein, any Applicable Laws (other than the laws of the Cayman Islands) shall only apply to the maximum extent

permissible under the laws of the Cayman Islands and the Statute.

For and on behalf of  
Offshore Incorporations (Cayman) Limited  
Corporation  
Of Scotia Centre, 4<sup>th</sup> Floor, P.O. Box 2804  
George Town, Grand Cayman  
Cayman Islands

.....  
(Sd.) Authorised Signatory

DATED 23 AUG 2006

WITNESS to the above signature

(Sd.) **Toni Rombough**  
Of Scotia Centre, 4<sup>th</sup> Floor, P.O. Box 2804  
George Town, Grand Cayman  
Cayman Islands

I, **JOY A. RANKINE Asst.** Registrar of Companies in and for the Cayman Islands. DO  
HEREBY CERTIFY that is a true copy of these Articles of Association of this Company  
duly incorporated on the

REGISTRAR OF COMPANIES(SD.)

## **Appendix II: Proposals related to the shareholders meeting**

- I. Proposal Descriptions for Shareholders Meeting:
  1. According to Article 33 of the company, any shareholder who has 1% or more than 1% of the issued shares should submit in writing to our company for attending the shareholders' meeting.
  2. Proposal application of the shareholders' general meeting 2025 is under acceptance, which the term is from April 7, 2025 to April 16, 2025, and has been announced in the Market Observation Post System.
- II. There were no shareholder proposals during the shareholder meeting proposal period.

## Appendix III: Shares in Hand of Every Director of the Board

Grand Ocean Retail Group Limited

Shares in Hand of Every Director of the Board

Book Close Date: April 14, 2025

<b>Title</b>	<b>Name</b>	<b>Shares in Hand</b>
Chairman	GUO JEN HAO	0
Board of Directors	First Steamship Co., Ltd. Representative: NG QING GHAI	19,552,000 2,600,000
Board of Directors	First Steamship S.A. Representative: ZHANG JIN GUO	91,560,000 0
Board of Directors	LEE SENG CHAY	0
Independent Director	DING JIN HUEI	0
Independent Director	SHER CHING YEE	0
Independent Director	LEE JENN YUH	0
<b>Total</b>		<b>113,712,000</b>

Note1: The company need not apply with Article 26 of R.O.C. Securities Exchange Act.

Note2: The company has deployed the audit committee itself, therefore the regulations concerning the inspector as also a shareholder as well need not be applied.

Note3: The sums of issued shares of the company as of Apr 14, 2025 are 195,531,000 shares.



大洋

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