

Stock code: 8426

# Redwood Group 2020 Shareholder's Meeting Agenda



8, June, 2020

**Stock Code: 8426**

# **Redwood Group Ltd**

## **2020 Annual General Meeting Meeting Agenda**

Time: 9:00 a.m., June 8, 2020

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

Service Center

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

## Table of Contents

Chapter I	Meeting Procedure -----	1
Chapter II	Meeting Agenda -----	2
	I. Report Items -----	3
	II. Proposed Resolutions -----	4
	III. Discussion Items -----	5
	IV. Special Motions -----	6
Chapter III	Attachments	
	I. 2019 Annual Operating Results -----	7
	II. Audit Committee’s Approval and Audit Report for 2019 -----	11
	III. Comparison Table of Amendments to the Rules of Procedure for the Board of Directors’ Meetings -----	12
	IV. 2019 Annual Financial Statements -----	14
	V. 2019 Earnings Distribution Table -----	25
	VI. Comparison Table of Amendments to the Articles of Incorporation -----	26
	VII. Comparison Table of Amendments to the Rules of Procedure for Shareholders’ Meeting -----	42
	VIII. Comparison Table of Amendments to the Procedures for Lending Funds to Other Parties -----	48
Chapter IV	Appendices	
	I. Rules of Procedure for the Board of Directors’ Meetings (before Amendment)	52
	II. Articles of Incorporation -----	60
	III. Rules of Procedure for Shareholders’ Meeting (Before Amendment) -----	98
	IV. Procedures for Lending Funds to Other Parties (before Amendment) -----	105
	V. Shareholdings of All Directors -----	111
	VI. Other Information -----	112

# **Redwood Group Ltd**

## **Procedure of 2020 Annual General Meeting**

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

# **Redwood Group Ltd**

## **Meeting Agenda of 2020 Annual General Meeting**

- I. Time: 9:00 a.m., Monday, June 8, 2020
- II. Venue: Third-floor meeting room at the New Taipei Industrial Park Service Center (No. 95, Wugong Road, Xinzhuang District, New Taipei City)
- III. Call the meeting to order
- IV. Chairman's remarks
- V. Report items
  - (I) 2019 annual operating results.
  - (II) Audit Committee's approval and audit report for 2019.
  - (III) Amendments to certain articles within the Company's "Rules of Procedure for the Board of Directors' Meetings."
- VI. Proposed resolutions
  - (I) To adopt the 2019 annual financial statements.
  - (II) To adopt the 2019 earnings distribution.
- VII. Discussion items
  - (I) Amendments to certain articles within the Company's "Articles of Incorporation"
  - (II) Amendments to certain articles within the Company's "Rules of Procedure for Shareholders' Meeting "
  - (III) Amendments to certain articles within the Company's "Procedures for Lending Funds to Other Parties"
- VIII. Special motions
- IX. Adjournment

# Report Items

Item 1 Proposed by the Board of Directors

Subject: To approve the 2019 annual operating results.

Explanation: Please refer to Attachment I (P.7) of the Meeting Agenda.

Item 2 Proposed by the Board of Directors

Subject: To approve the Audit Committee's approval and audit report for 2019.

Explanation: Please refer to Attachment II (P.11) of the Meeting Agenda.

Item 3 Proposed by the Board of Directors

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

Explanation: Please refer to Attachment III (P.12) of the Meeting Agenda.

# Proposed Resolutions

Item 1 Proposed by the Board of Directors

Subject: To adopt the 2019 annual financial statements.

Explanation: The Company's 2019 annual financial statements were audited by the Certified Public Accountants (CPAs) of Deloitte Taiwan, Ming-chung Hsieh and Po-jen Weng. Relevant reports were reviewed by the Audit Committee and approved by a resolution by the Board of Directors. Please refer to Attachment IV (P.14) of the Meeting Agenda.

Resolution:

Item 2 Proposed by the Board of Directors

Subject: To adopt the 2019 earnings distribution.

Explanation: 1. The Company's audited consolidated net income amounted to NT\$29,761,473, of which NT\$15,524,383 was appropriated as special reserve (i.e. adjustments to accommodate exchange differences on the translation of foreign operations' financial statements) and NT\$1,488,074 was appropriated as special reserve. The earnings available for distribution were NT\$116,658,092. It is proposed not to distribute dividends for the year.

2. Please refer to Attachment V (P.25) of the Meeting Agenda for the 2019 Earnings Distribution Table.

Resolution:

## Discussion Items

Item 1 Proposed by the Board of Directors

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

Explanation: In line with changes in laws and regulations, it is proposed to amend the Company's "Articles of Incorporation." Please refer to Attachment VI (P.26) of the Meeting Agenda for a comparison table of amendments.

Resolution:

Item 2 Proposed by the Board of Directors

Subject: To approve the amendments of certain articles within the Company's "Rules of Procedure for Shareholders' Meeting."

Explanation: In line with changes in laws and regulations, it is proposed to amend the Company's "Rules of Procedure for Shareholders' Meeting." Please refer to Attachment VII (P.42) of the Meeting Agenda for a comparison table of amendments.

Resolution:

Item 3 Proposed by the Board of Directors

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

Explanation: In line with changes in laws and regulations, it is proposed to amend the Company's "Procedures for Lending Funds to Other Parties." Please refer to Attachment VIII (P.48) of the Meeting Agenda for a comparison table of amendments.

Resolution:

## **Special Motions**

### **Adjournment**

## **[Attachment 1] 2019 Business Report**

### **Letter to Shareholders**

2019 was a better year to the company despite the overall global market may have said experienced an economic divergence, economies were slowing across the board. The US/China trade wars and uncertainty around Brexit for the European region, while a number of economic indicator alarms were triggered. The 2018-19 personal luxury goods market experienced a 4% growth comparing to a 2% growth in 2017-18. Redwood Group has generated total revenues of NTD1,654 million, with a gross margin of 25.47%.

The company will continue to stay ahead as one of the market leader through process improvements to gain competitive advantages. The company has established oversea subsidiaries to effectively service our clients, such operations will further enhance the business opportunities in those markets. The results are particularly noticeable for our subsidiaries in Japan, Korean and followed by the USA. The company will continue to focus on our core businesses in providing world class fitting-outs services to the luxury retail stores globally. At the same time, with the target completion of the new production facilities in Singapore by mid-2020, the company will be capable of exploring other new luxury market sectors and new business opportunities.

I would like to sincerely thanks our board of directors, giving their supports, guidance and strategic directions to the company in this competitive environment.

We are determined to ensure that our company remain attractive and compelling both with advance production process and projects management capabilities as well as the way we engage with clients through dedicated service and experiences in all projects. We will continue to encourage an innovative and entrepreneurial mindset among our colleagues. We will foster a collaborative and inclusive working environment where talent thrives and sustainability is embedded across all our operations.

In today's uncertain environment, the strength of our agility, creativity and skills of our employees allow us to remain confident in our ability to achieve our long-term ambitions. I am truly grateful for their passion, integrity and commitment.

I. Implementation results of 2019 business plan

(I) Implementation results of business plan

Unit: NT\$1,000

Item	FY2019	
	Amount	%
Operating revenue	1,654,214	100.00%
Operating costs	1,232,846	74.53%
Gross profit	421,368	25.47%
Net operating income	46,232	2.79%
Net income before tax	45,390	2.74%

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

(III) Cash flows and profitability analysis

Unit: NT\$1,000

Item		FY2019	
Cash flows	Operating revenue	1,654,214	
	Gross profit	421,368	
	Net income before tax	45,390	
Profitability	Return on assets (%)	1.99%	
	Return on shareholders' equity (%)	3.20%	
	Percentage of paid-in capital (%)	Net operating income	9.20%
		Net income before tax	9.03%
	Net profit margin (%)	1.80%	
	Earnings per share (NT\$)	0.59	

(IV) Research and development:

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

## II. Summary of 2020 business plan

### (I) Business directions

1. Offering quality crafted products and satisfying services at luxury display locations worldwide.
2. Improving project management capabilities and provide customers more comprehensive “one-stop” service.
3. Training technical talents actively.
4. Developing new customers and expanding the scope of service provided for the existing customers to increase market share.
5. Further tighten company costs control to lessen the business impact due to the global coronavirus situation.

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

Market research carried out by Bain & Company in 2019 has initially indicated that the global luxury markets is expected to continue with a positive and progressive growth until 2025. However, with the current global outbreak of the coronavirus, there will certainly be negative impacts to the luxury goods sector. BCG (Boston Consulting Group) survey has indicated the impact could have costs the industry as much as €40 billion in 2020.

### (III) Significant production and sales policies

The Company has continued putting efforts with overseas operations to provide better services to our existing client and at the same time exploring new opportunities for business growth. We will continue to review the market conditions and explore other strategic locations in order to become more responsive, add values, offer quality services and commitment to our clients.

## III. Future development strategies of the Company

- (I) Developing automated manufacturing processes, improving production efficiency and capacity, and training technical talents.
- (II) Improving project management capabilities and production technologies and providing customers satisfying products and service.
- (III) Expanding new clientele with high growth potential based on the decoration of high-end boutiques.
- (IV) Explore other high-end market sectors for new business opportunities.

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

Unstable macro-economic environment or external business conditions have a certain degree of influence on the global luxury goods market. With countermeasures for downturns and joint efforts from employees and suppliers, Redwood Group continues to perform well. We

believe that Redwood Group can achieve outstanding performance in the dire environment and under competitions when we operate and manage our business well and continuously strengthen our competitive advantages.

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

In response to the increasing awareness of corporate social responsibility (CSR) among the global boutiques, Redwood Group ensures compliance with related ethical standards in the production process and obtains recognition from our customers, so as to further enhance our competitive edge and brand value.

Chairman:  
Thong-ming Soh

General Manager:  
Sheng-chiang Li

Accounting Officer:  
Ai-ai Hsiao

## **[Attachment II] Audit Committee's Approval and Audit Report for 2019**

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

The Company's 2019 consolidated financial statements were approved by the Audit Committee and resolved by the Board of Directors. Deloitte Taiwan was appointed by the Board to audit the consolidated financial statements and it had issued an audit report with unqualified opinion.

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

Certified Public Accountants (CPAs) communicated the following matters with the Audit Committee during their audit of the Company's 2019 financial statements:

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

In addition, the Company's 2019 annual operating results and earning distribution proposal resolved by the Board had been audited by the Audit Committee and deemed as in compliance with relevant laws and regulations.

In summary, the Company's 2019 financial statements approved by the Audit Committee and resolved by the Board of Directors, and the Company's 2019 annual operating results and earning distribution proposal resolved by the Board of Directors and audited by the Audit Committee were in compliance with relevant laws and regulations. We hereby submit this report in accordance with Article 219 of the Company Act.

Sincerely,

Redwood Group Ltd

Convener of the Audit Committee

Min-chiu Chien

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

REDWOOD GROUP LTD

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

After the Amendment	Before the Amendment	Description
<p>Article 10 The Board meetings convened by the Chairman shall be chaired <u>by the Chairman</u>. However, the first Board meeting of each term shall be convened and chaired by the Director whose ballots represent the most voting rights at the shareholders' meeting. When there are two (2) or more persons with the right to convene, they shall choose one from among themselves.</p> <p><u>In accordance with Paragraph 4, Article 203 or Paragraph 3, Article 203-1 of the Company Act, for Board meetings convened by the majority of Directors, the Directors shall elect one from among themselves to presided the meetings.</u></p> <p>When the Chairman is on leave or for some reasons unable to exercise the power, the Vice Chairman shall serve as a proxy. If there is no Vice Chairman or the Vice Chairman is on leave or for some reasons unable to exercise the power, the Chairman shall appoint a Managing Director to serve as a proxy. If there is no Managing Directors, the Chairman shall appoint one Director to serve as a proxy. If</p>	<p>Article 10 The Board meetings <u>shall</u> be convened and chaired by the Chairman. However, the first Board meeting of each term shall be convened and chaired by the Director whose ballots represent the most voting rights at the shareholders' meeting. When there are two (2) or more persons with the right to convene, they shall choose one from among themselves. When the Chairman is on leave or for some reasons unable to exercise the power, the Vice Chairman shall serve as a proxy. If there is no Vice Chairman or the Vice Chairman is on leave or for some reasons unable to exercise the power, the Chairman shall appoint a Managing Director to serve as a proxy. If there is no Managing Directors, the Chairman shall appoint one Director to serve as a proxy. If the Chairman does not appoint a proxy, the Directors shall elect one from among themselves.</p>	<p>I. Wordings in Paragraph 1 are revised.</p> <p>II. Paragraph 2 is added in response to the amended Company Act announced on August 1, 2018 to stipulate that when the Board meetings are convened by the majority of Directors (including the first Board meeting of each term convened by the majority of the Directors elected), the Directors shall elect one from among themselves to presided the meetings, as Paragraph 4, Article 203 of the Act state that the first Board meeting of each term may be convened by the majority of the Directors elected; and Paragraph 3, Article 203-1 of the same Act state that the Board meetings may be convened by the majority of Directors.</p> <p>III. The existing Paragraph 2 is moved to Paragraph 3.</p>

After the Amendment	Before the Amendment	Description
<p>the Chairman does not appoint a proxy, the Directors shall elect one from among themselves.</p>		
<p>Article 16</p> <p>For agenda items of which the Director or the juridical person the Director represents has a personal interest, the Director shall disclose the major aspects of such personal interest at the current Board meeting. If the interest may impair the interests of the Company, the Director shall state his/her opinions and answer questions. The Director shall recuse himself/herself from discussion and voting. Furthermore, such Director shall not exercise voting right on behalf of another Director.</p> <p><u>The Director is deemed to have a personal interest when his/her spouse or blood relatives within the second degree of kinship, or a company which has a controlling or subordinate relation with the Director, having personal interests in agenda items of the preceding paragraph.</u></p> <p>With respect to the resolutions at the Board meetings, when a Director is prohibited from exercising the voting right pursuant to the preceding <u>two</u> paragraphs, <u>the provisions of Paragraph 2, Article 180 of the Company Act apply mutatis mutandis pursuant to Paragraph 4, Article 206 of the same Act</u></p>	<p>Article 16</p> <p>For agenda items of which the Director or the juridical person the Director represents has a personal interest, the Director shall disclose the major aspects of such personal interest at the current Board meeting. If the interest may impair the interests of the Company, the Director shall state his/her opinions and answer questions. The Director shall recuse himself/herself from discussion and voting. Furthermore, such Director shall not exercise voting right on behalf of another Director.</p> <p>With respect to the resolutions at the Board meetings, when a Director is prohibited from exercising the voting right pursuant to the preceding paragraph, <u>his/her voting right shall not be included in the voting rights of attending Directors.</u></p>	<p>I. Paragraph 2 is added in response to Paragraph 3, Article 206 of the amended Company Act announced on August 1, 2018 to stipulate that a Director is deemed to have a personal interest when his/her spouse or blood relatives within the second degree of kinship, or a company which has a controlling or subordinate relation with him/her, having personal interests in the meetings' agenda items.</p> <p>II. The existing Paragraph 2 is moved to Paragraph 3. Also, in line with the amended Company Act announced on August 1, 2018, the number of reference article is adjusted where Paragraph 3, Article 206 of the Company Act is changed to Paragraph 4.</p>

After the Amendment	Before the Amendment	Description
Date of establishment of the Rules: December 30, 2010 First amendment: March 3, 2011 Second amendment: March 20, 2012 Third amendment: June 18, 2012 Fourth amendment: September 5, 2012 Fifth amendment: December 22, 2014 Sixth amendment: November 14, 2017 Seventh amendment: March 20, 2019 <u>Eighth amendment</u> <u>March 19, 2020</u>	Date of establishment of the Rules: December 30, 2010 First amendment: March 3, 2011 Second amendment: March 20, 2012 Third amendment: June 18, 2012 Fourth amendment: September 5, 2012 Fifth amendment: December 22, 2014 Sixth amendment: November 14, 2017 Seventh amendment: March 20, 2019	A new amendment date is added.

## **[Attachment IV] 2019 Annual Financial Statements INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Redwood Group Ltd

### **Opinion**

We have audited the accompanying consolidated financial statements of Redwood Group Ltd and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

#### Revenue Recognized Based on Construction in Progress

As described in Notes 4, section 10 and Note 5 of the consolidated financial statements, the construction revenue of the Group was \$1,654,214 thousand for the year ended December 31, 2019, the recognition of revenue and cost are based on the percentage of completion of construction. However, the calculation of estimated total cost was subject to historical experience, fluctuation of construction materials, adjustments to construction schedules, and management's significant judgement. Furthermore, the calculation of percentage of completion of construction is significant with regard to revenue recognition; therefore, we identified the estimation of unfinished construction cost to be a key audit matter.

By understanding the industry and economic environment, we tested the related internal controls, and the main audit procedures that we performed were the following:

1. We sampled the construction proposals and examined its estimation sheet of construction cost and the amount of estimated materials, labor and manufacturing expenses in accordance with the estimated total cost of the proposal.
2. We sampled the construction proposals, examined and matched the unit cost with its construction cost in the estimation sheet with the latest purchasing unit cost in similar proposals.
3. We verified that the percentage of the actual cost input was accounted for the estimated total cost and compared it with the completion of construction in progress approved by the owner to evaluate the rationality of estimated total cost. If there is any difference, we obtained a statement from management and verified the rationality.
4. We sampled the construction proposals, examined its manufacturing cost in its estimated cost sheet. We also verified the estimated cost based on the quotation obtained from the supplier and matched them with the quotation for consistency.

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

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

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

alternative but to do so.

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 19, 2020

#### Notice to Readers

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

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

## REDWOOD GROUP LTD AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 296,210	16	\$ 353,259	21
Contract assets - current (Note 20)	202,926	11	159,901	10
Trade receivables (Notes 8 and 26)	210,736	12	347,679	21
Other receivables (Notes 8 and 26)	2,069	-	193	-
Other receivables from related parties (Notes 8, 26 and 27)	61	-	59	-
Inventories (Note 9)	86,381	5	59,270	3
Current tax assets (Note 22)	23,628	1	29,939	2
Prepayments (Notes 14 and 26)	53,014	3	47,915	3
Other current assets (Note 14)	3,291	-	4,499	-
Total current assets	<u>878,316</u>	<u>48</u>	<u>1,002,714</u>	<u>60</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	43,557	2	92,092	6
Property, plant and equipment (Notes 11 and 28)	855,857	46	508,874	30
Right-of-use assets (Notes 12 and 28)	53,231	3	-	-
Deferred tax assets (Note 22)	1,935	-	1,959	-
Prepayment for lease - non-current (Note 13)	-	-	45,455	3
other non-current assets (Notes 14 and 26)	12,984	1	16,424	1
Total non-current assets	<u>967,564</u>	<u>52</u>	<u>664,804</u>	<u>40</u>
<b>TOTAL</b>	<u>\$ 1,845,880</u>	<u>100</u>	<u>\$ 1,667,518</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 15)	\$ 99,322	6	\$ 143,872	9
Contract liabilities-current (Note 20)	91,878	5	104,903	6
Trade payables (Notes 16 and 26)	170,180	9	160,378	10
Trade payables to related parties (Notes 16, 26 and 27)	1,179	-	22	-
Lease liabilities - current (Note 12)	5,861	-	-	-
Other payables (Notes 17 and 26)	151,629	8	120,863	7
Other payables to related parties (Notes 17, 26 and 27)	-	-	1,554	-
Current tax liabilities (Note 22)	11,797	1	15,932	1
Current portion of long-term borrowings (Note 15)	56,772	3	58,486	3
Other current liabilities (Note 17)	314	-	1,351	-
Total current liabilities	<u>588,932</u>	<u>32</u>	<u>607,361</u>	<u>36</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities - non-current (Note 12)	2,397	-	-	-
Long-term borrowings (Note 15)	321,556	18	101,799	6
Deferred tax liabilities (Note 22)	20,001	1	12,211	1
Total non-current liabilities	<u>343,954</u>	<u>19</u>	<u>114,010</u>	<u>7</u>
Total liabilities	<u>932,886</u>	<u>51</u>	<u>721,371</u>	<u>43</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)</b>				
Share capital - ordinary shares	<u>502,425</u>	<u>27</u>	<u>502,425</u>	<u>30</u>
Capital surplus	<u>293,911</u>	<u>16</u>	<u>293,911</u>	<u>18</u>
Retained earnings				
Special reserve	235,380	13	244,592	14
Unappropriated earnings	133,672	7	94,699	6
Total retained earnings	<u>369,052</u>	<u>20</u>	<u>339,291</u>	<u>20</u>
Other equity				
Exchange differences on translation of foreign financial statements	(193,842)	(11)	(178,644)	(11)
Unrealized gain on financial assets of fair value through other comprehensive income	(58,552)	(3)	(10,836)	-
Total other equity	<u>(252,394)</u>	<u>(14)</u>	<u>(189,480)</u>	<u>(11)</u>
Treasury shares	-	-	-	-
Total equity attributable to owners of the Company	<u>912,994</u>	<u>49</u>	<u>946,147</u>	<u>57</u>
<b>TOTAL</b>	<u>\$ 1,845,880</u>	<u>100</u>	<u>\$ 1,667,518</u>	<u>100</u>

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

## REDWOOD GROUP LTD AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Note 20)				
Construction revenue	\$ 1,654,214	100	\$ 1,506,228	100
OPERATING COSTS (Note 21)				
Construction costs	<u>(1,232,846)</u>	<u>(74)</u>	<u>(1,176,203)</u>	<u>(78)</u>
GROSS PROFIT	<u>421,368</u>	<u>26</u>	<u>330,025</u>	<u>22</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	(9,500)	(1)	(8,801)	-
General and administrative expenses	(360,202)	(22)	(345,301)	(23)
Expected credit (loss) gain	<u>(5,434)</u>	<u>-</u>	<u>17,772</u>	<u>1</u>
Total operating expenses	<u>(375,136)</u>	<u>(23)</u>	<u>(336,330)</u>	<u>(22)</u>
PROFIT FROM OPERATIONS	<u>46,232</u>	<u>3</u>	<u>(6,305)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Other income	9,152	1	7,886	-
Other gains and losses	(2,103)	-	(6,728)	-
Finance costs	<u>(7,891)</u>	<u>(1)</u>	<u>(11,711)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(842)</u>	<u>-</u>	<u>(10,553)</u>	<u>(1)</u>
PROFIT (LOSS) BEFORE INCOME TAX	45,390	3	(16,858)	(1)
INCOME TAX EXPENSE (Note 22)	<u>(15,629)</u>	<u>(1)</u>	<u>(7,625)</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>29,761</u>	<u>2</u>	<u>(24,483)</u>	<u>(1)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in debt instruments as at fair value through other comprehensive income	(47,716)	(3)	(7,229)	-
Exchange differences arising on translation to the presentation currency	(5,535)	-	979	-

(Continued)

## REDWOOD GROUP LTD AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	\$ (9,663)	(1)	\$ 8,233	-
Other comprehensive income (loss) for the year, net of income tax	<u>(62,914)</u>	<u>(4)</u>	<u>1,983</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (33,153)</u>	<u>(2)</u>	<u>\$ (22,500)</u>	<u>(1)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 29,761</u>	<u>2</u>	<u>\$ (24,483)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ (33,153)</u>	<u>(2)</u>	<u>\$ (22,500)</u>	<u>(1)</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 0.59</u>		<u>\$ (0.49)</u>	
Diluted	<u>\$ 0.59</u>		<u>\$ (0.49)</u>	

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

**REDWOOD GROUP LTD AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company							Total Equity
	Share (In Thousand)	Capital Surplus	Retained Earnings		Other Equity		Treasury Shares	
			Special Reserve	Unappropriate d Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensiv e Income	Exchange Differences on Translating the Financial Statements of Foreign Operations		
BALANCE AT JANUARY 1, 2018	\$ 506,925	\$ 313,601	\$ 253,341	\$ 195,846	\$ (3,607)	\$ (187,856)	\$ (24,190)	\$ 1,054,060
Appropriation of 2017 earnings								
Special reserve	-	-	(8,749)	8,749	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(85,413)	-	-	-	(85,413)
Net loss for the year ended December 31, 2018	-	-	-	(24,483)	-	-	-	(24,483)
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	(7,229)	9,212	-	1,983
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	(24,483)	(7,229)	9,212	-	(22,500)
Treasury shares	(4,500)	(19,690)	-	-	-	-	24,190	-
BALANCE AT DECEMBER 31, 2018	502,425	293,911	244,592	94,699	(10,836)	(178,644)	-	946,147
Appropriation of 2018 earnings								
Special reserve	-	-	(9,212)	9,212	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	29,761	-	-	-	29,761
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(47,716)	(15,198)	-	(62,914)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	29,761	(47,716)	(15,198)	-	(33,153)
BALANCE AT DECEMBER 31, 2019	\$ 502,425	\$ 293,911	\$ 235,380	\$ 133,672	\$ (58,552)	\$ (193,842)	\$ -	\$ 912,994

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

## REDWOOD GROUP LTD AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 45,390	\$ (16,858)
Adjustments for:		
Depreciation expenses	72,185	65,997
Expected credit loss recognized (reversed) on trade receivables	5,434	(17,772)
Finance costs	7,891	11,711
Interest income	(859)	(1,037)
Write-downs of inventories	-	485
Reversal of write-downs of inventories	(1,047)	-
Net (gain) loss on foreign currency exchange	(6,301)	4
Gain on disposal of property, plant and equipment	(694)	(874)
Amortization of prepayments for leases	-	1,475
Changes in operating assets and liabilities		
Contracts assets	(43,025)	67,891
Trade receivables	131,662	(6,948)
Other receivables	(1,878)	269
Inventories	(25,826)	9,685
Prepayments	(1,195)	12,212
Other current assets	1,208	10,791
Contracts liabilities	(13,025)	46,771
Trade payables	10,959	(49,867)
Other payables	(9,672)	4,751
Other current liabilities	(1,037)	(4,935)
Other non-current assets	-	(94)
Cash generated from operations	170,170	133,657
Interest paid	(7,455)	(11,711)
Income taxes paid	(5,368)	(37,616)
	<u>157,347</u>	<u>84,330</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(389,405)	(82,603)
Proceeds from disposal of property, plant and equipment	14,676	2,071
Increase in refundable deposits	(1,426)	-
Decrease in refundable deposits	-	382
Decrease in long-term receivables	-	9,250
Decrease in other current assets	2	-
Increase in prepayments for equipment	(659)	(4,977)
Increase in prepayments for leases	-	(48,549)
Interest received	859	1,037
	<u>(375,953)</u>	<u>(123,389)</u>
Net cash used in investing activities		(Continued)

## REDWOOD GROUP LTD AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

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	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ -	\$ 121,047
Repayments of short-term borrowings	(44,550)	-
Proceeds from long-term borrowings	276,529	66,660
Repayments of long-term borrowings	(58,486)	(62,217)
Repayment of the principal portion of lease liabilities	(8,793)	-
Dividends paid to owners of the Company	<u>-</u>	<u>(85,413)</u>
Net cash generated from (used in) financing activities	<u>164,700</u>	<u>40,077</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,143)</u>	<u>3,447</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(57,049)	4,465
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>353,259</u>	<u>348,794</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 296,210</u>	<u>\$ 353,259</u>

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

## [Attachment V] 2019 Annual Statement of Deficit Compensation

Redwood Group Ltd  
Annual Statement of Earnings Distribution Table  
FY2019

Unit: NT\$

Item	Amount	
	Subtotal	Total
Unappropriated earnings, beginning of period		\$103,909,076
Add: Net income after tax for the year	29,761,473	
Minus: Appropriation of special reserve (Including adjustment to accommodate exchange differences in the financial statements of foreign operations)	(15,524,383)	
Minus : 5% special reserve	(1,488,074)	12,749,016
Unappropriated earnings, end of period		116,658,092

Note1: In accordance with Article 34.6 of the Articles of Association of the Company, dividends would not be distributed this year as the earnings of NT\$12,749,016 would be operating reserve.

Note2: Remuneration to Directors and bonus to employees distributed during the period in the form of cash: None.

Chairman:  
Thong-ming Soh

General Manager:  
Sheng-chiang Li

Accounting Officer:  
Ai-ai Hsiao

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

### 1. Memorandum of Association

Proposed Amendment	Original Article	Reason for Amendment
<p>2 The Registered Office of the Company shall be at the offices of <u>Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005</u>, Cayman Islands, or at such other place within the Cayman Islands as the Board may from time to time decide.</p>	<p>2. The Registered Office of the Company shall be at the offices of <u>Elian Fiduciary Services (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007</u>, Cayman Islands, or at such other place within the Cayman Islands as the Board may from time to time decide.</p>	<p>This Article is amended to reflect the new registered Office of the Company in the Cayman Islands.</p>
<p>3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2020 Revision) or as the same may be revised from time to time, or any other laws of the Cayman Islands.</p>	<p>3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2016 Revision) or as the same may be revised from time to time, or any other laws of the Cayman Islands.</p>	<p>This Article is amended to reflect the new revision of Companies Law of Cayman Islands.</p>

### 2. Article of Association

Proposed Amendment	Original Article	Reason for Amendment
<p>1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:</p> <p>Omitted</p> <p><b><u>"Dissenting Member"</u></b> has the meaning given thereto in Article 21.2;</p>	<p>1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:</p> <p>Omitted</p> <p style="text-align: center;"><u>New Definition</u></p>	<p>This Article is amended to add the definitions of "Dissenting Member", "Share Exchange" and "Spin-off" pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei</p>

<p>Omitted</p> <p><b>"Member"</b></p> <p><u>means a person registered in the Register of Members as a holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires.</u></p>	<p>Omitted</p> <p><b>"Member"</b></p> <p><u>has the same meaning as in the Statute.</u></p>	<p>Exchange on January, 8 2020. Also, this Article is amended to clarify the definition of "Member" and reflected the new revision of Companies Law of Cayman Islands.</p>
<p>Omitted</p> <p><b><u>"Share Exchange"</u></b></p> <p><u>a 100% share exchange as defined in the ROC Business Mergers and Acquisitions Act whereby a company (the "Acquiring Company") acquiring all the issued and outstanding shares of another company with the consideration being the shares of the Acquiring Company, cash or other assets;</u></p>	<p>Omitted</p> <p><u>New Definition</u></p>	
<p>Omitted</p> <p><b><u>"Spin-off"</u></b></p> <p><u>a spin-off as defined in the ROC Business Mergers and Acquisitions Act whereby a</u></p>	<p>Omitted</p> <p><u>New Definition</u></p>	

<p><u>company transfers a part or all of its business that may be operated independently to an existing company or newly incorporated company (the "Acquirer") with the consideration being the shares of the Acquirer, cash or other assets;</u></p> <p><b>"Statute"</b> means the Companies Law (2020 Revision) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force.</p> <p>Omitted</p>	<p><b>"Statute"</b> means the Companies Law (2016 Revision) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force.</p> <p>Omitted</p>	
<p>2.3 Where the Company increases its issued share capital by issuing new Shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new Shares to be issued, for public offering in the ROC, unless it is deemed as either unnecessary or inappropriate, <u>as determined by the FSC or the TPEX (as applicable)</u> for the Company to conduct the aforementioned public offering <u>or otherwise provided by applicable laws.</u> Any percentage higher than the aforementioned 10% as resolved by a general meeting for public offering in the ROC shall prevail. The Company may also</p>	<p>2.3 Where the Company increases its issued share capital by issuing new Shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new Shares to be issued, for public offering in the ROC, unless it is deemed as either unnecessary or inappropriate by the FSC or TPEX for the Company to conduct the aforementioned public offering. Any percentage higher than the aforementioned 10% as resolved by a general meeting for public offering in the ROC shall prevail. The Company may also reserve up to 15% of the total amount of such newly issued Shares for</p>	<p>This Article is amended to clarify and expand the application of the law in the ROC.</p>

<p>reserve up to 15% of the total amount of such newly issued Shares for subscription by the employees of the Company and its Subsidiaries.</p>	<p>subscription by the employees of the Company and its Subsidiaries.</p>	
<p>2.4 Unless otherwise resolved by the Members at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he is entitled to exercise a pre-emptive right to purchase his pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion in Article 2.3) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members <u>the procedures for exercising such pre-emptive rights</u>. In the event that the number of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued Share, Shares held by several Members may be calculated together for joint subscription of newly-issued Shares or for subscription of newly-issued Shares in the name of a single Member in such manner as is consistent with the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such Shares into the public offering tranche or offer</p>	<p>2.4 Unless otherwise resolved by the Members at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he is entitled to exercise a pre-emptive right to purchase his pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion in Article 2.3) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members <u>that if any Member fails to subscribe his pro rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his pre-emptive right to subscribe such newly-issued Shares</u>. In the event that the number of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued Share, Shares held by several Members may be calculated together for joint subscription of newly-issued Shares or for subscription of newly-issued Shares in the name of a single Member in such manner as is consistent with the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on January 8, 2020.</p>

<p>any un-subscribed new Shares to a specific person or persons in such manner as is consistent with the Applicable Public Company Rules.</p> <p><u>If any person who has subscribed the new shares (by exercising the aforesaid pre-emptive right of Members or subscribing the public offering portion or the employee subscription portion) fails to pay when due any amount of the subscription price in relation to such newly-issued shares within the payment period as determined by the Company, the Company shall fix a period of no less than one month and call for payment of the subscription price or the Company may declare a forfeiture of such subscription. No forfeiture of such subscription shall be declared as against any such person unless the amount due thereon shall remain unpaid for such period after such demand has been made. Notwithstanding the provisions of the preceding sentence, forfeiture of the subscription may be declared without the demand process if the payment period for subscription price set by the Company is one month or longer. Upon forfeiture of the subscription, the shares remaining unsubscribed to shall be offered for subscription in such manner as is consistent with the Applicable Public Company Rules.</u></p>	<p>by the Members within the prescribed period, the Company may consolidate such Shares into the public offering tranche or offer any un-subscribed new Shares to a specific person or persons in such manner as is consistent with the Applicable Public Company Rules.</p>	
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<p>2.6 The pre-emptive right of employees under Article 2.3 and the pre-emptive right of Members under Article 2.4 shall not apply in the event that new</p>	<p>2.6 The pre-emptive right of employees under Article 2.3 and the pre-emptive right of Members under Article 2.4 shall not apply in the event that new</p>	<p>This Article is amended to clarify the transaction type of merger and</p>
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<p>Shares are issued due to the following reasons or for the following purposes:</p> <ul style="list-style-type: none"> <li>(a) in connection with a Merger, <u>Share Exchange</u>, <u>Spin-off</u>, or pursuant to any reorganization of the Company;</li> <li>(b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof;</li> <li>(c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;</li> <li>(d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire Shares;</li> <li>(e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire Shares;</li> <li>(f) in connection with the issue of shares in accordance with Article 34.1 or Article 35; or</li> <li>(g) in connection with Private Placement.</li> </ul>	<p>Shares are issued due to the following reasons or for the following purposes:</p> <ul style="list-style-type: none"> <li>(a) in connection with a Merger, or pursuant to any reorganization of the Company;</li> <li>(b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof;</li> <li>(c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;</li> <li>(d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire Shares;</li> <li>(e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire Shares;</li> <li>(f) in connection with the issue of shares in accordance with Article 34.1 or Article 35; or</li> <li>(g) in connection with Private Placement.</li> </ul>	<p>acquisition pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on January 8, 2020.</p>
<p>12.4 Subject to the Statute and Article 12.5, the Company may from time to time by Supermajority Resolution:</p> <ul style="list-style-type: none"> <li>(a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;</li> <li>(b) effect any Merger (except for any Merger which falls within the definition of "merger and/or consolidation" under the Statute, which requires</li> </ul>	<p>12.4 Subject to the Statute and Article 12.5, the Company may from time to time by Supermajority Resolution:</p> <ul style="list-style-type: none"> <li>(a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;</li> <li>(b) effect any Merger (except for any Merger which falls within the definition of "merger</li> </ul>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on January 8, 2020.</p>

<p>the approval of the Company by Special Resolution only), <u>Share Exchange</u>, or <u>Spin-off</u> of the Company;</p> <p>(c) enter into, amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for frequent joint operation with others;</p> <p>(d) transfer its business or assets, in whole or in any essential part; or</p> <p>(e) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.</p>	<p>and/or consolidation" under the Statute, which requires the approval of the Company by Special Resolution only) or <u>spin-off</u> of the Company;</p> <p>(c) enter into, amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for frequent joint operation with others;</p> <p>(d) transfer its business or assets, in whole or in any essential part; or</p> <p>(e) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.</p>	
<p>16.6 The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:</p> <p>(a) election or discharge of Directors;</p> <p>(b) alteration of the Articles;</p> <p>(c) capital deduction,</p> <p>(d) application to terminate the public offering of the shares,</p> <p>(e) (i) dissolution, Merger, Share Exchange or Spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's</p>	<p>16.6 The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:</p> <p>(a) election or discharge of Directors;</p> <p>(b) alteration of the Articles;</p> <p>(c) capital deduction,</p> <p>(d) application to terminate the public offering of the shares,</p> <p>(e) (i) dissolution, Merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on January 8, 2020.</p>

<p>business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part or (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation;</p> <p>(f) approval of an action by Director(s) who engage(s) in business for himself/herself or on behalf of another person that is within the scope of the Company's business;</p> <p>(g) distribution of the whole or part of the surplus profit of the Company in the form of new Shares;</p> <p>(h) distribution of Capital Reserve in the form of new Shares or cash; and</p> <p>(i) Private Placement of any equity-type securities issued by the Company.</p> <p>The major content of the above matters can be announced at the website designated by Taiwan securities authority or by the Company, and the Company shall specify the link to the website in the notice of the relevant general meeting.</p>	<p>regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part or (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation;</p> <p>(f) approval of an action by Director(s) who engage(s) in business for himself/herself or on behalf of another person that is within the scope of the Company's business;</p> <p>(g) distribution of the whole or part of the surplus profit of the Company in the form of new Shares;</p> <p>(h) distribution of Capital Reserve in the form of new Shares or cash; and</p> <p>(i) Private Placement of any equity-type securities issued by the Company.</p> <p>The major content of the above matters can be announced at the website designated by Taiwan securities authority or by the Company, and the Company shall specify the link to the website in the notice of the relevant general meeting.</p>	
<p>21.1 <u>Subject to compliance with the Law</u>, in the event any of the following resolutions are adopted at a general meeting, any Member who has <u>abstained</u></p>	<p>21.1 <u>In the event any of the following resolutions are adopted at a general meeting, any Member who has notified the Company in writing of his objection to</u></p>	<p>This Article is amended pursuant to the revised Shareholders' Rights</p>

<p><u>from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the meeting, may request the Company to purchase all of his Shares at the then prevailing fair price:</u></p> <ul style="list-style-type: none"> <li>(a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;</li> <li>(b) the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;</li> <li>(c) the Company acquires or assumes the whole business or assets of another person, which has a material effect on the Company's operations;</li> <li>(d) <u>the Company proposes to undertake a Spin-off, Merger or Share Exchange; or</u></li> <li>(e) <u>the Company generally assumes all the assets and liabilities of another person or generally assigns all its assets and liabilities to another person.</u></li> </ul>	<p><u>such matter prior to the meeting and has raised again his objection at the meeting, may request the Company to purchase all of his Shares at the then prevailing fair price:</u></p> <ul style="list-style-type: none"> <li>(a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;</li> <li>(b) the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; <u>or</u></li> <li>(c) the Company acquires or assumes the whole business or assets of another person, which has a material effect on the Company's operations.</li> </ul>	<p>Protection Checklist published by the Taipei Exchange on January 8, 2020.</p>
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<p>21.2 <u>Without prejudice to the Law, any Member exercising his rights in accordance with Article 21.1 (the "Dissenting Member") shall, within twenty (20) days from the date of the resolution passed at the general meeting, give his written notice of objection with the repurchase price proposed by him. If the Company and the Dissenting Member agree on a price at which the Company will purchase the Dissenting Member's shares, the Company shall make the payment within ninety (90) days from the date of the resolution passed at the general meeting. If, within ninety (90) days from the date of the resolution passed at the general meeting, the Company and the Dissenting Member fail to agree on a price at which the Company will purchase the Dissenting Member's shares, the Company shall pay the fair price it deems fit to the Dissenting Member within ninety (90) days from the date of the resolution passed at the general meeting. If the Company fails to pay the fair price it deems fit to the Dissenting Member within the ninety-day period, the Company shall be deemed to agree on the repurchase price proposed by such Dissenting Member.</u></p>	<p>21.2 <u>In the event any part of the Company's business is spun off or involved in any Merger, any Member, who has abstained from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting approving such spin off or Merger, may request the Company to purchase all of his Shares at the then prevailing fair price.</u></p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on January 8, 2020.</p>
<p>21.3 <u>Without prejudice to the Law, if, within sixty (60) days from the date of the resolution passed at the general meeting, the Company and the Dissenting Member fail to agree on a price at which the</u></p>	<p><u>(New Article)</u></p>	<p>This Article is added pursuant to the revised Shareholders' Rights Protection Checklist</p>

<p><u>Company will purchase such Dissenting Member's shares, then, within thirty (30) days immediately following the date of the expiry of such sixty (60)-day period, the Company shall file a petition with the court against all the Dissenting Members for a determination of the fair price of the Shares held by all the Dissenting Members. The Taiwan Taipei District Court, ROC, may be the court of the first instance for this matter.</u></p>		<p>published by the Taipei Exchange on January 8, 2020.</p>
<p>21.4 <u>Notwithstanding the above provisions under this Article 21, nothing under this Article shall restrict or prohibit a Member from exercising his right under section 238 of the Statute to payment of the fair value of his shares upon dissenting from a merger or consolidation.</u></p>	<p>(New Article)</p>	<p>This Article is added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on January 8, 2020.</p>
<p>25.2 The election <u>of</u> Independent Directors and non-independent directors shall be held together and shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors (including the Independent Directors and non-independent directors) to be elected (“Special Ballot Votes”), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one</p>	<p>25.2 The election of Independent Directors and non-independent directors shall be held together and shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors (including the Independent Directors and non-independent directors) to be elected (“Special Ballot Votes”), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one</p>	<p>This Article is amended pursuant to the Order No. Financial-Supervisory-Securities-Corporate-108-0311451 of the Financial Supervisory Commission issued on 25 April 2019.</p>

<p>Director/Independent Director candidate or may be split for election amongst multiple Director/Independent Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the respective number of the Directors/Independent Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors/Independent Directors elected. The Company shall adopt a candidate nomination mechanism for the election of <u>Directors (including Independent Directors and Directors other than Independent Directors)</u>. Subject to the Statute, the nomination of <u>Directors (including Independent Directors and Directors other than Independent Directors)</u> and related announcement shall comply with the Applicable Public Company Rules <u>for so long as the shares are traded on the ESM or listed on the TPEX.</u></p>	<p>Director/Independent Director candidate or may be split for election amongst multiple Director/Independent Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the respective number of the Directors/Independent Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors/Independent Directors elected. The Company shall adopt a candidate nomination mechanism for the election of Independent Directors. Subject to the Statute, the nomination of Independent Directors and related announcement shall comply with the Applicable Public Company Rules.</p>	
<p>26.1 The office of a Director shall be vacated if: (Omitted) (a) having been adjudicated guilty by a final judgment for committing offenses under the ROC Anti-Corruption Act, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less</p>	<p>26.1 The office of a Director shall be vacated if: (Omitted) (a) having been adjudicated guilty by a final judgment for committing offenses under the ROC Anti-Corruption Act <u>during the time of his public service</u>, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or</p>	<p>This Article is amended and clarified pursuant to the application of ROC Anti-Corruption Act.</p>

<p>than two years, or (D) was pardoned for less than two years; or (Omitted)</p>	<p>expiration of the probation is less than two years, or (D) was pardoned for less than two years; or (Omitted)</p>	
<p>28.6 Notwithstanding anything to the contrary contained in this Article 28, a Director who engages in anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek its approval by Supermajority Resolution. <u>If the Company proposes to enter into any transaction specified in Articles 21.1 or effect other forms of mergers and acquisitions in accordance with applicable law, a Director who has a personal interest in such transaction shall declare the essential contents of such personal interest and the reason why he believes that the transaction is advisable or not advisable at the relevant meeting of the Board and the general meeting as required by the applicable law.</u> Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relationship with a Director has interests in the matters under discussion in the meeting of the <u>Board in the preceding paragraph</u>, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the</p>	<p>28.6 Notwithstanding anything to the contrary contained in this Article 28, a Director who engages in anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek its approval by Supermajority Resolution. Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relationship with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on January 8, 2020.</p>

Applicable Public Company Rules.		
<p>38.3 <u>Subject to compliance with the Statute, before the meeting of Board resolves any matter specified in Articles 21.1 or other mergers and acquisitions in accordance with the applicable law, the Audit Committee shall review the fairness and reasonableness of the relevant merger and acquisition plan and transaction, and report its review results to the meeting of Board and the general meeting; provided, however, that such review results need not be submitted to the general meeting if the approval of the Members is not required under the applicable law. When the Audit Committee conducts the review, it shall engage an independent expert to issue an opinion on the fairness of the share exchange ratio, cash consideration or other assets to be offered to the Members. The review results of the Audit Committee and the fairness opinion issued by the independent expert shall be distributed to the Members, along with the notice of the general meeting; provided, however, that the Company can only report matters relating to such merger and acquisition at the next following general meeting if the approval of the Members is not required under the applicable law. Such review results and fairness opinion shall be deemed to have been</u></p>	<p><u>(New Article)</u></p>	<p>This Article is added pursuant to the revised Shareholders' Rights Protection Checklist published by the Taipei Exchange on January 8, 2020.</p>

<p><u>distributed to the Members if the same have been uploaded onto the website designated by Taiwan securities authority and made available to the Members for their inspection and review at the venue of the general meeting.</u></p>		
<p><b>45 Derivative Action</b></p> <p>To the extent permitted under the laws of the Cayman Islands, <u>Members continuously holding one per cent (1%) or more of the total issued shares of the Company for six months or longer may:</u></p> <p>(a) <u>request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or</u></p> <p>(b) <u>request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors;</u></p> <p><u>the Member(s) may, to the extent permitted under the laws of the Cayman Islands, file a petition with the Taipei District Court, ROC for and on behalf of the Company against the relevant Directors within thirty (30) days after such Member(s) having made the request under the preceding clause (a) or (b) if (i) in the case of clause (a), the Board fails to make such authorisation or the Independent Director of the Audit Committee having been authorised by the</u></p>	<p><b>45 Derivative Action</b></p> <p>To the extent permitted under the laws of the Cayman Islands, <u>members continuously holding 1% or more of the total issued shares of the Company for six months or longer may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors.</u></p>	<p>This Article is amended and clarified pursuant to the application of the ROC Company Act.</p>

<p><u>Board fails to file such petition, or (ii) in the case of clause (b), the Independent Director of the Audit Committee fails to file such petition.</u></p>		
<p><b>47 Shareholder Protection Mechanism</b>  If the Company proposes to undertake:</p> <ul style="list-style-type: none"> <li>(a) a merger or consolidation which will result in the Company being dissolved;</li> <li>(b) (b) a sale, transfer or assignment of all of the Company's assets and businesses to another entity;</li> <li>(c) a <u>Share Exchange</u>; or</li> <li>(d) a <u>Spin-off</u>,</li> </ul> <p>which would result in the termination of the Company's listing on the TPEX, and where (in the case of (a) above) the surviving entity, (in the case of (b) above) the transferee, (in the case of (c) above) the entity whose shares has been allotted in exchange for the Company's shares and, (in the case of (d) above) the existing or newly incorporated spun-off company is not a listed company on the Taiwan Stock Exchange or TPEX, then in addition to any requirements to be satisfied under the Statute, such action shall be first approved at a general meeting by a resolution passed by members holding two-thirds or more of the votes of the total number of issued shares of the Company.</p>	<p><b>47. Shareholder Protection Mechanism</b>  If the Company proposes to undertake:</p> <ul style="list-style-type: none"> <li>(a) a merger or consolidation which will result in the Company being dissolved;</li> <li>(b) a sale, transfer or assignment of all of the Company's assets and businesses to another entity;</li> <li>(c) a <u>share swap</u>; or</li> <li>(d) a <u>demerger (spin_off)</u>,</li> </ul> <p>which would result in the termination of the Company's listing on the TPEX, and where (in the case of (a) above) the surviving entity, (in the case of (b) above) the transferee, (in the case of (c) above) the entity whose shares has been allotted in exchange for the Company's shares and, (in the case of (d) above) the existing or newly incorporated spun-off company is not a listed company on the Taiwan Stock Exchange or TPEX, then in addition to any requirements to be satisfied under the Statute, such action shall be first approved at a general meeting by a resolution passed by members holding two-thirds or more of the votes of the total number of issued shares of the Company.</p>	<p>This Article is amended to reflect the provisions of the revised Article 1.1.</p>

**[Attachment VII] Comparison Table of Amendments to the "Rules of Procedure for Shareholders' Meeting"**

REDWOOD GROUP LTD

Comparison Table of Amendments to the Rules of Procedure for Shareholders' Meeting

After the Amendment	Before the Amendment	Description
<p>Article 3</p> <p>I. to III. Omitted.</p> <p>The appointment and discharge of Directors and Independent Directors; amendments to the Article of Incorporation; <u>capital reduction; delisting application; removal of non-compete restriction for Directors; capital increase out of earnings; capital increase out of capital reserve; the dissolution, merger, spin off or laws and regulations of the company; and matters that cannot be raised as a special motion as stipulated in the Company's Articles of Incorporation shall be listed in the reasons for convening the meeting with key points disclosed and shall not be raised as a special motion. The key points may be posted on websites designated by the competent securities authority or the Company, and the websites shall be clearly stated in the notice.</u></p> <p><u>Where the reasons for convening the meeting have</u></p>	<p>Article 3</p> <p>I to III. Omitted.</p> <p>The appointment and discharge of Directors and Independent Directors; amendments to the Article of Incorporation; the dissolution, merger, spin off or laws and regulations of the company; and matters that cannot be raised as a special motion as stipulated in the Company's Articles of Incorporation shall be listed in the reasons for convening the meeting and shall not be raised as a special motion.</p>	<p>I. Paragraph 4 is amended in response to the amendments to Paragraph 5, Article 172 of the Company Act.</p>

After the Amendment	Before the Amendment	Description
<p><u>been clearly stated as the election of all Directors and Supervisors, with the date to assume office stipulated, once the election is completed during the shareholders' meeting, the date cannot be changed via a special motion or any other means within the same meeting.</u></p> <p>Shareholders holding 1 percent or more of the total number of issued shares may submit proposals for the annual general meeting. Each proposal is limited to one subject matter. A proposal containing more than one subject matter will not be included in the agenda, <u>unless the proposal urges the Company to promote public interests or fulfill its social responsibilities.</u> Moreover, if the proposal is of matters that cannot be revolved at the shareholders' meeting, the shareholding of the shareholder who has submitted a proposal is less than 1 percent on the book closure date or the proposal is submitted outside the specified period, the Board of Directors can exclude it from the agenda.</p>	<p>Shareholders holding 1 percent or more of the total number of issued shares may submit proposals for the annual general meeting <u>in writing.</u> <u>However,</u> each proposal is limited to one subject matter. A proposal containing more than one subject matter will not be included in the agenda. Moreover, if the proposal is of matters that cannot be revolved at the shareholders' meeting, the shareholding of the shareholder who has submitted a proposal is less than 1 percent on the book closure date or the proposal is submitted outside the specified period, the Board of Directors can exclude it from the agenda.</p>	<p>II. Paragraph 5 is added in accordance with the Official Letter Jing-Shang-Zi No. 10702417500 issued on August 6, 2018.</p>
<p>Prior to the book closure date before the annual general</p>	<p>Prior to the book closure date before the annual general</p>	<p>III. The Paragraph is renumbered Paragraph 6</p>

After the Amendment	Before the Amendment	Description
<p>meeting, the Company shall publicly announce the acceptance of shareholders' proposals, <u>the means for submission in writing or via electronic means</u>, and the location and period for such submission. The period for submission shall not be less than ten (10) days.</p> <p>Shareholders' proposal shall be limited to 300 words. Proposal containing more than 300 words shall not be included in the agenda. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the annual general meeting and participate in the discussion of his/her proposal. The Company shall inform the shareholders who has submitted proposals the outcome of those proposals before the notification date for the meeting and include proposals in compliance with provisions of this Article in the meeting notice. For proposals failing to be included in the agenda, the Board of Directors shall explain the reasons in the shareholders' meeting.</p>	<p>meeting, the Company shall publicly announce the acceptance of shareholders' proposals and the location and period for such submission. The period for submission shall not be less than ten (10) days.</p> <p>Shareholders' proposal shall be limited to 300 words. Proposal containing more than 300 words shall not be included in the agenda. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the annual general meeting and participate in the discussion of his/her proposal. The Company shall inform the shareholders who has submitted proposals the outcome of those proposals before the notification date for the meeting and include proposals in compliance with provisions of this Article in the meeting notice. For proposals failing to be included in the agenda, the Board of Directors shall explain the reasons in the shareholders' meeting.</p>	<p>and wordings are revised in response to Paragraph 1, Article 172-1 of the newly amended Company Act and the addition of Paragraph 5 within the same Article.</p> <p>IV. The Paragraph is renumbered Paragraph 7 and wordings are revised in line with the amendments to Paragraph 2, Article 172-1 of the Company Act.</p> <p>V. The Paragraph is renumbered Paragraph 8.</p> <p>VI. The Paragraph is renumbered Paragraph 9.</p>
<p>Article 10</p> <p>The Board of Directors shall formulate the meeting agenda if the shareholders' meeting is convened by the Board of Directors. <u>Relevant proposals</u></p>	<p>Article 10</p> <p>The Board of Directors shall formulate the meeting agenda if the shareholders' meeting is convened by the Board of Directors. The meeting shall</p>	<p>I. Paragraph 1 is amended in response to the adoption of electronic voting by all listed companies starting 2018 and to implement the spirit of voting on a proposal-by-proposal basis.</p>

After the Amendment	Before the Amendment	Description
<p><u>(including special motions and amendments to the original proposals)</u> shall be resolved by voting on a <u>proposal-by-proposal</u> basis. The meeting shall proceed according to the agenda which shall not be changed without a resolution of the shareholders' meeting.</p> <p>II to III. Omitted.</p> <p>The Chairman shall give ample opportunity for explanation and discussion of the proposals, and amendments or special motions proposed by the shareholders. When the Chairman believes that a proposal has been discussed sufficiently to put it to a vote, he/she shall announce the discussion closed and call for a vote. <u>He/she shall also allow ample time for voting.</u></p>	<p>proceed according to the agenda which shall not be changed without a resolution of the shareholders' meeting.</p> <p>II to III. Omitted.</p> <p>The Chairman shall give ample opportunity for explanation and discussion of the proposals, and amendments or special motions proposed by the shareholders. When the Chairman believes that a proposal has been discussed sufficiently to put it to a vote, he/she shall announce the discussion closed and call for a vote.</p>	<p>II. Paragraph 4 is amended to avoid the situation where shareholders' voting rights are affected as they cannot vote in time due to excessive reduction of voting time by the convener of shareholders' meeting.</p>
<p>Article 13 I Omitted.</p> <p>When the Company convenes a shareholder's meeting, voting rights <u>may be exercised by correspondence.</u> When voting rights are exercised by correspondence or electronic means, the methods of exercise shall be clearly indicated in the shareholders' meeting notice. Shareholders exercising their voting rights by correspondence or</p>	<p>Article 13 I Omitted.</p> <p>When the Company convenes a shareholder's meeting, voting rights may be exercised by <u>correspondence or electronic</u> means. When voting rights are exercised by correspondence or electronic means, the methods of exercise shall be clearly indicated in the shareholders' meeting notice. Shareholders exercising their voting rights by</p>	<p>Paragraph 2 is amended in response to the adoption of electronic voting by all listed companies starting 2018.</p>

After the Amendment	Before the Amendment	Description
<p>electronic means are deemed as <u>attending the shareholders' meeting in person</u> They are, however, deemed as waiving their rights on special motions or amendments to the original proposals of that shareholders' meeting. <u>Thus, the Company is advised not to raise special motions or make amendments to the original proposals.</u></p>	<p>correspondence or electronic means are deemed as <u>appointing Chairman as their representatives and exercise their voting rights in accordance with instructions in the documents delivered by correspondence or electronic means.</u> They are, however, deemed as waiving their rights on special motions or amendments to the original proposals of that shareholders' meeting.</p>	
<p>Article 15 I to II. Omitted. The meeting minutes shall accurately record the year, month, day, and location of the meeting, the name of Chairman, the resolution methods, and a summary of the discussion and the <u>voting results thereof (including the number of voting rights).</u> <u>For elections of Directors and Supervisors, the number of voting rights received by each candidate shall be disclosed.</u> The minutes shall be retained throughout the life of the Company.</p>	<p>Article 15 I to II. Omitted. The meeting minutes shall accurately record the year, month, day, and location of the meeting, the name of Chairman, the resolution methods, and a summary of the discussion and <u>the results thereof.</u> The minutes shall be retained throughout the life of the Company.</p>	<p>To implement the spirit of voting on a proposal-by-proposal basis, Paragraph 3 is amended based on recommendations proposed by the Asian Corporate Governance Association.</p>

After the Amendment	Before the Amendment	Description
Date of establishment of the Rules: December 30, 2010 First amendment: August 24, 2011 Second amendment: June 18, 2012 Third amendment: June 14, 2013 Fourth amendment: June 16, 2015 <u>Fifth amendment:</u> <u>June 8,2020</u>	Date of establishment of the Rules: December 30, 2010 First amendment: August 24, 2011 Second amendment: June 18, 2012 Third amendment: June 14, 2013 Fourth amendment: June 16, 2015	A new amendment date is added.

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

**REDWOOD GROUP LTD**

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

After the Amendment	Before the Amendment	Description
<p>Article 2: The party to whom the Company may lend its funds and the total lending amount and credit limit of individual party</p> <p>I. According to the Company Act, the Company is not allowed to lend its funds to the shareholders or any other parties with the exception of the following conditions:</p> <p>(I) Companies or firms having business relationship with the Company. <u>The lending amount to an individual party shall not exceed the purchase or sales amount between the Company and the party, whichever is higher, in the most recent year or up to the time of lending during the year. In addition, the total lending amount shall not exceed 10 percent of the Company's net worth in the latest financial statements.</u></p>	<p>Article 2: The party to whom the Company may lend its funds and the total lending amount and credit limit of individual party</p> <p>I. According to the Company Act, the Company is not allowed to lend its funds to the shareholders or any other parties with the exception of the following conditions:</p> <p>(I) Companies or firms having business relationship with the Company.</p> <p>(II) Companies or firms requiring short-term financing. The lending amount shall not exceed 40 percent of the lending company's net worth.</p>	<p>I. Pursuant to Subparagraph 3, Paragraph 1, Article 9 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," the limits on total loans to companies or firms having business relationship with the Company and loans to an individual party shall be stipulated.</p> <p>II. Pursuant to Paragraph 4, Article 3 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," the limit and duration of loans between subsidiaries whose voting rights are 100% held by the Company shall be stipulated.</p>

After the Amendment	Before the Amendment	Description
<p>(II) Companies or firms requiring short-term financing. The lending amount shall not exceed 40 percent of the lending company's net worth.</p> <p>The aforementioned "short-term" in Subparagraph 2 of Paragraph 1 means one year or a business operating cycle (as in the Company's case) if the company's business operating cycle exceeds one year. The lending amount refers to the accumulated balance of the Company's short-term financing.</p> <p>The provision of Subparagraph 2 of Paragraph 1 is not applicable to financing between offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company or financing provided to the Company by offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company. <u>However, the lending duration shall not exceed one (1) year.</u></p> <p>II. Total lending amount and credit limit of individual party</p>	<p>The aforementioned "short-term" in Subparagraph 2 of Paragraph 1 means one year or a business operating cycle (as in the Company's case) if the company's business operating cycle exceeds one year. The lending amount refers to the accumulated balance of the Company's short-term financing.</p> <p>The provision of Subparagraph 2 of Paragraph 1 is not applicable to financing between offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company or financing provided to the Company by offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company. <u>However, the total lending amount and credit limit of individual party shall still be specified along with the lending duration.</u></p> <p>II. Total lending amount and credit limit of individual party</p>	

After the Amendment	Before the Amendment	Description
<p>(I) For subsidiaries or sub-subsidiaries requiring short-term financing and whose voting shares are 100 percent held, directly or indirectly, by the Company, the lending amount to an individual party shall not exceed 30 percent of the Company's net worth in the latest financial statements. However, the lending duration shall not exceed one (1) year.</p> <p>(II) The provision of Subparagraph 1 of Paragraph 2 is not applicable to financing between companies whose voting shares are 100 percent held, directly or indirectly, by the Company. However, the total lending amount and credit limit of individual party shall not exceed 100 percent of the Company's net worth in the latest financial statements. However, the lending duration shall not exceed one (1) year.</p>	<p>(I) For subsidiaries or sub-subsidiaries requiring short-term financing and whose voting shares are 100 percent held, directly or indirectly, by the Company, the lending amount to an individual party shall not exceed 30 percent of the Company's net worth in the latest financial statements.</p> <p>(II) The provision of Subparagraph 1 of Paragraph 2 is not applicable to financing between companies whose voting shares are 100 percent held, directly or indirectly, by the Company. However, the total lending amount and credit limit of individual party shall not exceed 100 percent of the Company's net worth in the latest financial statements.</p>	
Date of establishment of the Procedures:	Date of establishment of the Procedures:	A new amendment date is added.

After the Amendment	Before the Amendment	Description
December 30, 2010 First amendment: March 5, 2011 Second amendment: August 24, 2011 Third amendment: June 14, 2013 Fourth amendment: June 17, 2014 Fifth amendment: June 16, 2015 Sixth amendment: June 10, 2019 <u>Seventh amendment:</u> <u>June 8, 2020</u>	December 30, 2010 First amendment: March 5, 2011 Second amendment: August 24, 2011 Third amendment: June 14, 2013 Fourth amendment: June 17, 2014 Fifth amendment: June 16, 2015 Sixth amendment: June 10, 2019	

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

**Redwood Group Ltd**

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

- Article 1 The Rules of Procedure for the Board of Directors' Meetings (the Rules) are drawn up in accordance with the Company's Articles of Incorporation and relevant laws and regulations in order to build a sound governance system for the Board of Directors, reinforce its supervisory functions, strengthen its management functions, as well as build a sound corporate governance so as to assist Directors in carrying out their duties and strengthen its management functions.
- Article 2 With regards to the Company's Board meetings, the main agenda items, operational procedures, matters required in the meeting minutes, public announcement, and other compliance requirements shall be handled in accordance with the provisions of the Rules.
- Unless otherwise stipulated in laws or regulations or the Articles of Incorporation, requests from Directors shall be handled in accordance with the Rules.
- Article 2-1 The Company's Directors shall be provided with appropriate and timely information in the form and quality that allow them to make informed decisions and carry out their duties.
- Article 3 Unless otherwise provided by the Company's Articles of Incorporation, the Board meetings shall be held at least once a quarter.
- Unless otherwise provided by the Company's Articles of Incorporation, the meeting notice indicating the reasons for convening the Board meetings shall be given to all Directors seven (7) days prior to the meeting. However, in the case of emergency, the meeting may be convened at any time.
- The notice of Board meetings may be delivered by electronic means if agreed by all Directors.
- All matters set out in the subparagraphs of Paragraph 1, Article 7 of the Rules shall be specified in the notice of the reasons for calling Board meetings. None of them may be raised as a special motion except for emergency or legitimate reasons.
- Article 4 The Board meetings shall be convened at a place and time convenient for the Directors to attend and suitable for such events.
- Article 5 The Company's Board appoints the Administration Department to be the unit responsible for the Board meetings.

The unit in-charge of the Board meetings shall draft the agenda of the Board meetings and provide sufficient meeting materials to be sent together with the meeting notice.

If Directors consider the meeting materials to be insufficient, they may request the in-charge unit to provide supplementary information, of which the unit in charge shall provide within three (3) days. If Directors consider the materials concerning the proposals to be insufficient, the deliberation may be postponed upon a resolution of the Board.

Article 5-1 The Company does not have a chief governance officer; thus, the Administration Department is responsible for handling requests from Directors. The Administration Department shall fulfill such requests within three (3) days by the principle of assisting Directors in carrying out their duties in a timely and effectively manner.

Article 6 The agenda items of regular Board meetings shall include at least the following matters:

I. Report items:

- (I) Meeting minutes of the last Board meeting and implementation status.
- (II) Reporting on important financial and business matters.
- (III) Reporting on internal audit activities.
- (IV) Other important matters to be reported.

II. Discussion:

- (I) Items discussed and continued from the last meeting.
- (II) Items to be discussed at this meeting.

III. Special motions

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

I. The Company's operating plans.

II. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which are exempted from being audited and certified by the Certified Public Accountants (CPAs) according to the laws and regulations.

III. Adoption or amendment of the internal control system as stipulated in Article 14-1 of the Securities and Exchange Act, and assessment of the effectiveness of the internal control system.

IV. Adoption or amendment of the Company's procedures for significant financial or business actions, e.g. Procedures for Acquisition or Disposal of Assets, Procedures for Derivative Transactions, Procedures for Lending Funds to Other Parties, and

Procedures for Endorsement and Guarantee, pursuant to Article 36-1 of the Securities and Exchange Act.

- V. Raising, issuing, or privately placing equity-type securities.
- VI. Appointment or discharge of managers, or finance, accounting, or internal audit officers.
- VII. Remuneration policy and system for Directors and managers.
- VIII. Donations to related parties or material donations to non-related parties. However, donations of public welfare nature as emergency relief for major natural disasters may be reported afterwards for acknowledgement in the next Board meeting.
- IX. Any other matters that shall be resolved by the shareholders' meetings or Board meetings pursuant to Article 14-3 of the Securities and Exchange Act, relevant laws and regulations, the Company's Articles of Incorporation, or internal rules; or that are deemed to be material by the regulatory authorities.

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

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

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

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

Article 8 Except for matters specified to be discussed at the Board meetings in Paragraph 1 of the preceding article, the Board may authorize the Chairman to exercise the power of

Board in accordance with the Company's Articles of Incorporation. The content or matters of the delegation shall be in compliance with the Company's "Level of Authority."

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

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

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

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

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

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

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

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

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

The term "all Directors" in the preceding paragraph means the actual number of

Directors currently holding the positions.

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

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

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

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

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

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

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

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

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

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

If the voting requires ballot supervisors and ballot counters, the Chairman shall

appoint those personnel. The ballot supervisors shall be Directors.

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

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

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

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

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

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

- I. The Independent Director has objection or reservation on the record or in writing.
- II. Matters which are approved by two-thirds of all Directors when the Company's Audit Committee does not approve.

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

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

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

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

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

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

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

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

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

amendments, if any, in the future.

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

Date of establishment of the Rules: December 30, 2010

First amendment: March 3, 2011

Second amendment: March 20, 2012

Third amendment: June 18, 2012

Fourth amendment: September 5, 2012

Fifth amendment: December 22, 2014

Sixth amendment: November 14, 2017

Seventh amendment: March 20, 2019

**[Appendix II] Articles of Incorporation**

**THE COMPANIES LAW (2020 REVISION)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

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

**OF**

**REDWOOD GROUP LTD**

紅木集團有限公司

(adopted by a Special Resolution passed on June 8,2020)

**THE COMPANIES LAW (2020 REVISION)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

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

紅木集團有限公司

(adopted by a Special Resolution passed on June 8, 2020)

1. The name of the Company is **REDWOOD GROUP LTD** 紅木集團有限公司.
2. The Registered Office of the Company shall be at the offices of Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands, or at such other place within the Cayman Islands as the Board may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2020 Revision) or as the same may be revised from time to time, or any other laws of the Cayman Islands.
4. The liability of each Member is limited to the amount unpaid on such Member's shares.
5. The share capital of the Company is New Taiwan Dollars 800,000,000 divided into 80,000,000 shares of a par value of New Taiwan Dollars 10.00 each.
6. The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
7. Capitalised terms that are not defined in this Memorandum of Association bear the respective meanings given to them in the Articles of Association of the Company.

**THE COMPANIES LAW (2020 REVISION)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

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

紅木集團有限公司

(adopted by a Special Resolution passed on June 8, 2020)

**46 Interpretation**

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

<b>"Applicable Public Company Rules"</b>	means the ROC laws, rules and regulations (including, without limitation, the Company Law, the Securities and Exchange Law, the rules and regulations promulgated by the FSC, and the rules and regulations promulgated by the TPEX, as amended from time to time) affecting public companies or companies listed on any ROC stock exchange or securities market that from time to time are required by the relevant regulator as applicable to the Company.
<b>"Articles"</b>	means these articles of association of the Company.
<b>"Audit Committee"</b>	means a committee of the Board, which shall comprise solely of Independent Directors.
<b>"Board"</b>	means the board of directors appointed or elected pursuant to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles.

<b>"Capital Redemption Reserve"</b>	means the reserve established by the Company for the purpose of section 37(4) of the Statute which shall comprise of, inter alia, (i) where Shares are redeemed or purchased wholly out of the Company's profits, the amounts by which the Company's issued share capital is diminished in accordance with section 37(3)(g) of the Statute on cancellation of the Shares redeemed or purchased; (ii) where Shares are redeemed or purchased wholly or partly out of the proceeds of a fresh issue and the aggregate amount of those proceeds is less than the aggregate nominal value of the Shares redeemed or purchased, the amount of such difference, unless section 37(4)(c) of the Statute applies; (iii) where Shares are redeemed or purchased out of capital and the capital payment for Shares redeemed or purchased and cancelled is less than their nominal amount, the amount of such difference, subject to section 37(5)(f) of the Statute; subject to any reduction in accordance with section 37(5)(e) of the Statute and other provisions of the Statute.
<b>"Capital Reserve"</b>	means the premium paid on the issuance of any Share and income from endowments received by the Company.
<b>"Chairman"</b>	means the Director elected amongst all the Directors as the chairman of the Board.
<b>"Company"</b>	means the above named company.
<b>"Directors"</b>	means the directors for the time being of the Company and shall include any and all Independent Director(s).
<b>"Dissenting Member"</b>	has the meaning given thereto in Article 21.2;
<b>"Dividend"</b>	means any dividend resolved to be paid on Shares pursuant to the Articles.
<b>"Electronic Record"</b>	has the same meaning as in the Electronic Transactions Law.
<b>"Electronic Transactions Law"</b>	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands.
<b>"FSC"</b>	means the Financial Supervisory Commission of the ROC.
<b>"Gross Negligence"</b>	in relation to a person means a standard of conduct beyond negligence whereby a person acts with reckless disregard for the consequences of his action or inaction.

<b>"TPEX"</b>	means the Taipei Exchange.
<b>"Independent Directors"</b>	means the Directors who are elected as "Independent Directors" for the purpose of the Applicable Public Company Rules.
<b>"Market Observation Post System"</b>	means the public company reporting system maintained by the Taiwan Stock Exchange Corporation.
<b>"Member"</b>	a person registered in the Register of Members as a holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires.
<b>"Memorandum"</b>	means the memorandum of association of the Company.
<b>"Merger"</b>	means a transaction whereby: (a) (i) all of the companies participating in such transaction are combined into a new company, which new company generally assumes all rights and obligations of the combined companies; or (ii) all of the companies participating in such transaction are merged into one of such companies as the surviving company, and the surviving company generally assumes all rights and obligations of the merged companies, and in each case the consideration for the transaction being the shares of the surviving or consolidated company or any other company, cash or other assets; or (b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Applicable Public Company Rules.
<b>"Ordinary Resolution"</b>	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
<b>"Preferred Shares"</b>	has the meaning given thereto in Article 3.
<b>"Private Placement"</b>	has the meaning given thereto in Article 12.6;
<b>"Register of Members"</b>	means the register of members maintained in accordance with the Statute and (if the Company is listed on the TPEX) the

	Applicable Public Company Rules.
<b>"Registered Office"</b>	means the registered office for the time being of the Company.
<b>"Restricted Shares"</b>	has the meaning given thereto in Article 2.5;
<b>"ROC"</b>	means Taiwan, the Republic of China.
<b>"Seal"</b>	means the common seal of the Company and includes every duplicate seal.
<b>"Share"</b>	means a share in the Company.
<b>"Share Exchange"</b>	a 100% share exchange as defined in the ROC Business Mergers and Acquisitions Act whereby a company (the "Acquiring Company") acquiring all the issued and outstanding shares of another company with the consideration being the shares of the Acquiring Company, cash or other assets;
<b>"Special Resolution"</b>	subject to the Statute, means a resolution passed by a majority of at least two-thirds of the votes cast by such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given.
<b>"Spin-off"</b>	a spin-off as defined in the ROC Business Mergers and Acquisitions Act whereby a company transfers a part or all of its business that may be operated independently to an existing company or newly incorporated company (the "Acquirer") with the consideration being the shares of the Acquirer, cash or other assets;
<b>"Statute"</b>	means the Companies Law (2020 Revision) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force.
<b>"Subsidiary"</b>	means, with respect to any company, (i) the entity, more than one half of whose total number of the outstanding voting shares or the total amount of the capital stock are directly or indirectly held by such company; (ii) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (iii) the entity, one half or more of whose executive shareholders or board directors are concurrently acting as the executive shareholders or board directors of such company;

and (iv) the entity, one half or more of whose total number of outstanding voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company.

**"Supermajority Resolution"** means a resolution passed by a majority vote of the Members at a general meeting attended by Members who represent two-thirds or more of the total outstanding Shares or, if the total number of Shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding Shares, but more than one half of the total outstanding Shares, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting.

**"TDCC"** means the Taiwan Depository & Clearing Corporation.

**"Treasury Shares"** has the meaning given thereto in Article 36.1.

1.2 In the Articles:

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

## 47 Issue of Shares

- 2.1 Subject to Article 3.1 and other provisions, if any, in the Memorandum and these Articles and without prejudice to any rights attached to any existing Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute and the Articles) vary such rights; provided that no Share shall be issued at a discount except in accordance with the Statute.
- 2.2 The issue of new Shares shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and shall at all times be subject to the sufficiency of the authorised share capital of the Company.
- 2.3 Where the Company increases its issued share capital by issuing new Shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new Shares to be issued, for public offering in the ROC, unless it is deemed as either unnecessary or inappropriate, as determined by the FSC or the TPEX (as applicable) for the Company to conduct the aforementioned public offering or otherwise provided by applicable laws. Any percentage higher than the aforementioned 10% as resolved by a general meeting for public offering in the ROC shall prevail. The Company may also reserve up to 15% of the total amount of such newly issued Shares for subscription by the employees of the Company and its Subsidiaries.
- 2.4 Unless otherwise resolved by the Members at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he is entitled to exercise a pre-emptive right to purchase his pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion in Article 2.3) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members the procedures for exercising such pre-emptive rights. In the event that the number of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued Share, Shares held by several Members may be calculated together for joint subscription of newly-issued Shares or for subscription of newly-issued Shares in the name of a single Member in such manner as is consistent with the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such Shares into the public offering tranche or offer any un-subscribed new Shares to a specific person or persons in such manner as is consistent with the Applicable Public Company Rules.

If any person who has subscribed the new shares (by exercising the aforesaid pre-emptive right of Members or subscribing the public offering portion or the employee subscription portion) fails to pay when due any amount of the subscription price in relation to such newly-issued shares within the payment period as determined by the Company, the Company shall fix a period of no less than one month and call for payment of the subscription price or the Company may declare a forfeiture of such subscription. No forfeiture of such subscription shall be declared as against any such person unless the amount due thereon shall remain unpaid for such period after such demand has been made. Notwithstanding the provisions of the preceding sentence, forfeiture of the subscription may be declared without the demand process if the payment period for subscription price set by the Company is one month or longer. Upon forfeiture of the subscription, the shares remaining unsubscribed to shall be offered for subscription in such manner as is consistent with the Applicable Public Company Rules.

- 2.5 Subject to the provisions of the Statute, the Company may issue new Shares with restricted rights ("**Restricted Shares**") to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution; provided that Article 2.3 hereof shall not apply in

respect of the issue of such Shares. For so long as the Shares are listed on the TPEx, the terms of issue of Restricted Shares, including but not limited to the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.

- 2.6 The pre-emptive right of employees under Article 2.3 and the pre-emptive right of Members under Article 2.4 shall not apply in the event that new Shares are issued due to the following reasons or for the following purposes:
- (a) in connection with a Merger, Share Exchange, Spin-off, or pursuant to any reorganization of the Company;
  - (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof;
  - (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;
  - (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire Shares;
  - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire Shares;
  - (f) in connection with the issue of shares in accordance with Article 34.1 or Article 35; or
  - (g) in connection with Private Placement.
- 2.7 The Company shall not issue any unpaid Shares or partly paid-up Shares.
- 2.8 Notwithstanding Article 2.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries.
- 2.9 Options, warrants or other similar instruments issued in accordance with Article 2.8 above are not transferable save by inheritance.
- 2.10 The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 2.8 above, whereby employees may subscribe for, within a specific period, a specific number of the Shares. The terms and conditions of such agreements shall be no less restrictive on relevant employee than the terms specified in the applicable incentive programme.
- 2.11 Shares may not be issued in bearer form.

### **3 Preferred Shares**

- 3.1 Notwithstanding any provisions of these Articles, the Company may by Special Resolution create Shares of any class with preferred or other special rights ("**Preferred Shares**"), the rights and obligations of which shall be set forth in these Articles.
- 3.2 The rights and obligations of Preferred Shares may include (but not limited to) the following terms and shall be consistent with the Applicable Public Company Rules:
- (a) the order of priority and fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
  - (b) the order of priority and fixed amount or fixed ratio of allocation of surplus assets of the Company;
  - (c) the order of priority for or restriction on the voting right(s) (including declaring no voting rights whatsoever) of the Members holding the Preferred Shares;

- (d) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
- (e) other matters concerning rights and obligations incidental to Preferred Shares.

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

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

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

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

#### **6 Certificates for Shares**

- 6.1 The Company shall issue Shares without printing share certificates for the Shares issued unless the issuance of share certificates is required by the provisions of the Applicable Public Company Rules. So long as the Shares are listed on the TPEX, notwithstanding anything contained in the Articles and subject always to the law of the Cayman Islands, the details regarding such issue of shares shall be recorded by the TDCC in a manner consistent with the Applicable Public Company Rules, and the Company shall recognize as a Member each person identified as a holder of a Share in the records provided by the TDCC to the Company and such records shall form part of the Register of Members. In the event that the Company shall issue certificates for Shares in accordance with the Applicable Public Company Rules, share certificates representing Shares, if any, shall be in such form as the Board may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Board. The Board may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they

relate. All certificates surrendered to the Company for transfer shall be cancelled and subject to the Articles no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.

- 6.2 In the event that the Company shall issue certificated shares, the Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
- 6.3 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Board may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.
- 6.4 Every share certificate sent in accordance with the Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.
- 6.5 In the event that the Company shall issue certificated shares, the Company shall deliver the share certificates to the subscribers within thirty days from the date such Shares may be issued pursuant to the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules.

## **7 Transfer of Shares**

- 7.1 Subject to Article 2.1, Shares are transferable.
- 7.2 The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Board so requires, signed by or on behalf of the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.
- 7.3 Notwithstanding the foregoing, in the event that the Shares are listed on the TPEX, the transfer of such Shares may be effected through the book-entry system of the TDCC in a manner consistent with the Applicable Public Company Rules.

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

- 8.1 Subject to the provisions of the Statute, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner as the Company may, by Special Resolution, determine.
- 8.2 Subject to the provisions of the Statute and these Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own Shares (including any redeemable Shares and the Shares listed on the TPEX) on such terms and in such manner as the Directors may determine, provided that such purchase shall be conducted in accordance with the applicable ROC securities laws and regulations and the Applicable Public Company Rules.
- 8.3 In the event that the Company proposes to purchase Shares listed on the TPEX pursuant to Article 8.2, the resolution of the Board approving such proposal and the implementation thereof should be reported to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase the Shares listed on the TPEX for any reason.

- 8.4 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.

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

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

## **10 Registered Holder As Absolute Owner**

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

## **11 Transmission of Shares**

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

11.4 Notwithstanding the above, for as long as the Shares are listed on the TPEX, the transmission of the Shares may be effected through the book-entry system of the TDCC and in a manner consistent with the Applicable Public Company Rules.

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

12.1 The Company may by Ordinary Resolution:

- (a) increase its share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination; and
- (d) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

12.2 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the transfer, transmission and otherwise as the Shares in the original share capital.

12.3 Subject to the provisions of the Statute and the provisions of the Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:

- (a) change its name;
- (b) alter or add to the Articles;
- (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
- (d) reduce its share capital and any Capital Redemption Reserve.

12.4 Subject to the Statute and Article 12.5, the Company may from time to time by Supermajority Resolution:

- (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;
- (b) effect any Merger (except for any Merger which falls within the definition of "merger and/or consolidation" under the Statute, which requires the approval of the Company by Special Resolution only), Share Exchange, or Spin-off of the Company;
- (c) enter into, amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for frequent joint operation with others;
- (d) transfer its business or assets, in whole or in any essential part; or
- (e) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.

12.5 Subject to the Statute, the Company may be wound up voluntarily:

- (a) if the Company resolves by Ordinary Resolution that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
- (b) if the Company resolves by Special Resolution that it be wound up voluntarily for reasons other than set out in Article 12.5(a) above.

- 12.6 Subject to the Statute and in addition to approval by the Board in accordance with Article 2.2, the Company may, by Special Resolution, issue securities to the following persons by way of private placement within the territory of the ROC in accordance with Applicable Public Company Rules ("**Private Placement**"):
- (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other legal entities or institutions approved by the FSC;
  - (b) natural person, legal entities or funds meeting the qualifications set forth by the FSC; and
  - (c) directors, supervisors (if any) or managers of the Company or its Subsidiaries.
- 12.7 The Company may by Special Resolution reduce its share capital and any Capital Redemption Reserve in any manner authorised by the Statute and the Applicable Public Company Rules. Any such reduction of share capital shall be effected based on the percentage of shareholding of the Members pro rata, unless otherwise provided for in the Statute or the Applicable Public Company Rules.
- 12.8 Subject to the Statute, the Company may by Supermajority Resolution, distribute its Capital Reserve, in whole or in part, by issuing new Shares which shall be distributed as bonus shares to its original Members in proportion to the number of Shares being held by each of them or by cash.

### **13 Offices and Places of Business**

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

### **14 Annual General Meetings**

- 14.1 The Company shall in each year hold a general meeting as its annual general meeting and such meeting shall be held within six months following the end of each financial year.
- 14.2 The Board shall call general meetings.
- 14.3 Unless otherwise provided by the Statute, the general meetings (including annual general meetings and extraordinary general meetings) shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall seek approval from the TPEX within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration matters of such general meeting (including but not limited to the handling of the voting of proxies submitted by any Members).

## **15 Extraordinary General Meetings**

- 15.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 15.2 The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or desirable, and they shall on a Members requisition as defined in Article 15.3 forthwith proceed to convene an extraordinary general meeting of the Company.
- 15.3 A Member's requisition set forth in Article 15.2 is a requisition of one or more Members of the Company holding in the aggregate at the date of deposit of the requisition not less than three per cent of the total number of the outstanding Shares which as at that date have been held by such Members for at least one year.
- 15.4 The Member's requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 15.5 If the Board does not within fifteen days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the TPEX for its prior approval.
- 15.6 For so long as the Shares are listed on the TPEX , any one or more Member(s) may summon an extraordinary general meeting, provided that such Member or Members shall hold more than fifty per cent of the total issued shares of the Company for a continuous period of no less than three months. The number of the Shares held by a Member and the period of which a Member holds such Shares, shall be calculated and determined based on the Register of Members as of the first day of the period that the Register of Members shall be closed for transfers.
- 15.7 If the Board does not or is unable to convene a general meeting (including the annual general meeting) or it is for the Company's benefit, the Independent Director may convene a general meeting when necessary.

## **16 Notice of General Meetings**

- 16.1 At least thirty (30) days' notice of an annual general meeting and at least fifteen (15) days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat. The notice shall specify the place, the date and time at which the meeting is to be held and the general nature of business to be conducted at such meeting.
- 16.2 The Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly in accordance with Applicable Public Company Rules.
- 16.3 A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in the Articles, be deemed to have been properly called if it is so agreed by all the Members entitled to attend an annual general meeting or an extraordinary general meeting (as the case may be).

- 16.4 Subject to Article 17.4, the accidental omission to give notice of a general meeting to, or the non receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.
- 16.5 For so long as the Shares are listed on the TPEX, the Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the meetings, including but not limited to, election or discharge of Directors, in accordance with Article 16.1 hereof, and shall transmit the same via the Market Observation Post System in accordance with Applicable Public Company Rules. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Article 16.1. The Board shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in accordance with the Applicable Public Company Rules.
- 16.6 The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:
- (a) election or discharge of Directors;
  - (b) alteration of the Articles;
  - (c) capital deduction,
  - (d) application to terminate the public offering of the shares,
  - (e) (i) dissolution, Merger, Share Exchange or Spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part or (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation;
  - (f) approval of an action by Director(s) who engage(s) in business for himself/herself or on behalf of another person that is within the scope of the Company's business;
  - (g) distribution of the whole or part of the surplus profit of the Company in the form of new Shares;
  - (h) distribution of Capital Reserve in the form of new Shares or cash; and
  - (i) Private Placement of any equity-type securities issued by the Company.

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

- 16.7 The Board shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the Company's Registered Office (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents. If the relevant documents are kept by the Company's stock affairs agent, upon the request of any Member, the Company shall order the Company's stock affairs agent to provide such Member with the requested documents.
- 16.8 The Company shall make available all statements and records prepared by the Board and the report prepared by the Audit Committee, which will be submitted to the Members at the annual general meeting, at its Registered Office (if applicable) and its stock affairs agent located in the ROC ten days prior to such annual general meeting in a manner consistent with the

Applicable Public Company Rules. Members may inspect and review the foregoing documents from time to time and may be accompanied by their lawyers or certified public accountants for the purpose of such inspection and review.

- 16.9 If the general meeting is convened by the Board or other person entitled to convene a general meeting in accordance with these Articles or any applicable law, the Board and such person may request the Company or the Company's stock affairs agent to provide the Register of Members. Upon the request, the Company shall (and shall order the Company's stock affairs agent to) provide the Register of Members.
- 16.10 The Board may postpone any general meeting called in accordance with the Articles and a notice of postponement shall be given to each Member before the time scheduled for such meeting. A notice of the adjourned meeting shall be given as in the case of an original meeting.
- 16.11 The Directors shall be entitled to receive notice of, attend and be heard at, the general meeting.

## **17 Proceedings at General Meetings**

- 17.1 No resolutions shall be adopted at any general meeting unless a quorum is present. Unless otherwise provided for in the Articles, Members present in person or by proxy, representing more than one-half of the total outstanding Shares, shall constitute a quorum for any general meeting.
- 17.2 The Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members in a manner consistent with the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies of the ratified financial statements and the Company's resolutions on distribution of profits or allocation of losses, to each Member, provided that the Board may make a public announcement of the foregoing documents instead.
- 17.3 Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on poll. No resolution put to the vote shall be decided by a show of hands.
- 17.4 Nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court for adjudicating any disputes arising out of the foregoing.
- 17.5 Unless otherwise expressly required by the Statute, the Memorandum or the Articles, any matter which has been presented for resolutions, approval, confirmation or adoption by the Members at any general meeting may be passed by Ordinary Resolution.
- 17.6 Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing or any electronic means designated by the Company a matter for discussion at an annual general meeting. Proposals shall be included in the agenda of the annual general meeting by the Board unless (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) the matter of such proposal may not be resolved by a general meeting or the proposal exceeds 300 Chinese words; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company outside the period fixed and announced by the Company for accepting Member(s)' proposal(s). If the purpose of the proposal is to urge the Company to promote

public interests or fulfil its social responsibilities, the Board may accept such proposal to be discussed in general meeting.

- 17.7 Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman shall act as chairman at all general meetings at which such person is present. In his absence a chairman shall be appointed or elected by the Members present at the meeting and entitled to vote.
- 17.8 Unless otherwise provided in the Articles, if a quorum is not present at the time appointed for the general meeting, the chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed two times, but at the postponed general meeting a quorum is still not present, the chairman shall declare the general meeting as dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with the Articles.

## **18 Votes of Members**

- 18.1 Subject to any rights or restrictions attached to any Shares, every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative or by proxy, shall have one vote for every Share of which he is the holder. If a Member holds Shares for others, such Member may exercise his voting power separately. The qualifications, scope, methods of exercise, operating procedures and other matters for compliance with respect to exercising voting power separately shall comply with the Applicable Public Company Rules.
- 18.2 No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of Shares unless he is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.
- 18.3 Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.
- 18.4 The Board may determine that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission; provided, however, that if a general meeting is to be held outside the ROC or pursuant to the Applicable Public Company Rules, the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the said general meeting. For the purpose of clarification, such Members voting in such manner shall be deemed to have waived

their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.

- 18.5 In the event any Member who intended to exercise his voting power by way of a written ballot or electronic transmission and has served his voting decision on the Company pursuant to Article 18.4 hereof later intends to attend the general meetings in person, he shall, at least two days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous voting decision. Such separate notice shall be sent to the Company in the same manner (e.g., by courier, registered mail or electronic transmission, as applicable) as the previous voting decision under Article 18.4 was given to the Company. Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke his voting decision before the prescribed time.

## **19 Proxies**

- 19.1 The instrument of proxy shall be in the form approved by the Board from time to time and be expressed to be for a particular meeting only. An instrument of proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
- 19.2 Subject to the Applicable Public Company Rules, except for trust enterprises organised under the laws of the ROC or a stock affairs agent approved pursuant to Applicable Public Company Rules, save with respect to the chairman being deemed appointed as proxy under Article 18.4, in the event a person acts as the proxy for two or more Members, the sum of Shares entitled to be voted as represented by such proxy shall be no more than 3% of the total outstanding voting Shares immediately prior to the relevant book closed period, during which the Company closes its Register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.
- 19.3 In the event that a Member exercises his voting power by way of a written ballot or electronic transmission and has also authorised a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two days prior to the date of such general meeting, serve the Company with a separate written notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.
- 19.4 The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company no less than five days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, save with respect to the chairman being deemed appointed as proxy under Article 18.4. Where more than one instrument to vote are received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.
- 19.5 For so long as the shares are listed on the TPEX, the use and solicitation of proxies shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies"

## 20 Corporate Members

Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member.

## 21 Dissenting Member's Appraisal Right

- 21.1 Subject to compliance with the Law, in the event any of the following resolutions are adopted at a general meeting, any Member who has abstained from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the meeting, may request the Company to purchase all of his Shares at the then prevailing fair price:
- (a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;
  - (b) the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;
  - (c) the Company acquires or assumes the whole business or assets of another person, which has a material effect on the Company's operations;
  - (d) the Company proposes to undertake a Spin-off, Merger or Share Exchange; or
  - (e) the Company generally assumes all the assets and liabilities of another person or generally assigns all its assets and liabilities to another person.
- 21.2 Without prejudice to the Law, any Member exercising his rights in accordance with Article 21.1 (the "**Dissenting Member**") shall, within twenty (20) days from the date of the resolution passed at the general meeting, give his written notice of objection with the repurchase price proposed by him. If the Company and the Dissenting Member agree on a price at which the Company will purchase the Dissenting Member's shares, the Company shall make the payment within ninety (90) days from the date of the resolution passed at the general meeting. If, within ninety (90) days from the date of the resolution passed at the general meeting, the Company and the Dissenting Member fail to agree on a price at which the Company will purchase the Dissenting Member's shares, the Company shall pay the fair price it deems fit to the Dissenting Member within ninety (90) days from the date of the resolution passed at the general meeting. If the Company fails to pay the fair price it deems fit to the Dissenting Member within the ninety-day period, the Company shall be deemed to agree on the repurchase price proposed by such Dissenting Member.
- 21.3 Without prejudice to the Law, if, within sixty (60) days from the date of the resolution passed at the general meeting, the Company and the Dissenting Member fail to agree on a price at which the Company will purchase such Dissenting Member's shares, then, within thirty (30) days immediately following the date of the expiry of such sixty (60)-day period, the Company shall file a petition with the court against all the Dissenting Members for a determination of the fair price of the Shares held by all the Dissenting Members. The Taiwan Taipei District Court, ROC, may be the court of the first instance for this matter.
- 21.4 Notwithstanding the above provisions under this Article 21, nothing under this Article shall restrict or prohibit a Member from exercising his right under section 238 of the Statute to payment of the fair value of his shares upon dissenting from a merger or consolidation.

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

### **22.1 Shares held:**

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

shall not carry any voting rights nor be counted in the total number of outstanding Shares at any given time.

22.2 A Member who has a personal interest in any motion discussed at a general meeting, which interest may be in conflict with and impair those of the Company, shall abstain from voting such Member's Shares in regard to such motion and such Shares shall not be counted in determining the number of votes of the Members present at the said meeting. However, such Shares may be counted in determining the number of Shares of the Members present at such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member.

22.3 If the number of Shares pledged by a Director at any time amounts to more than fifty per cent of the total Shares held by such Director at the time of his latest appointment, such pledged Shares exceeding fifty per cent of the total Shares held by such Director at the time of his latest appointment, shall not carry any voting rights and such above-threshold Shares shall not be counted in determining the number of votes of the Members present at a general meeting but shall be counted towards the quorum of the general meeting.

## **23 Directors**

23.1 There shall be a Board consisting of not less than five (5) persons, each of whom shall serve for a three-year term of office. Directors may be eligible for re-election. The Company may from time to time by Special Resolution increase or reduce the limits in the number of Directors set forth in this Article, provided that the requirements by relevant laws and regulations (including but not limited to any listing requirements) are met.

23.2 Unless otherwise approved by the TPEX, the number of Directors having a spousal relationship or familial relationship within the second degree of kinship with any other Directors shall be less than half of the total number of Directors.

23.3 In the event that the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 23.2 hereof, the non-qualifying Director(s) who was elected with the fewest number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 23.2 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall vacate his position of Director automatically.

23.4 Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors; provided, however, that the total number of Independent Directors shall amount to one-fifth or more of the total number of the Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the ROC and at least one of them shall have accounting or financial expertise.

- 23.5 Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be consistent with the Applicable Public Company Rules.
- 23.6 The qualifications, composition, appointment, removal, exercise of functions and other matters with respect to the Directors, Independent Directors, compensation committee and Audit Committee shall comply with the applicable ROC securities laws and regulations.

## **24 Powers of Directors**

- 24.1 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by a resolution of Members adopted in accordance with the Articles, the business of the Company shall be managed by the Board which may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.
- 24.2 Subject to the Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

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

- 25.1 The Members may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 25.2 below. Members present in person or by proxy, representing more than one-half of the total outstanding Shares shall constitute a quorum for any general meeting to elect one or more Directors.
- 25.2 The election of Independent Directors and non-independent directors shall be held together and shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors (including the Independent Directors and non-independent directors) to be elected ("Special Ballot Votes"), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director/Independent Director candidate or may be split for election amongst multiple Director/Independent Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the respective number of the Directors/Independent Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors/Independent Directors elected. The Company shall adopt a candidate nomination mechanism for the election of Directors (including Independent Directors and Directors other than Independent Directors). Subject to the Statute, the nomination of Directors (including Independent Directors and Directors other than Independent Directors) and related announcement shall comply with the Applicable Public Company Rules for so long as the shares are traded on the ESM or listed on the TPEX.
- 25.3 If the number of Independent Directors is less than three persons due to the resignation or removal of any of the Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.

- 25.4 If the number of Directors is less than five (5) persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Directors to fill the vacancies.
- 25.5 Where a legal entity is a Member, its authorized representative may also be elected as Director of the Company in accordance with these Articles. If there are more than one authorized representatives, each of them may be so elected.
- 25.6 The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another person to fill the vacancy. Where re-election of all Directors is effected prior to the expiration of the term of office of the current Directors, the term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors.
- 25.7 Where a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or in significant violation of applicable laws, regulations or the Articles, but has not been removed by Supermajority Resolution at any given general meeting, the Member(s) holding 3% or more of the total outstanding Shares may, within thirty days after that general meeting, institute a lawsuit in the competent court for a judgment to remove such Director from office. The Taiwan Taipei District Court, ROC, may be the court for this matter.

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

- 26.1 The office of a Director shall be vacated if:
- (a) the Director is removed from office pursuant to the Articles;
  - (b) the Director gives notice in writing to the Company that he resigns the office of Director;
  - (c) the Director dies or makes any arrangement or composition with his creditors generally;
  - (d) the Director has been adjudicated bankrupt or the court has declared a liquidation process in connection with the Director, and such Director has not been reinstated to his rights and privileges;
  - (e) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to the applicable laws;
  - (f) the Director has been adjudicated of the commencement of assistantship (as defined under the ROC Civil Code) or similar declaration and such assistantship/declaration having not been revoked yet;
  - (g) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five years, or (D) was pardoned for less than five years;
  - (h) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of one year or more, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;
  - (i) having been adjudicated guilty by a final judgment for committing offenses under the ROC Anti-Corruption Act, and (A) has not started serving the sentence, (B) has not

completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years; or

- (j) having been dishonoured for use of negotiable instruments, and the term of such sanction has not yet expired.

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

- 26.2 In case a Director (other than an Independent Director) has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required. For the avoidance of doubt, for any Director who was elected at the annual general meeting of the Company on June 14, 2013 and has, before the adoption of this Article 26.2, transferred more than one half of the Company's shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and in such case no approval from the shareholders shall be required only if, on or after the date of the adoption of this Article 26.2, he further transfers one or more Company's shares.
- 26.3 If any Director (other than an Independent Director) has, after having been elected and before his/her inauguration of the office of Director, transferred more than one half of the Company's shares being held by him/her at the time of his/her election as a Director, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him/her within the share transfer prohibition period prior to the convention of a shareholders' meeting according to the Applicable Public Company Rules, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required.

## **27 Proceedings of the Board**

- 27.1 Subject to the Applicable Public Company Rules, the Chairman of the Board may call a meeting of the Board and the Board may meet (either within or outside of the Cayman Islands) at any time and from time to time for the transaction of business, adjourn and otherwise regulate its meetings as it thinks fit before the Shares are listed on the TPEX. For so long as the Shares are listed on the TPEX, at least seven (7) days' prior notice setting forth the matters to be discussed shall be given for any meeting of the Board; provided that upon the occurrence of emergencies, the Chairman may summon a meeting of the Board with a shorter notice period in a manner consistent with the Applicable Public Company Rules. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and no resolution shall be passed in the case of an equality of votes.

- 27.2 The quorum for the transaction of the business of the Board may be fixed by the Board, and unless so fixed at any other number, shall be more than one-half of the total number of the Directors for the time being in office or otherwise as set forth in the Articles.
- 27.3 To the extent permitted by the Applicable Public Company Rules, a Director may participate in a meeting of the Board or committee of Directors by video conference or, to the extent permitted by Applicable Public Company Rules, other communications equipment by means of which all the persons participating in the meeting can communicate with each other at the same time. Participation by a person in a meeting in this manner is treated as presence in person at that meeting.
- 27.4 Notice of a meeting of the Board shall be deemed to be duly given to a Director if given to such Director either personally or by sending it by courier, post, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.
- 27.5 The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles and the Applicable Public Company Rules as the necessary quorum of the Board the continuing Directors may act for the purpose of increasing the number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose.
- 27.6 All acts done by any meeting of the Board or of a committee of the Directors shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director and/or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not disqualified to be a Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.
- 27.7 A Director may be represented at any meetings of the Board by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

## **28 Directors' Interests**

- 28.1 A Director, other than an Independent Director, may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Board may determine.
- 28.2 A Director, other than an Independent Director, may act by himself or by, through or on behalf of his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- 28.3 A Director, other than an Independent Director, may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company

may be interested as a shareholder, a contracting party or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.

- 28.4 No person shall be disqualified from the office of Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director shall be in any way interested be or be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director holding office or of the fiduciary relationship thereby established; provided that this Article 28.4 does not apply to the Independent Directors.
- 28.5 A Director who is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall declare the nature of such interest to the Company as required by relevant laws and regulations.
- 28.6 Notwithstanding anything to the contrary contained in this Article 28, a Director who engages in anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek its approval by Supermajority Resolution. If the Company proposes to enter into any transaction specified in Articles 21.1 or effect other forms of mergers and acquisitions in accordance with applicable law, a Director who has a personal interest in such transaction shall declare the essential contents of such personal interest and the reason why he believes that the transaction is advisable or not advisable at the relevant meeting of the Board and the general meeting as required by the applicable law. Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relationship with a Director has interests in the matters under discussion in the meeting of the Board in the preceding paragraph, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.
- 28.7 Notwithstanding anything to the contrary contained in this Article 28, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall declare the nature of and the essential contents of his interest at the relevant meeting of the Board.
- 28.8 Notwithstanding anything to the contrary contained in this Article 28, a Director who has a personal interest in the matter under discussion at a meeting of the Board, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the meeting of the Board.

## **29 Minutes**

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

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

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

- 30.1 The Board may, in a manner consistent with the Applicable Public Company Rules, delegate any of its powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of one or more Directors. They may also delegate to any managing director or any Director holding any other executive office such of their powers, authorities and discretions as they consider desirable to be exercised by him provided that the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Board may impose and either collaterally with or to the exclusion of their own powers and any such delegation may be revoked or altered by the Board. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of the Board, so far as they are capable of applying.
- 30.2 The Board may establish any committees or appoint any person to be a manager or agent for managing the affairs of the Company. Any such appointment may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and any such appointment may be revoked or altered by the Board.
- 30.3 The Board may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Board may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Board at any time.
- 30.4 The Board may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under the Articles) and for such period and subject to such conditions as it may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Board may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.
- 30.5 The Board may appoint such officers of the Company (including, for the avoidance of doubt and without limitation, any secretary) as it considers necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Board may think fit. Unless otherwise specified in the terms of his

appointment an officer of the Company may be removed by resolution of the Board or Members. An officer of the Company may vacate his office at any time if he gives notice in writing to the Company that he resigns his office.

### **31 Tender Offer**

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

### **32 Remuneration of Directors**

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

### **33 Seal**

33.1 The Company may, if the Board so determine, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of the Directors authorised by the Board. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer of the Company or other person appointed by the Board for the purpose.

33.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Board so determines, with the addition on its face of the name of every place where it is to be used.

33.3 A Director or officer, representative or attorney of the Company may without further authority of the Board affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

### **34 Dividends, Distributions and Reserve**

34.1 The Company is in an industry of high-quality interior fittings for luxury brands and its life cycle is in the phase of business expansion and steady growth. Considering that the Company's overall developments, financial planning, fund needs and prosperity and prospects of the

industry and ensuring the protection of shareholders' interests, the Company shall adopt a conservative and sound dividend policy for dividend distribution. Subject to the Statute, Article 12.4(a) and this Article and except as otherwise provided by the rights attached to any Shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in annual general meetings. If there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules. After combining accumulated undistributed earnings in the previous years and setting aside a certain amount of remaining profits of such financial year as a reserve or reserves for development purposes as the Board may from time to time think fit pursuant to Article 34.6, subject to the compliance with the Statute, the remaining amount shall be distributed in the following sequence and manner upon approval by the Members:

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

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

34.2 The Company, in addition to the dividends to be distributed at the end of each financial year, may distribute interim dividends to the Members on semi-year basis. If the Board decides not to distribute interim dividends, the Board shall adopt a resolution to confirm such non-distribution after the relevant first half of the financial year. The distribution of the dividends at the end of each financial year shall comply with the requirements and procedures set forth in Articles 34.1 to 34.8 and 34.12 to 34.13 and the distribution of the dividends for the first half of the financial year shall comply the requirements and procedures set forth in Articles 34.8 to 34.13.

34.3 No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or any reserve, fund, or account as otherwise permitted by the Statute. Except as otherwise provided by the rights attached to any Shares, all Dividends and other distributions shall be paid according to the number of the Shares that a

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

- 34.4 The Board may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company for any reason.
- 34.5 Subject to Article 34.1 and the Statute, the Board may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways subject, however (a) the obtaining of (i) the approval in a general meeting of the type of specific assets and the corresponding amount of such substitutive distribution; and (ii) the consent from the Member who will receive such assets; and (b) the value of specific assets and the corresponding amount of such substitutive distribution shall be assessed by an ROC certified public accountant before the Board submit the same to a general meeting for approval. Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient and in particular may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Board.
- 34.6 The Board may, before resolving to pay any Dividend or other distribution, set aside such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, at the discretion of the Board, be employed in the business of the Company.
- 34.7 Any Dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.
- 34.8 No Dividend or other distribution shall bear interest against the Company.
- 34.9 The Company may distribute interim dividend in accordance with a proposal for profits distribution approved by the Board, provided that if the interim dividend will be distributed by way of applying such sum in paying up in full unissued shares, in addition to the approval of the Board, such distribution shall also be sanctioned by the Members by a Supermajority Resolution in a general meeting.
- 34.10 For the distribution of interim dividends, the proposal of surplus earning distribution or loss off-setting for [the relevant quarter/the first half of the financial year], together with the business report and financial statements (which shall be audited or reviewed by a certified public

accountant in accordance with the Applicable Public Company Rules), shall be submitted to the Audit Committee for approval, and then, be submitted to the Board for approval.

- 34.11 When the Company makes the interim distribution, the Company shall (a) estimate and reserve all payable taxes, (b) offset losses incurred in previous years, and (c) reserve the Statutory Reserve (unless the Statutory Reserve has reached the total paid-up capital of the Company).
- 34.12 The Board shall fix any date as the record date for determining the Members entitled to receive any Dividend or other distribution. The Register of Members shall be closed for a period of five days before the relevant fixed record date or such other period consistent with the Applicable Public Company Rules or the Statute.
- 34.13 Any Dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Board, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

### **35 Capitalisation**

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

### **36 Treasury Shares**

- 36.1 Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or held as treasury shares ("**Treasury Shares**") at the discretion of the Directors.

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

### **37 Books of Account**

- 37.1 The Board shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books of account shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions. Such books of account shall be kept for at least five years from the date they are prepared.
- 37.2 The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant laws and regulations shall be kept for at least one year; provided, however, that if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information, they shall be kept until the conclusion of the lawsuit if the lawsuit period is longer than one year.

## 38 Audit Committee

38.1 The Company shall establish an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and all Independent Directors shall be members of the Audit Committee. There should be no less than three committee members. One of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members. The rules and procedures of meeting of the Audit Committee shall be adopted by the Board in a manner consistent with the Articles and the Applicable Public Company Rules.

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

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

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

38.3 Subject to compliance with the Statute, before the meeting of Board resolves any matter specified in Articles 21.1 or other mergers and acquisitions in accordance with the applicable law, the Audit Committee shall review the fairness and reasonableness of the relevant merger and acquisition plan and transaction, and report its review results to the meeting of Board and the general meeting; provided, however, that such review results need not be submitted to the

general meeting if the approval of the Members is not required under the applicable law. When the Audit Committee conducts the review, it shall engage an independent expert to issue an opinion on the fairness of the share exchange ratio, cash consideration or other assets to be offered to the Members. The review results of the Audit Committee and the fairness opinion issued by the independent expert shall be distributed to the Members, along with the notice of the general meeting; provided, however, that the Company can only report matters relating to such merger and acquisition at the next following general meeting if the approval of the Members is not required under the applicable law. Such review results and fairness opinion shall be deemed to have been distributed to the Members if the same have been uploaded onto the website designated by Taiwan securities authority and made available to the Members for their inspection and review at the venue of the general meeting.   

### **39 Compensation Committee**

- 39.1 The Company shall, in accordance with the Applicable Public Company Rules, by resolution of the Board establish a compensation committee comprised of at least three members, one of whom shall be an Independent Director. The professional qualifications of the members of the compensation committee, the responsibilities, powers and other related matters of the compensation committee shall comply with the Applicable Public Company Rules. Upon the establishment of the compensation committee, the Board shall, by a resolution, adopt a charter for the compensation committee the provisions of which are consistent with the Applicable Public Company Rules.
- 39.2 The compensation referred in Article 39.1 shall include the compensation, stock option and other incentive payments of Directors and managers of the Company.

### **40 Notices**

- 40.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members or to such other address given for such purpose.
- 40.2 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays in the ROC) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays in the ROC) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same

day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.

- 40.3 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under the Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
- 40.4 Notice of every general meeting shall be given in any manner authorised by the Articles to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

#### **41 Winding Up**

- 41.1 If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the Company's issued share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
- 41.2 If the Company shall be wound up the liquidator may, subject to the rights attaching to any Shares and with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in proportion to the number of the Shares held by them in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

## 42 Indemnity and Insurance

- 42.1 Every Director of the Company (each an "**Indemnified Person**") shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud, Gross Negligence or wilful default of such Indemnified Person or in violation of his/her/its duties provided under Article 42.3. No person shall be found to have committed actual fraud, Gross Negligence or wilful default under this Article unless or until a court of competent jurisdiction shall have made a finding to that effect.
- 42.2 The Company shall advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any advance of any expenses hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person.
- 42.3 Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Statute, a Director shall assume fiduciary duty to the Company and without limitation, shall exercise due care of a good administrator in conducting the business operation of the Company. A Director shall be liable to the Company if he/she/it has acted contrary to the above. In case such action is made for himself/herself/itself or on behalf of another person in violation of the provisions above, the Company may, with the sanction of an Ordinary Resolution, demand the Director to disgorge any profit so realized by the Director as if such misconduct is done for the benefit of the Company. If a Director of the Company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, he/she/it shall be liable, jointly and severally with the Company, for the damage to such other person.
- 42.4 The officers or managers of the Company, who are authorised to act on its behalf in a management capacity, in the course of performing their respective duties to the Company, shall assume such duties and obligations to indemnify the Company or any other person in the same manner as if they are Directors.

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

#### **43 Financial Year**

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

#### **44 Transfer by Way of Continuation**

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

#### **45 Derivative Action**

To the extent permitted under the laws of the Cayman Islands, Members continuously holding one per cent (1%) or more of the total issued shares of the Company for six months or longer may:

- (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or
- (b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors;

the Member(s) may, to the extent permitted under the laws of the Cayman Islands, file a petition with the Taipei District Court, ROC for and on behalf of the Company against the relevant Directors within thirty (30) days after such Member(s) having made the request under the preceding clause (a) or (b) if (i) in the case of clause (a), the Board fails to make such authorisation or the Independent Director of the Audit Committee having been authorised by the Board fails to file such petition, or (ii) in the case of clause (b), the Independent Director of the Audit Committee fails to file such petition.

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

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

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

If the Company proposes to undertake:

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

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

#### **48 Social Responsibilities**

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

**[Appendix III] Rules of Procedure for Shareholders' Meeting  
(Before Amendment)**

**Redwood Group Ltd**

**Rules of Procedure for Shareholders' Meeting**

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

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

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

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

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

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

Shareholders holding 1 percent or more of the total number of issued shares may submit proposals for the annual general meeting in writing. However, each proposal is limited to one subject matter. A proposal containing more than one subject matter will

not be included in the agenda. Moreover, if the proposal is of matters that cannot be revolved at the shareholders' meeting, the shareholding of the shareholder who has submitted a proposal is less than 1 percent on the book closure date or the proposal is submitted outside the specified period, the Board of Directors can exclude it from the agenda.

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

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

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

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

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

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

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

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

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

Article 6 The Company shall specify the time and location for shareholder attendance

registration and other matters to be noted in the meeting notice.

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

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

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

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

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

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

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

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

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

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

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

Article 9 The attendance at the shareholders' meeting shall be calculated based on the number of shares. The number of shares in attendance shall be calculated in accordance with the shares indicated by the attendance booklet or attendance card submitted plus the number of shares with voting rights exercised by correspondence or electronic means. The Chairman shall call the meeting to order at the scheduled time. When the majority of the total number of issued shares are not represented by the attending shareholders, the Chairman may announce to postpone the meeting. The postponement is limited to two (2) times with a combined duration of less than one hour. If the quorum stipulated in the Company's Articles of Incorporation is not met after two (2) postponements, the Chairman shall announce the adjournment of meeting. However, if a shareholders' meeting is still required, one shall be re-convened in accordance with the Articles of Incorporation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A shareholder intending to exercise the voting rights by correspondence or electronic mean as described in the preceding paragraph shall delivered his/her intention statement to the Company two (2) days prior to the shareholders' meeting. If duplicate statements are received, the one arrives earliest shall prevail, unless a statement is made to withdraw the previous intention statements.

Once the shareholder has exercised his/her voting right by correspondence or electronic mean, if he/she intends to attend the meeting in person, he/she shall

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

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

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

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

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

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

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

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

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

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

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

the Company.

With regard to the resolution methods in the preceding paragraph, if no objection is voiced by any of the shareholders when enquired by the Chairman, the wordings, "The proposal is approved by a unanimous consent of all attending shareholders upon enquiry from the Chairman," shall be recorded. For proposals where shareholders voice objections, the adoption of ballot casting method, number of votes, and its percentage of total shall be clearly stated.

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

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

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

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

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

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

Article 18 When the meeting is in progress, the Chairman may announce a break at his/her discretion. If force majeure events occur, the Chairman may decide to temporarily suspend the meeting and announce the time to resume the meeting depending on the situation. The shareholders' meeting may resolve to postpone or reconvene the meeting within five (5) days. In that case, Article 16.1 of the Company's Articles of Incorporation does not apply.

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

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

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

Date of establishment of the Rules: December 30, 2010

First amendment: August 24, 2011

Second amendment: June 18, 2012

Third amendment: June 14, 2013

Fourth amendment: June 16, 2015

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

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

Article 1 Purpose

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

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

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

- (I) Companies or firms having business relationship with the Company.
- (II) Companies or firms requiring short-term financing. The lending amount shall not exceed 40 percent of the lending company's net worth.

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

The provision of Subparagraph 2, Paragraph 1 is not applicable to financing between offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company or financing provided to the Company by offshore companies whose voting shares are 100 percent held, directly or indirectly, by the Company. However, the total lending amount and credit limit of individual party shall still be specified along with the lending duration.

II. Total lending amount and credit limit of individual party

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

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

IV. The term "subsidiaries" is as defined in the "Regulations Governing the

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

- V. If a company's person in charge violates the provisions of Paragraph 1, he/she shall be liable, jointly and severally with the borrower, for repayments of the lending amount. If the company suffers damages, he/she shall also be liable to compensate for the damages.

### Article 3 Review procedures

#### I. Application procedures

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

#### II. Credit investigation

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

#### III. Loan approval and notification

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

rejection.

#### IV. Contract signing and identity verification

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

#### V. Collateral assessment and pledge creation

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

#### VI. Insurance

- (I) All collaterals, except for land and securities, shall be covered by fire insurance and relevant insurances. In principle, the insured amount shall not be lower than the value of the pledged collateral. The Company shall be named as the beneficiary in the insurance policy. The name, quantity, location, insurance terms, and insurance endorsement of the objects specified in the insurance policy shall be consistent with the loan terms and conditions approved by the Company.
- (II) The Company's person-in-charge shall notify the Borrower to renew the insurance before it expires.

#### VII. Appropriation

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

### Article 4 Lending duration and interest calculation

- I. The lending duration shall be less than one year or one operating cycle (whichever is longer) commencing from the drawdown date.
- II. Interest on loan is calculated on daily basis. In principle, the annual interest rate shall not be lower than the Company's average interest rates on short-term bank loans.
- III. Unless otherwise stipulated, Borrowers shall pay the interests arising from financing on a monthly basis. The Company shall notify the Borrower one week prior to the agreed repayment date to pay the interest on time.
- IV. The aforementioned interest provision is not applicable to financing between companies whose voting shares are 100 percent held, directly or indirectly, by the Company.

### Article 5 Repayment

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

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

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

Article 6 Deleted

Article 7 Case registration and safekeeping

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

Article 8 Guidelines for financing other parties:

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

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

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

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

lending by the fifth day of every month and submit it for review level-by-level.

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

Article 9 Control procedures for financing other parties by subsidiaries

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

Article 10 Information disclosure

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

For the Company's subsidiaries that are not listed in the domestic market, the Company shall make public announcement and file the matters specified in Subparagraph 3 of the preceding paragraph on behalf of the subsidiaries.

- III. The Company shall assess the financing status, recognize appropriate allowance for bad debts, adequately disclose relevant information in the financial statements, and provide related data for CPAs to carry out the necessary audit procedures.
- IV. The date of occurrence specified in the Procedures refers to the date of contract signing payment date, resolution date of the Board of Directors, or other dates on which the financing party and amount can be ascertained, whichever is earlier.

Article 11 Implementation and amendment

The Procedures may be amended by the management in accordance with company operation. Amendments take effect once they are reviewed and approved by the Audit Committee, resolved by the Board of Directors and adopted at the shareholders'

meeting. If any Director expresses objections on the record or in writing, the Company shall submit the objections to the shareholders' meeting for discussion. The same applies to any amendment made to the Procedures.

The Company has established an Audit Committee. The establishment and amendment of Procedures for Endorsement and Guarantee shall be approved by the majority of all Audit Committee members and submitted to the Board of Directors for resolutions.

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

All Audit Committee members and all Directors refer to in the preceding paragraph are actual number of persons currently holding those positions

Date of establishment of the Procedures: December 30, 2010

First amendment: March 5, 2011

Second amendment: August 24, 2011

Third amendment: June 14, 2013

Fourth amendment: June 17, 2014

Fifth amendment: June 16, 2015

Sixth amendment: June 10, 2019

## [Appendix V] Shareholdings of All Directors

### Redwood Group Ltd Shareholdings of All Directors

Book closure date: April 10, 2020

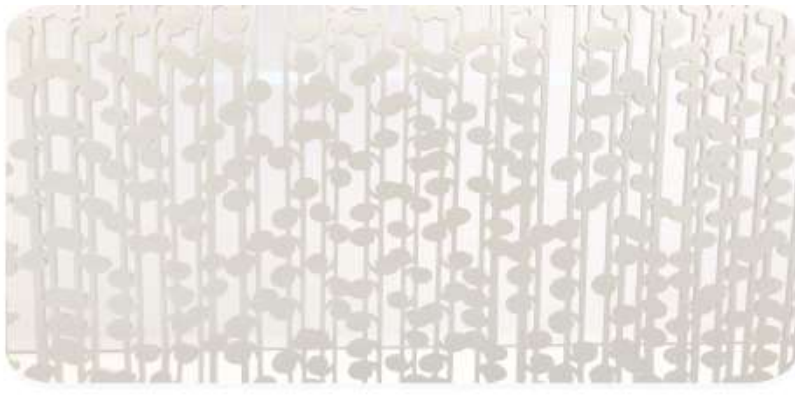
Title	Name	Date Elected	Shareholding at the Time of Appointment		Shareholding as of the Book Closure Date	
			Number of Shares	Percentage of Total Issued Shares (Note 1)	Number of Shares	Percentage of Total Issued Shares (Note 2)
Director	Thong-ming Soh	2019.06.10	16,608,571	33.06%	16,608,571	33.06%
Director	Lee-mui Teh	2019.06.10	15,456,264	30.76%	15,456,264	30.76%
Director	Khay-pin Neo	2019.06.10	123,900	0.25%	123,900	0.25%
Independent Director	Min-chiu Chien	2019.06.10	-	-%	-	-%
Independent Director	Chin-huat Guok	2019.06.10	-	-%	-	-%
Independent Director	Chia-shi Lo	2019.06.10	-	-%	-	-%
Shareholding and its percentage of all Directors			32,188,735	64.07%		64.07%

Note 1: On the appointment date of the Company's current-term Directors (June 10, 2019), the number of common shares issued was 50,242,500 shares.

Note 2: As of the book closure date (April 10, 2020), the number of common shares issued was 50,242,500 shares.

## **[Appendix VI] Other Information**

- I. The impact of stock dividend issuance on business performance, earnings per share, and shareholder return rate:  
This is not applicable as the Company did not distribute any stock dividends this year.
- II. Information on employee bonus and remuneration to Directors and Supervisors:  
The Company has resolved not to distribute employee bonus and remuneration to Directors in the Board of Directors' meeting on March 19, 2020.
- III. Details on shareholder proposals for this annual general meeting:
  - (I) Pursuant to the Company's Articles of Incorporation and "Rules of Procedure for Shareholders' Meeting," shareholders holding 1 percent or more of the Company's total number of issued shares may submit proposals, in writing, to be discussed at annual shareholders' meeting during the period announced by the Company. Each proposal is limited to one subject matter, 300 words, and matters that can be resolved at the shareholders' meeting. A proposal containing more than one subject matter, or more than 300 words, or matters that cannot be resolved at the shareholders' meeting, or one that is submitted outside the specified period, shall not be included in the agenda. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the annual general meeting and participate in the discussion of his/her proposal. Shareholders can submit proposals from April 1, 2020 to April 10, 2020. Relevant information has been released in the Market Observation Post System website in accordance with relevant laws.
  - (II) The Company did not receive any shareholder proposals during the aforementioned period.



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