



TPEX: 6497  
NASDAQ: ASLN

**ASLAN Pharmaceuticals Limited**  
**Handbook for the 2020 Annual General Meeting**

Date & Time: 29 June 2020 (Monday) 9:30AM

Venue: Grand Victoria Hotel, Grand Ballroom C (1F, 168, Jingye 4th Road, Zhongshan District, Taipei.)

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# **ASLAN Pharmaceuticals Limited 2020 Annual General Meeting**

## **I. Meeting procedures**

1. Call the meeting to order
2. Chairman takes chair
3. Opening speech by Chairman
4. Reporting items
5. Recognition items
6. Discussion items
7. Ad hoc motions
8. Adjournment

# ASLAN Pharmaceuticals Limited 2020 Annual General Meeting

## II. Meeting agenda

- Time: 9:30 a.m. on 29 June 2020 (Monday)
- Venue: Grand Victoria Hotel, Grand Ballroom C (1F, 168, Jingye 4th Road, Zhongshan District, Taipei.)
- Chairman calls the meeting to order
- Opening speech by Chairman
- Reporting items
  - (1) Business performance of 2019
  - (2) Business report and financial statements of 2019 that are reviewed by the Audit Committee
  - (3) Amendments to the Procedures Governing Board of Directors Meeting
  - (4) Amendments to the Ethical Corporate Management Principles
  - (5) Report on exceeding loans to the subsidiary, ASLAN Pharmaceuticals Pte. Ltd.
  - (6) Implementation report of 2019 business improvement plan
- Recognition items
  - (1) Business report and financial statements of 2019
  - (2) Deficit compensation for 2019
- Discussion items
  - (1) Amendments to the Company's Seventh Amended and Restated Memorandum and Articles of Association (Special Resolution).
  - (2) Amendments to the Rules and Procedures of Shareholders' Meetings (Ordinary Resolution).
- Ad hoc motions
- Adjournment

## 1. Reporting items

**Item 1:** Business performance of 2019

**Description:**

The Report of 2019 business performance please refer to Attachment 1 on page 8 through 10 of this handbook.

**Item 2:** Business report and financial statements of 2019 that are reviewed by the Audit Committee

**Description:**

Please refer to Attachment 2 on page 11 of this handbook.

**Item 3:** Amendments to the Procedures Governing Board of Directors Meeting

**Description:**

Please refer to Attachment 3 on page 12 through 13 of this handbook.

**Item 4:** Amendments to the Ethical Corporate Management Principles

**Description:**

Please refer to Attachment 4 on page 14 through 15 of this handbook.

**Item 5:** Report on exceeding loans to the subsidiary, ASLAN Pharmaceuticals Pte. Ltd.

**Description:**

1. As of March 31, 2020, the balances that ASLAN SG loaned to ASLAN AUS and ASLAN HK were US\$3,685 thousand and US\$2,850 thousand, respectively. However, due to ASLAN SG recognising an impairment loss on the intangible assets in 2019, its net worth became negative as at 31 December 2019, and this caused the amounts of loans to ASLAN AUS and ASLAN HK to exceed the financing limit.
2. Pursuant to the official letter No.1090361858 from Financial Supervisory Committee R.O.C Taiwan ('FSC') dated 22 April, 2020, the Company has adopted the improvement plan as follows:  
The company proposes to conduct one of the following fundraising plans in 2020:
  - i. Capital increase by cash by issuance of ordinary shares for sponsoring overseas depositary receipts or by issuance of ordinary shares domestically
  - ii. Capital increase by the issuance of ordinary shares or overseas depositary receipts by private placementUpon completion of one of the above-mentioned fundraising plans, the Company will conduct the capital increase into ASLAN SG to increase its net worth, so as to improve the situation of the excess loans.
3. The implementation status of the improvement plan will be announced publicly and reported to the board of directors on a quarterly-basis before the plan is completed, and the implementation status will be submitted to the Company's general meeting.

**Item 6:** Implementation report of 2019 business improvement plan

**Description:**

1. The implementation status of the business plan was submitted to the Board on 14 April 2020 and reported on this annual general meeting in accordance with the FSC official letter dated 5 November 2019 with series number 1080334435.
2. The implementation report of 2018 business improvement plan please refer to Attachment 5 on page 16 through 24 of this handbook.

## **2. Recognition items**

### **Item 1**

#### **Proposed by the Board**

**Proposal:** Business report and financial statements of 2019.

#### **Description:**

- (1) The 2019 consolidated financial statements had been audited by CPA Dien Chang and Jessie Wu of Deloitte & Touche and the aforementioned CPAs have issued an unqualified opinion. The abovementioned financial statements and the business report have been approved by the Audit Committee and the Board of the Company. It is hereby submitted to the annual general meeting for recognition.
- (2) The above-mentioned business report and financial statements of 2019 are attached in the handbook, please refer to Attachments 1 & 6 which are on pages 8 through 10 and pages 25 through 35 of this handbook.

#### **Resolution:**

### **Item 2**

#### **Proposed by the Board**

**Proposal:** Deficit compensation for 2019.

#### **Description:**

- (1) The Company suffered a net loss of NT\$1,450,513,580 in 2019 and the Company prepared and proposed the 2019 Deficit Compensation Statement accordingly. Please refer to Attachment 7 on page 36 of this handbook.
- (2) Due to accumulated deficit after tax, the Company proposes that there is no dividend distribution for 2019.

#### **Resolution:**

### **3. Discussion items**

#### **Item 1**

##### **Proposed by the Board**

##### **Proposal (Special Resolution):**

Amendments to the Company's Seventh Amended and Restated Memorandum and Articles of Association.

##### **Description:**

The company hereby proposes to amend the Seventh Amended and Restated Memorandum and Articles of Association in accordance with the TPEX official letter dated 8 Jan 2020 with the series number 10800681281 which promulgated amendment the shareholders' rights protection checklist. Please refer to the comparison table in Attachment 8 on pages 37 through 43 of this handbook.

##### **Resolution:**

#### **Item 2**

##### **Proposed by the Board**

##### **Proposal (Ordinary Resolution):**

Amendments to the Rules and Procedures of Shareholders' Meetings.

##### **Description:**

The company hereby proposes to amend the Rules and Procedures of Shareholders' Meeting in accordance with the updates on the relevant regulations of Taiwan. Please refer to Attachment 9 on pages 44 through 47 of this handbook for the comparison table.

##### **Resolution:**

## **4. Ad hoc motions**

### **Adjournment**

### III. Attachments

#### Attachment 1: Business performance report for 2019

Dear Shareholders

2019 marked a year of change for ASLAN as we focused our development efforts on the highly promising ASLAN004, a fully human monoclonal antibody that binds to the IL-13 receptor  $\alpha 1$  subunit (IL-13R $\alpha 1$ ), for the treatment of atopic dermatitis (AD) and asthma. The data we announced in December 2019 from our ongoing multiple ascending dose (MAD) study in AD was very encouraging, showing early signs of efficacy and a favourable side effect profile, and we believe that ASLAN004 has the potential to be a best-in-disease treatment for AD. The second dose cohort is recruiting well and we plan to wait until the end of cohort 3 to announce additional data, when the full dataset can be unblinded rather than releasing additional blinded data at the end of cohort 2. Our recent fundraising has positioned us well to complete the study and, at the same time, prepare to initiate a Phase 2b study in the first half of 2021 as the next step in our development plan.

#### 1. Review of 2019 and recent business highlights

Clinical development

##### ASLAN004

- Initiated a randomised, double-blind, placebo-controlled MAD study in October to evaluate 3 doses of ASLAN004 (between 200mg and 600mg) in moderate to severe AD patients following the successful completion of the Single Ascending Dose clinical trial in healthy volunteers.
- In December 2019, preliminary results from the first patients treated with ASLAN004 showed early signs of efficacy in the low dose cohort. In a review of unclean blinded data, the Eczema Area and Severity Index (EASI) scores of the 3 patients who had completed at least one month of dosing were reduced by 85%, 70% and 59% from baseline and the EASI score continued to fall at 4 weeks with maximal efficacy expected at 6 to 8 weeks.
- As announced on 13 April 2020, recruitment for the second dose cohort of the MAD study in atopic dermatitis (AD) has been paused in light of government restrictions in Singapore to contain the spread of COVID-19. We are closely monitoring government guidance around the restrictions, which were extended until 1 June 2020 on 21 April.
- We still expect to announce unblinded, interim data from the study later this year but will review the timelines when the tightened restrictions are lifted in Singapore and recruitment into the study recommences.
- To accelerate recruitment, we have identified several clinical sites in Australia that could join the ongoing MAD study.

##### ASLAN003

- Published preclinical data in Haematologica Journal that showed ASLAN003's potential as a potent human dihydroorotate dehydrogenase (DHODH) inhibitor and novel target for differentiation therapy with a favourable toxicity profile.

#### AhR antagonist

- In September 2019, we transferred the global rights to all of the assets related to aryl hydrocarbon receptor (AhR) antagonists, originally discovered and developed by us and our collaborators, to JAGUAHR Therapeutics, a joint venture with Bukwang Pharmaceutical.
- JAGUAHR will identify a lead development compound to develop as a new immuno-oncology therapeutic targeting the AhR pathway and file an Investigational New Drug (IND) application. Bukwang will invest US\$5 million in JAGUAHR in two tranches of \$2.5 million (the first of which has been paid) to fund the development of the assets.

#### Additional pipeline programs

- Announced topline data from the TreeTopp study of varlitinib in second line biliary tract cancer in November.

#### Corporate updates

- Elected existing board member Andrew Howden as non-executive Chairman of the board and separated the roles of Chairman and Chief Executive Officer to maintain high standards of corporate governance.
- Secured a US\$3 million loan facility provided by the company's Chairman, members of the board, and several major investors in October.
- Successfully closed US\$15 million public offering of 5,893,206 American Depositary Shares at a public offering price of US\$2.50 per ADS in December supported by new investors, including the exercise in full of the underwriter's option to purchase additional ADSs.

#### Full year 2019 financial highlights

- Cash used in operations for year ended 31 December 2019 was US\$25.8 million (NT\$796 million) compared to US\$39.5 million (NT\$1,189 million) in the same period in 2018.
- Research and development expenses were US\$16.6 million (NT\$512 million), general and administrative expenses were US\$8.5 million (NT\$263 million) for the full year 2019, compared to US\$31.8 million (NT\$959 million) and US\$10.5 million (NT\$317 million) respectively in the same period in 2018.
- Net loss for the full year 2019 was US\$47.0 million (NT\$1,451 million) including a one-off impairment charge of US\$23 million (NT\$712 million) related to the write-down of *varlitinib* in the fourth quarter of 2019. Excluding the non-cash impairment charge, net loss for the full year 2019 was US\$23.9 million (NT\$739 million) compared to a net loss of US\$42.2 million (NT\$1,271 million) for the full year 2018.
- Cash, cash equivalents and short-term investments totaled US\$22.2 million (NT\$665 million) as of 31 December 2019 compared to US\$28.9 million (NT\$889 million) as of 31 December 2018.

## 2. Plans for 2020

We expect to deliver a number of significant milestones for ASLAN004 in 2020:

- Interim, unblinded data from the 3 dose cohorts (up to 24 patients) expected in 2H 2020, and initiation of the expansion cohort (an additional 18 patients).
- Opening of clinical trial sites in Australia and filing of IND application with the US FDA in the middle of 2020.
- Completion of MAD clinical trial in moderate-to-severe AD patients in 1H 2021.
- Initiation of Phase 2b study of ASLAN004 for AD in 1H 2021.

## 3. Impact of external factors

The COVID-19 pandemic has brought about unprecedented changes and affected many worldwide. We have been putting strategies in place to mitigate risks to our development programs, including opening sites in different geographies where restrictions are easing. We are also taking steps to ensure that we emerge from this situation stronger and ready to initiate our planned phase 2b study of ASLAN004 for atopic dermatitis in 1H 2021, building our US presence as we grow a team there and prepare to file an Investigational New Drug application with the US FDA.

I look forward to updating you on our progress in the year ahead.

Dr Carl Firth  
CEO  
ASLAN Pharmaceuticals Limited



A handwritten signature in black ink, appearing to read "Carl Firth", is written below the printed name.

Attachment 2: Review report by the Audit Committee

亞獅康股份有限公司  
ASLAN Pharmaceuticals Limited  
審計委員會審查報告書  
Review Report by Audit Committee

茲准

董事會造送本公司民國108年度營業報告書、合併財務報表及虧損撥補議案，其中本公司民國108年度合併財務報表，業經委託勤業眾信聯合會計師事務所查核完竣，並出具查核報告書。上述民國108年度營業報告書、合併財務報表及虧損撥補議案經本審計委員會查核，認為尚無不合，爰依證券交易法第十四條之四及公司法第二百一十九條之規定報告如上。

The Board of Directors has prepared and submitted the Company's 2019 Business Report, Consolidated Financial Statements, and the proposal for deficit compensation statement. The independent CPA Deloitte & Touche was engaged to audit the company's Financial Statements and has issued an independent auditors' report. The abovementioned 2019 Business Report, Consolidated Financial Statements and the proposal for deficit compensation statement have been reviewed and approved by Audit Committee and it is believed that there is no any inconsistency. Therefore, the Audit Committee hereby reports in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

敬請鑒核

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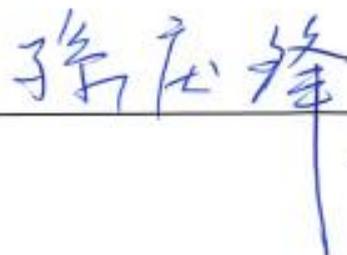
亞獅康股份有限公司109年股東常會

To

2020 AGM of ASLAN Pharmaceuticals Limited

亞獅康股份有限公司ASLAN Pharmaceuticals Limited

審計委員會召集人 Chair of Audit Committee



A handwritten signature in blue ink, appearing to read '孫正峰', is written above a horizontal line. A vertical line extends downwards from the end of the horizontal line.

2020年3月18日

**Attachment 3: Comparison of before- vs. after-amendments to Procedures Governing Board of Directors Meetings**

After-amendment	Before-amendment	Description
<p><b>8. Chairperson and acting Chairperson of a Board Meeting</b></p> <p>(1) <u>If a Board Meeting is convened by the Chairperson of the Board, the meeting shall be chaired by the chairperson.</u> However, the first meeting of each newly elected Board of Directors shall be convened and chaired by the Director who received votes representing the largest share of voting rights at the Shareholders' Meeting in which the Directors were elected; if there are two or more Directors so entitled to convene the meeting, they shall choose one person by and from among themselves to do so.</p> <p><u>(2) According to Article 203, paragraph 4, or Article 203-1, paragraph 3 of the Company Act, if a meeting of the board of directors is convened by the majority or more of the directors on their own, the directors shall elect from among themselves a chairman of the board of directors.</u></p> <p>(3) When the Chairperson of the Board is on leave or for any reason is unable to exercise the powers of the Chairperson, the Vice Chairperson shall do so in place of the Chairperson, or, if there is no Vice Chairperson or the Vice Chairperson also is on leave or for any reason is unable to exercise the powers, by a Managing Director designated by the Chairperson, or, if there is no Managing Director, by a Director designated thereby, or, if the Chairperson does not make such a designation, by a Managing Director or Director elected by and from among themselves.</p>	<p><b>8. Chairperson and acting Chairperson of a Board Meeting</b></p> <p>(1) Board <del>Meetings shall be</del> <u>and chaired</u> by the Chairperson of the Board. However, the first meeting of each newly elected Board of Directors shall be convened and chaired by the Director who received votes representing the largest share of voting rights at the Shareholders' Meeting in which the Directors were elected; if there are two or more Directors so entitled to convene the meeting, they shall choose one person by and from among themselves to do so.</p> <p>(2) When the Chairperson of the Board is on leave or for any reason is unable to exercise the powers of the Chairperson, the Vice Chairperson shall do so in place of the Chairperson, or, if there is no Vice Chairperson or the Vice Chairperson also is on leave or for any reason is unable to exercise the powers, by a Managing Director designated by the Chairperson, or, if there is no Managing Director, by a Director designated thereby, or, if the Chairperson does not make such a designation, by a Managing Director or Director elected by and from among themselves.</p>	<p>Proposed amendments Article 8 of Chairperson and acting Chairperson of a Board Meeting to be in compliance with Article 10 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies</p>
<p><b>12. Conflict of interests</b></p> <p>(1) If an interested party relationship exists between any Director, or a juristic person the Director represents, and any agenda item, and such relationship is likely to prejudice the interests of the</p>	<p><b>12. Conflict of interests</b></p> <p>(1) If an interested party relationship exists between any Director, or a juristic person the Director represents, and any agenda item, and such relationship is likely to prejudice the interests of the</p>	<p>Proposed amendments Article 12 of Conflict of interests to be in compliance with Article 16 of the Regulations Governing Procedure for Board of Directors</p>

<p>Company, the Director may state opinions and answer questions but may not participate in discussion of or voting on that agenda item, and shall recuse themselves during discussion of and voting on that item, and may not act as proxy of another Director to exercise voting rights on that agenda item. <b><u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></b></p> <p>(2) In the event that a Director is not entitled to exercise his/her voting right, such Director shall not be counted among the attending Directors.</p>	<p>Company, the Director may state opinions and answer questions but may not participate in discussion of or voting on that agenda item, and shall recuse themselves during discussion of and voting on that item, and may not act as proxy of another Director to exercise voting rights on that agenda item.</p> <p>(2) In the event that a Director is not entitled to exercise his/her voting right, such Director shall not be counted among the attending Directors.</p>	<p>Meetings of Public Companies</p>
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**Attachment 4: Comparison of before- vs. after-amendments to Ethical Corporate Management Principles**

After-amendment	Before-amendment	Description
<p><b>Article 6 Responsible Unit</b></p> <p>To achieve sound ethical corporate management, the Company designates the Senior Management Team (SMT) as the solely responsible unit (hereinafter, "responsible unit") in charge of establishing and enforcing the ethical corporate management policies and prevention measure. <b><u>The dedicated unit shall be in charge of the following matters, and shall report to the Board of Directors on a regular basis (at least once a year):</u></b></p> <ol style="list-style-type: none"> <li>(1) Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>(2) <b><u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope,</u></b> adopting <b><u>accordingly</u></b> programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.</li> <li>(3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</li> <li>(4) Promoting and coordinating awareness and educational activities with respect to ethics policy.</li> <li>(5) Developing a whistle-blowing system and ensuring its operating effectiveness.</li> <li>(6) Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management</li> </ol>	<p><b>Article 6 Responsible Unit</b></p> <p>To achieve sound ethical corporate management, the Company designates the Senior Management Team (SMT) as the solely responsible unit (hereinafter, "responsible unit") in charge of establishing and enforcing the ethical corporate management policies and prevention measure. <del><b><u>If any material violation is discovered, the Company shall report to the Board of Directors:</u></b></del></p> <ol style="list-style-type: none"> <li>(1) Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>(2) Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.</li> <li>(3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</li> <li>(4) Promoting and coordinating awareness and educational activities with respect to ethics policy.</li> <li>(5) Developing a whistle-blowing system and ensuring its operating effectiveness.</li> <li>(6) Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and</li> </ol>	<p>Proposed amendments Article 6 of Responsible Unit to be in compliance with Article 14-5 of the Securities and Exchange Act</p>

are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures	preparing reports on the regular assessment of compliance with ethical management in operating procedures	
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## Attachment 5: Implementation status of the Business Plan

### I. The Business Plan approved by the Board of Directors on 4 October 2019

#### 1. Business Summary

##### A. Details of business operation

ASLAN Pharmaceuticals is clinical-stage oncology and immunology focused biopharmaceutical company based in Singapore developing novel therapeutics for global markets. The company target diseases that are both highly prevalent in Asia and orphan indications in the United States and Europe. ASLAN's Asia development platform is designed to enable us to accelerate the development of drugs to treat these diseases. The company's portfolio is comprised of four product candidates which target: validated growth pathways applied to new patient segments; novel immune checkpoints; and novel cancer metabolic pathways

The company is headquartered in Singapore, with offices in Taiwan and China, as well as operations across Asia, Australia, Europe and United States. The company have a broad portfolio of high-quality, innovative compounds in-licensed with global rights from global pharmaceutical and biotechnology companies.

The company is responsible for the clinical research and development and manufacturing of these compounds. The company has plans to commercialize these products in various regions, including parts of Asia as well out-license rights to other territories to various leading local and multinational partners in order to accelerate the drug development as well as to generate some revenue.

##### B. Breakdown & percentage of products

ASLAN is a novel drug development company and all products are currently at the development stage. Total sales revenues were generated between FY2016 and FY2019 Q2 was NT\$465,377 thousand. In FY2016, NT\$373,018 thousand was booked as revenue representing the upfront received from the out-licensing of *varlitinib* (ASLAN001) to Hyundai Pharma for Korea rights in October 2015 and the upfront from the buy-back of ASLAN002 by Bristol-Myers Squibb (BMS) in July 2016.

In FY2019, NT\$92,359 thousand was booked in as revenue representing upfront payments for Korea out-licensing rights for *varlitinib* and ASLAN003 that was signed with Biogenetics Ltd in FY2019 Q1.

Product	Year	NT\$('000)							
		FY 2016 (Actual)		FY 2017 (Actual)		FY 2018 (Actual)		FY 2019 (Actual)	
		Amount	%	Amount	%	Amount	%	Amount	%
Out-licensing & Upfronts		372,923	99.97	-	-	-	-	92,359	100
Other		95	0.03	-	-	-	-	-	-
Total		373,018	100	-	-	-	-	92,359	100

##### C. The existing products and new products under development by the company

The company's lead program, *varlitinib*, is a reversible small molecule pan-HER inhibitor that targets the human epidermal growth factor receptors HER1, HER2 and HER4. *Varlitinib* is currently being studied in a global pivotal clinical trial for biliary tract cancer for which we expect to report topline data in the fourth quarter of 2019.

In addition to *varlitinib*, the company have several other product candidates in development. ASLAN is developing ASLAN003, an inhibitor of human dihydroorotate dehydrogenase, or DHODH, in acute myeloid leukemia (AML) and are exploring development in other solid tumors where this mechanism has been shown to be relevant. ASLAN003 has the potential to induce differentiation in leukemic blast cells and our observed signs of clinical activity and tolerance leads us to believe that ASLAN003 could

be applicable in a broad range of AML patients.

ASLAN004 is an IL-4/IL-13 receptor antibody, which the company believes have the potential to be a best-in-class therapy for moderate-to-severe atopic dermatitis and asthma, due to greater selectivity in binding target cells via the IL-13 receptor. We have initiated a Phase 1 clinical trial investigating ASLAN004 in healthy volunteers. The single ascending dose (SAD) clinical trial was completed in the second quarter of 2019 and the company expect to initiate a multiple ascending dose (MAD) clinical trial in the second half of 2019.

The below pipeline chart provides an overview of the products under development:

Programs	Discovery	Preclinical	Phase 1	Phase 2	Pivotal	Key milestones
<b>GLOBAL RIGHTS</b>						
<b>Varlitinib</b> <b>(ASLAN001)</b> <i>Pan-HER inhibitor</i>	Biliary tract cancer (2 <sup>nd</sup> line)					<ul style="list-style-type: none"> <li>• <a href="#">Topline data 2H 19</a></li> </ul>
	Biliary tract cancer (1 <sup>st</sup> line)					
<b>ASLAN003</b> <i>DHODH inhibitor</i>	AML					<ul style="list-style-type: none"> <li>• Part 1 readout 3Q 19</li> </ul>
<b>ASLAN004</b> IL-4/IL-13 <i>Receptor inhibitor</i>	Atopic dermatitis					<ul style="list-style-type: none"> <li>• MAD initiation 2H 19</li> </ul>
	Asthma					

## 2. Explanation of Losses in the Past Two Years

The company is expected to be in a loss-making position as a long lead time is required for the development of new medicine from starting clinical trials to full commercialization which the timeframe typically spans between 8 to 10 years. The company is currently still in clinical development phase and is not expecting commercialization until 2020 Q4 at the earliest.

In 2016, the company out-licensed *varlitinib* (ASLAN001) to Hyundai Pharma for Korea rights and recognized an upfront of NT\$8,076 thousand (US\$250 thousand) in June 2016. In July 2016, BMS reacquired ASLAN002 for an upfront payment of NT\$323,044 thousand (US\$10 million).

In 2019 Q1, the company had out-licensed *varlitinib* (ASLAN001) and ASLAN003 to Biogenetics Ltd and recognized an upfront payment of NT\$92,359 thousand (US\$3million)

However, the current operating expenditure is still in excess of the revenues earned and as a result we have still not yet achieved any profitability to date.

## 3. Improvement Plan

The company's net loss position from 2014 to 2019 Q2 is as follows:

Net Losses	NT\$('000)
2014 to 2016 (Audited)	1,118,105
2017 (Audited)	1,208,420
2018 (Audited)	1,270,959
2019 Q1(Audit Reviewed)	133,738
2019 Q2(Audit Reviewed)	246,872

The company's current portfolio of drugs are all still in development stage. The continuous investment into R&D is required in order to achieve commercial viability for the drug candidates

Although the company had generated revenues in 2016 and 2019, the current expenditure still exceeds the revenues gained and operating income is still negative to current date.

From 2013 to 2019 Q2, revenues were generated in 2016 and 2019 as follows:

1. NT\$8,076,000 FY2016 Out-Licensing deal with Hyundai Pharmaceuticals
2. NT\$323,044,000 FY2016 Buy-Back deal with Bristol-Myers Squibb (BMS)
3. NT\$92,359,000 FY2019 Out-licensing deal with Biogenetics Ltd

The current development plans the company is actively working on include:

- Collaboration opportunities with international drug companies,
- Continuous discussions and negotiations with scientific organizations on research development partnerships,
- Out-licensing deals with various potential partners.

The Company expects to be profitable from revenues generated from 2020 onwards via:

- Out licensing deals with various partners from our current portfolio of compounds
- Commercialization of ASLAN001 in China starting from 2019 Q4, and Asia-Pacific region

As such, it is expected that the operating loss situation will be improved.

#### 4. Forecasted Income Statements

Year 2017 & 2018 (audited), 2019 (forecasted):

NT\$('000)

Year	2017 (audited)	2018 (audited)	2019
Revenue	-	-	152,359
Cost of Goods Sold	-	-	(13,084)
Gross Profit	-	-	139,275
Operating Expenses	(1,185,632)	(1,275,854)	(851,524)
G&A Expenses	(265,321)	(316,755)	(212,290)
R&D Expenses	(920,311)	(959,099)	(639,234)
Operating Income (Loss)	(1,185,632)	(1,275,854)	(712,249)
Non-operating Income and Expenses	(22,788)	5,330	(22,953)
Income (Loss) before tax	(1,208,420)	(1,270,524)	(735,202)
Share Capital	1,301,289	1,602,489	1,702,489
Earnings per share (NT\$)	(9.71)	(8.49)	(4.63)

Note1: Exchange rate of US\$: NT\$ = 1:30.2923 for year 2017

Note2: Exchange rate of US\$: NT\$ = 1:30 for 2018 to 2019

#### Year 2017

NT\$('000)

Year	Q1 (Reviewed)	Q2 (Reviewed)	Q3 (Reviewed)	Q4 (Reviewed)	Total (Audited)
Revenue	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-
Gross Profit	-	-	-	-	-
Operating Expenses	(242,207)	(270,902)	(238,085)	(434,438)	(1,185,632)
G&A Expenses	(58,412)	(58,249)	(67,755)	(80,905)	(265,321)
R&D Expenses	(183,795)	(212,653)	(170,330)	(353,533)	(920,311)
Operating Income (Loss)	(242,207)	(270,902)	(238,085)	(434,438)	(1,185,632)
Non-operating Income and Expenses	(8,721)	(8,582)	(2,799)	(2,686)	(22,788)
Income(Loss) before tax	(250,928)	(279,484)	(240,884)	(437,124)	(1,208,420)
Share Capital	1,156,709	1,301,289	1,301,289	1,301,289	1,301,289
Earnings per share (NT\$)	(2.17)	(2.30)	(1.85)	(3.39)	(9.71)

**Year 2018**

NT\$('000)

Year	Q1 (Reviewed)	Q2 (Reviewed)	Q3 (Reviewed)	Q4 (Reviewed)	Total (Audited)
Revenue	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-
Gross Profit	-	-	-	-	-
Operating Expenses	(245,818)	(340,406)	(348,388)	(341,242)	(1,275,854)
G&A Expenses	(81,871)	(91,829)	(83,949)	(59,106)	(316,755)
R&D Expenses	(163,947)	(248,577)	(264,439)	(282,136)	(959,099)
Operating Income (Loss)	(245,818)	(340,406)	(348,388)	(341,242)	(1,275,854)
Non-operating Income and Expenses	(9,131)	10,309	6,723	(2,571)	5,330
Income (Loss) before tax	(254,949)	(330,097)	(341,665)	(343,813)	(1,270,524)
Share Capital	1,301,289	1,601,289	1,602,489	1,602,489	1,602,489
Earnings per share (NT\$)	(1.96)	(2.23)	(2.13)	(2.17)	(8.49)

**Year 2019**

NT\$('000)

Year	Q1 (Reviewed)	Q2 (Reviewed)	Q3	Q4	Total
Revenue	92,359	-	-	60,000	152,359
Cost of Goods Sold	(13,084)	-	-	-	(13,084)
Gross Profit	79,275	-	-	60,000	139,275
Operating Expenses	(206,450)	(223,394)	(204,090)	(217,590)	(851,524)
G&A Expenses	(69,465)	(58,801)	(40,032)	(43,992)	(212,290)
R&D Expenses	(136,985)	(164,593)	(164,058)	(173,598)	(639,234)
Operating Income (Loss)	(127,175)	(223,394)	(204,090)	(157,590)	(712,249)
Non-operating Income and Expenses	(6,473)	(8,858)	(3,811)	(3,811)	(22,953)
Income (Loss) before tax	(133,648)	(232,252)	(207,901)	(161,401)	(735,202)
Share Capital	1,602,489	1,602,489	1,602,489	1,702,489	1,702,489
Earnings per share (NT\$)	(0.83)	(1.55)	(1.30)	(0.95)	(4.63)

**A. Main assumptions and estimate basis:****1) Revenue**

The Company forecasts that the operating revenues for 2019 are mainly from licensing and sales revenues including upfronts and royalties as follows:

**a. ASLAN001**

The company's projections for revenues from 2019 onwards would include:

i. Commercialization deals in China for BTC and GC

ii. Out licensing revenues from Asia Pacific and European partners

In 2015, the company had out-licensed the right of development, manufacturing and sales of *varlitinib* (ASLAN001) for BTC in South Korea to Hyundai Pharm Co. with the option of development and commercialization for GC and BC in Korea.

- China, Asia and Europe out-licensing revenue

The revenues from China, Asia and Europe are estimated based on the discussion progress with potential partners in those areas, independently analyzed by CMIC.

b. ASLAN002

BMS exercised its buy-back right in July 2016 with an upfront of NT\$323,044 thousand (US\$10M).

c. ASLAN003

The compound has shown very positive results in clinical testing as a potential treatment for AML and there are current discussions with various partners to further develop and out-license the drug.

d. ASLAN004

ASLAN004 is a fully human monoclonal antibody that blocks the IL-13R $\alpha$ 1 subunit of the common receptor for IL-4 and IL-13. In 2018, phase 1 clinical trials on ASLAN004 were initiated and the company expects that a potential out-licensing deal once ASLAN004 completes its phase 2 trials by 2022.

## 2) Operating Costs

The operating costs reflect the costs that are payable to ASLAN's licensors as per the various signed agreements with them. In addition, related manufacturing costs such as raw materials or manufacturing expenses are also included.

## 3) Operating Expenses

NT\$('000)

Year	2017 (audited)	2018 (audited)	2019
G&A Expenses	265,321	316,755	212,290
R&D Expenses	920,311	959,099	639,234
<b>Total</b>	<b>1,185,632</b>	<b>1,275,854</b>	<b>851,524</b>

a. General & Administrative Expenses

The G&A expenses for 2017-2019 are estimated as below:

NT\$('000)

Year	2017 (audited)	2018 (audited)	2019
Salary Expense	129,489	111,179	93,615
Administration	25,941	29,772	23,780
Travel Expense	19,262	40,807	14,922
Corporate Affairs	14,812	39,375	27,721
Fund-raising Expense	35,702	10,718	27,282
ESOS Issuance	23,313	13,532	14,370
Others	16,802	71,373	10,600
<b>Total</b>	<b>265,321</b>	<b>316,755</b>	<b>212,290</b>

The estimates are based on the G&A expenses growth from previous years and take into account the expected expansion in operations as well as manpower. This will include expenditures relating to staff salaries, travel expenditures, office and administration costs as well as other general corporate expenses.

#### b. R&D Expenses

The R&D expenses included clinical trial, manufacturing, salary expenses for R&D personnel, and other expenses. Please see below for details of the R&D expenses for 2017-2019:

NT\$('000)

Year	2017 (audited)	2018 (audited)	2019
Clinical trial expense	589,470	658,216	530,555
Manufacturing	198,133	188,832	37,463
Salary for R&D personnel	132,708	78,970	71,216
<b>Total</b>	<b>920,311</b>	<b>959,099</b>	<b>639,234</b>

The clinical trials and manufacturing expenses are forecasted along the lines of their relevant scope and related activities such as patient cohort sizes, countries that the trials are running in and the various institutions and hospitals involved in running the studies.

#### 4) Non-operating incomes and expenses

For 2017-2019, the company estimates that the main non-operating expenditures would be interest accrued for EDB loan as well as foreign exchange gains and losses as follows:

NT\$('000)

Year	2017 (audited)	2018 (audited)	2019
Interest Expenses	(12,623)	(14,820)	(20,069)
Other gains and losses	(10,165)	20,150	(2,884)
<b>Total</b>	<b>(22,788)</b>	<b>5,330</b>	<b>(22,953)</b>

#### 5) Income before tax

The Company's revenues in 2016 was mainly from the upfront of out-licensing of *varlitinib* (ASLAN001) to Hyundai and the buy-back of ASLAN002 by BMS. In FY2019, NT\$92,359 thousand was booked in as revenue representing upfront payments for Korea out-licensing rights for *varlitinib* and ASLAN003 that was signed with Biogenetics Ltd in FY2019 Q1.

Although the Company is currently operating at a loss, there are current on-going discussions for our current portfolio of novel drugs - *varlitinib* (ASLAN001), ASLAN003 and ASLAN004 in the areas of commercialization and out-licensing for China, Asia-Pacific and Europe regions and we expect these deals to be concluded in 2020.

Revenues and profits are expected from these activities and shall improve the bottom line of the company.

## 5. Conclusion

The company was formed in 2010 and restructured in 2014. The main business is new drug development. The Company has 3 drugs in its portfolio including *varlitinib* (ASLAN001), ASLAN003, and ASLAN004. The Company had no revenue in 2014, 2015, 2017 & 2018.

For 2016 there was revenue of NT\$373,018 thousand mainly from out-licensing ASLAN001 to Hyundai for NT\$8,076 thousand (US\$250,000) and the BMS buy-back of ASLAN002 for NT\$323,044 thousand (US\$10M). In 2019, NT\$92,359 thousand was booked in as revenue representing upfront payments for Korea out-licensing rights for *varlitinib* and ASLAN003 that was signed with Biogenetics Ltd in FY2019 Q1.

The Company's operating expenses includes administration expenses and R&D expenses.

The operating expenses for the year 2016, 2017 and 2018 were NT\$650,017 thousand, NT\$1,185,632 thousand and NT\$1,275,854 thousand respectively. The Company's administration expenses mainly consisted of salary expenses, office rent, travel expenses, insurance, depreciation and amortization, etc. The R&D expense was mainly for clinical trials work and drug manufacturing for different phases.

The non-operating gain(loss) from 2016, 2017 and 2018 were loss NT\$11,288 thousand, loss NT\$22,788 thousand, and gain 5,330 thousand respectively, mainly from foreign currency exchange in USD and the interest expenses due to the loans from EDB and CSL Finance Pty Ltd. The Company's operating losses for year 2016, 2017, 2018 were NT\$281,037 thousand, NT\$1,185,632 thousand, and NT\$1,275,854 thousand respectively.

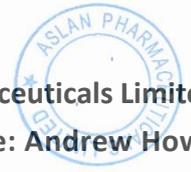
Gross revenue forecasted for the future years are estimated mainly from out-licensing and commercialization deals based on Company's best estimation. These estimates are based on out-licensing agreements under discussion, and also take into account research reports from external professional institutions, historical deals in the industry, and the timing of the revenues.

In terms of funding, the cash balance on book at the end of 2019 Q2 was NT\$466,327 thousand.

The company is currently listed on both Taiwan (TPEX) and US(NASDAQ) stock exchanges and have further plans to raise another US\$6 million to US\$40 million by issuing a further 15 to 100 million new shares for overseas DR.

## II. The Implementation status of the Business Plan

The Company has completed the issuance of new shares for sponsoring the issuance of ADSs. The total number of shares issued were 29,466,030 ordinary shares, and the total amount was US\$14,733,015. The Company announced topline results from treetopp global pivotal study of *varlitinib* in biliary tract cancer on 11 November 2019, and the study did not meet its co-primary endpoints, so we have not generated revenue from *varlitinib*. The Company decided to focus on development of ASLAN004 and other promising molecules in our portfolio. The implementation status of the business plan was submitted to the Board and the annual general meeting for monitoring in accordance with the FSC official letter dated 5 November 2019 with series number 1080334435. It was noted that the company has made every effort to be on track in terms of the implementation of the business plan as submitted to the FSC as much as feasible with its current business plans and operations.

  
**ASLAN Pharmaceuticals Limited**  
**Representative: Andrew Howden**





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## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
ASLAN Pharmaceuticals Limited

### Opinion

We have audited the accompanying consolidated financial statements of ASLAN Pharmaceuticals Limited and its subsidiaries (the "Company"), 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 Company 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 Company 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 description of the key audit matter for the consolidated financial statements for the year ended December 31, 2019 is as follows:

#### Assessment of liquidity risk

The Company has reported a net loss in all fiscal periods since inception due to continuous cash outflows from research and development activities and execution of clinical programs, and expects to incur substantial and increased expenses to expand the said development activities. The Company expects to continue to generate operating losses in the foreseeable future. Based on the Company's business plans disclosed in Note 25, the Company may seek future funding based on the need of capital and exercise discretion and flexibility to deploy its capital resources in the progress of the research and development according to the schedule of fund raising to continue its operation in the future. Thus, we consider the assessment of liquidity risk a key audit matter.

We addressed the above key audit matter by performing following procedures:

1. We obtained the cash flow forecast of the Company in next twelve months, and discussed with management the feasibility of the cash flow forecast and its operations.
2. We verified the compliance of covenants associated with the debt agreement and management's responses.
3. We assessed the appropriateness of the footnote disclosure to financial statement.

#### **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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company 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 Company'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 Company'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 Company'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 Company 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Company 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 Dien Sheng Chang and Yi Chun Wu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 18, 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.*



# ASLAN PHARMACEUTICALS LIMITED 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 (Notes 4 and 6)	\$ 665,050	95	\$ 883,598	55
Prepayments	2,064	-	5,612	-
Total current assets	667,114	95	889,210	55
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss (Notes 4, 7 and 17)	2,045	-	1,834	-
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 17)	3,959	1	5,723	-
Property, plant and equipment (Notes 4 and 10)	1,148	-	8,815	1
Right-of-use assets (Notes 3, 4 and 11)	21,802	3	-	-
Intangible assets (Notes 4, 12 and 17)	85	-	705,456	44
Refundable deposits	3,237	1	5,260	-
Total non-current assets	32,276	5	727,088	45
<b>TOTAL</b>	<b>\$ 699,390</b>	<b>100</b>	<b>\$ 1,616,298</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Trade payables	\$ 56,068	8	\$ 162,475	10
Other payables (Notes 13 and 21)	97,253	14	81,995	5
Lease liabilities - current (Notes 3, 4 and 11)	7,924	1	-	-
Total current liabilities	161,245	23	244,470	15
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss (Note 4 and 7)	7,859	1	-	-
Long-term borrowings (Note 14 and 26)	511,159	73	427,138	26
Long-term borrowings from related parties (Note 14 and 26)	16,958	2	-	-
Lease liabilities - non-current (Notes 3, 4 and 11)	14,702	2	-	-
Other non-current liabilities (Note 21)	5,537	1	8,852	1
Total non-current liabilities	556,215	79	435,990	27
Total liabilities	717,460	102	680,460	42
<b>EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT (Note 16)</b>				
Ordinary shares	1,899,549	272	1,602,489	99
Capital surplus	3,623,481	518	3,469,709	215
Accumulated deficits	(5,495,608)	(786)	(4,045,093)	(250)
Other equity	(77,664)	(12)	(91,267)	(6)
Total equity attributable to stockholders of the parent	(50,242)	(8)	935,838	58
<b>NON-CONTROLLING INTERESTS</b>	32,172	6	-	-
Total equity	(18,070)	(2)	935,838	58
<b>TOTAL</b>	<b>\$ 699,390</b>	<b>100</b>	<b>\$ 1,616,298</b>	<b>100</b>

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

Chairman: Andrew James Howden

Chief Executive Officer: Carl Firth

Head of Finance: Kiran Asarpota



## ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
SALES (Note 17)	\$ 92,359	100	\$ -	-
OPERATING COSTS (Note 17)	<u>12,538</u>	<u>14</u>	<u>-</u>	<u>-</u>
GROSS PROFIT	<u>79,821</u>	<u>86</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES (Notes 15, 18 and 21)				
General and administrative expenses	\$ (262,576)	(284)	\$ (316,755)	-
Research and development expenses	<u>(511,661)</u>	<u>(554)</u>	<u>(959,099)</u>	<u>-</u>
Total operating expenses	<u>(774,237)</u>	<u>(838)</u>	<u>(1,275,854)</u>	<u>-</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 12 and 18)	<u>(711,763)</u>	<u>(771)</u>	<u>-</u>	<u>-</u>
LOSS FROM OPERATIONS	<u>(1,406,179)</u>	<u>(1,523)</u>	<u>(1,275,854)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	4,646	5	8,084	-
Other income (Note 17)	-	-	5,641	-
Other gains and losses (Note 18)	(10,112)	(11)	6,425	-
Finance costs (Notes 4 and 18)	<u>(27,813)</u>	<u>(29)</u>	<u>(14,820)</u>	<u>-</u>
Total non-operating income and expenses	<u>(33,279)</u>	<u>(35)</u>	<u>5,330</u>	<u>-</u>
LOSS BEFORE INCOME TAX	(1,439,458)	(1,558)	(1,270,524)	-
INCOME TAX EXPENSE (Notes 4 and 19)	<u>(12,586)</u>	<u>(14)</u>	<u>(435)</u>	<u>-</u>
NET LOSS FOR THE YEAR	<u>(1,452,044)</u>	<u>(1,572)</u>	<u>(1,270,959)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME/(LOSS) (Note 16)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(1,699)	( 2)	-	-
Exchange differences arising on translation to the presentation currency	<u>14,621</u>	<u>16</u>	<u>42,934</u>	<u>-</u>
	<u>12,922</u>	<u>14</u>	<u>42,934</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (1,439,122)</u>	<u>(1,558)</u>	<u>\$ (1,228,025)</u>	<u>-</u>

(Continued)

NET LOSS ATTRIBUTABLE TO				
Stockholders of the parent	\$ (1,450,515)	( 1,570)	\$ (1,270,959)	-
Non-controlling interests	<u>(1,529)</u>	<u>( 2)</u>	<u>-</u>	<u>-</u>
	<u>\$ (1,452,044)</u>	<u>( 1,572)</u>	<u>\$ (1,270,959)</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO				
Stockholders of the parent	\$ (1,436,912)	( 1,555)	\$ (1,228,025)	-
Non-controlling interests	<u>(2,210)</u>	<u>( 3)</u>	<u>-</u>	<u>-</u>
	<u>\$ (1,439,122)</u>	<u>( 1,558)</u>	<u>\$ (1,228,025)</u>	<u>-</u>
LOSS PER SHARE (Note 20)				
Basic and diluted		<u>\$ (8.93)</u>		<u>\$ (8.49)</u>

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



Chairman: Andrew James Howden



Chief Executive Officer: Carl Firth



Head of Finance: Kiran Asarpota

# ASLAN PHARMACEUTICALS LIMITED 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 Shareholders of the Parent						Unrealized Valuation Loss on Financial Assets at Fair Value Through Other Comprehensive Income (Note 16 and 17)	Non-controlling Interests (Note 22)	Total Equity
	Ordinary Shares (Note 16) Amount	Ordinary Shares	Share Options Reserve	Other	Total	Accumulated Deficits			
BALANCE AT JANUARY 1, 2018	130,128,940	\$ 1,301,289	\$ 2,476,406	\$ 183,817	\$ -	\$ 2,660,223	\$ (134,203)	\$ -	\$ 1,053,177
Issuance of new share capital (Note 16)	50,000,000	500,000	956,108	-	-	956,108	-	-	1,256,108
Transaction costs attributable to the issuance of ordinary shares	-	-	(160,479)	-	-	(160,479)	-	-	(160,479)
Issuance of ordinary shares under employee share option plan (Note 21)	120,000	1,200	1,282	(1,014)	-	268	-	-	1,468
Recognition of employees share options by the Company (Note 21)	-	-	-	13,589	-	13,589	-	-	13,589
Net loss for the year ended December 31, 2018	-	-	-	-	-	-	(1,270,959)	-	(1,270,959)
Other comprehensive income for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	67,934	-	67,934
Total comprehensive loss for the year ended December 31, 2018	-	-	-	-	-	-	(1,270,959)	-	(1,270,959)
BALANCE AT DECEMBER 31, 2018	160,248,940	1,602,489	3,273,317	196,392	-	3,469,709	(91,267)	-	935,838
Issuance of new share capital (Note 16)	39,466,050	294,660	134,697	-	-	134,697	-	-	449,357
Transaction costs attributable to the issuance of ordinary shares	-	-	(44,066)	-	-	(44,066)	-	-	(44,066)
Issuance of ordinary shares under employee share option plan (Note 21)	240,000	2,400	904	(2,571)	-	(1,667)	-	-	733
Recognition of employees share options by the Company (Note 21)	-	-	-	1,319	-	1,319	-	-	1,319
Changes in percentage of ownership interests in subsidiaries (Note 22)	-	-	-	-	43,114	43,114	-	(42,114)	-
Equity component of long-term debt borrowed by the Company (Note 16)	-	-	-	1,375	-	1,375	-	-	1,375
Net loss for the year ended December 31, 2019	-	-	-	-	-	-	(1,450,515)	-	(1,452,044)
Other comprehensive income for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	15,302	(1,693)	12,922
Total comprehensive loss for the year ended December 31, 2019	-	-	-	-	-	-	(1,450,515)	(1,693)	(1,452,122)

Net increase in non-controlling interests  
 BALANCE AT DECEMBER 31, 2019

189,554,970	\$ 1,819,549	\$ 3,384,852	\$ 195,140	\$ 43,489	\$ 3,623,481	\$ (75,965)	\$ (1,699)	\$ 76,496	\$ (18,070)
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The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Andrew James Howden



Chief Executive Officer: Carl Firth



Head of Finance: Kiran Asarpota




**ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (1,439,458)	\$ (1,270,524)
Adjustments for:		
Depreciation expenses	13,604	7,092
Amortization expenses	134	192
Net loss on fair value changes of financial assets at fair value through profit or loss, net	1,449	(1,808)
Finance costs	27,813	14,820
Interest income	(4,646)	(8,084)
Compensation costs of share-based payment transactions	1,358	38,857
Loss on disposal of property, plant and equipment	2,288	-
Unrealized loss (gain) on foreign exchange, net	4,175	(7,740)
Impairment loss recognized on intangible assets	711,763	-
Loss on lease modification	1,990	-
Gain on disposal of licensed rights	-	(5,641)
Changes in operating assets and liabilities		
Decrease (increase) in prepayments	3,538	(3,364)
(Decrease) increase in trade payables	(106,237)	42,705
Increase (decrease) in other payables	<u>(4,839)</u>	<u>(3,282)</u>
Cash used in operations	(787,068)	(1,196,777)
Interest received	4,646	8,084
Interest paid	(1,112)	-
Income tax paid	<u>(12,586)</u>	<u>(435)</u>
Net cash used in operating activities	<u>(796,120)</u>	<u>(1,189,128)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(92)	(2,418)
Proceeds from disposal of property, plant and equipment	180	-
Payments for intangible assets	-	(693,027)
Decrease (increase) in refundable deposits	<u>79</u>	<u>(335)</u>
Net cash (used in) generate from investing activities	<u>167</u>	<u>(695,780)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	100,255	122,330
Repayment of the principal portion of lease liabilities	(7,505)	-
Proceeds from new share capital	449,357	1,256,108
Proceeds from exercise of employee share options	733	1,468

(Continued)

	<b>2019</b>	<b>2018</b>
Payments for transaction costs attributable to the issuance of ordinary shares	\$( 35,660)	\$( 160,479)
Proceeds from non-controlling interests	<u>76,496</u>	<u>-</u>
Net cash generated from financing activities	<u>583,676</u>	<u>1,219,427</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(6,271)</u>	<u>49,295</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(218,548)	(616,186)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>883,598</u>	<u>1,499,784</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 665,050</u>	<u>\$ 883,598</u>

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



Chairman: Andrew James Howden



Chief Executive Officer: Carl Firth



Head of Finance: Kiran Asarpota

## Attachment 7: 2019 Deficit Compensation Statement

ASLAN Pharmaceuticals Limited

Deficit Compensation Statement of 2019

Items	Amount (NT\$)
Accumulated deficit as of December 31 2018	4,045,094,528
2019 net loss	1,450,513,580
Accumulated deficit as of December 31 2019	5,495,608,108



Chairman



CEO



Head of Finance

**Attachment 8: Comparison of before- vs. after-amendments to the Company’s M&AA**

After-amendment	Before-amendment	Description
<p><b>Article 14</b></p> <p>The Company shall not issue any unpaid Shares or partly paid-up Shares. <u>If a Shareholder fails to pay any call or instalment of a call in respect of any Shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on such Shareholder requiring payment of so much of the call or instalment as is unpaid. The notice shall name a further day (not earlier than the expiration of one month from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the Shares in respect of which the call was made will be liable to be forfeited. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit. A Person whose Shares have been forfeited shall cease to be a Shareholder in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to</u></p>	<p><b>Article 14</b></p> <p>The Company shall not issue any unpaid Shares or partly paid-up Shares. The Company shall not issue shares in bearer form.</p>	<p>Proposed amendments to this Article in accordance with the shareholders’ rights protection checklist promulgated by Taipei Exchange on January 8, 2020 (the “Checklist”).</p>

<p><u>the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the Shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited. A statutory declaration in writing that the declarant is a Director, and that a Share has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts in the declaration as against all Persons claiming to be entitled to the Share. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes due and payable, whether on account of the amount of the Share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified. Under the aforesaid circumstances, compensation for loss or damage, if any, may still be claimed against such defaulting Shareholder.</u> The Company shall not issue shares in bearer form.</p>		
<p><b>Article 37(d)</b> effect any merger (other than a Merger), Spin-off <u>or Share Exchange</u> of the Company in accordance with the Applicable Listing Rules</p>	<p><b>Article 37(d)</b> effect any merger (other than a Merger) or Spin-off of the Company in accordance with the Applicable Listing Rules</p>	<p>Proposed amendments to this Article in accordance with the Checklist.</p>
<p><b>Article 39</b> In the event any of the resolutions with respect to the paragraph (a), (b), or (c) of the preceding Article 37 is adopted by the Shareholders at a general meeting or a Merger <u>(in either case the date of such resolution(s) being, for the purposes of this Article 39 (the "Resolution Date"))</u> is approved in accordance with the</p>	<p><b>Article 39</b> In the event any of the resolutions with respect to the paragraph (a), (b), or (c) of the preceding Article 37 is adopted by the Shareholders at a general meeting or a Merger is approved in accordance with the provisions of the Law, any Shareholder who has notified the Company in writing of his objection to</p>	<p>Proposed amendments to this Article in accordance with the Checklist.</p>

<p>provisions of the Law, any Shareholder who has notified the Company in writing of his objection to such proposal prior to such meeting and subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Shareholder shall have the abovementioned appraisal right if the Shareholders at a general meeting resolve on the dissolution of the Company after the completion of transfer of business or assets under the paragraph (b) of Article 37. In the event any part of the Company's business is Spun Off or involved in any merger, Share Exchange <b><u>or acquisition</u></b> with any other company, <b><u>and the Shareholders are entitled to appraisal rights pursuant to the Applicable Listing Rules</u></b>, the Shareholder, who has forfeited his right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to buy back all of his Shares at the then prevailing fair price; <b><u>the Shareholders shall file a written request within 20 days from the relevant Resolution Date, stating the requested purchase price. In case no agreement is reached, the Company shall pay the price to the Shareholders at a fair price as determined by the Board of Directors on behalf of the Company within 90 days from the Resolution Date. Where the Company's failure to pay such price shall be deemed to have agreed to the price requested by the Shareholders.</u></b> In the event the Company fails to reach such agreement with the Shareholder within</p>	<p>such proposal prior to such meeting and subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Shareholder shall have the abovementioned appraisal right if the Shareholders at a general meeting resolve on the dissolution of the Company after the completion of transfer of business or assets under the paragraph (b) of Article 37. In the event any part of the Company's business is Spun Off or involved in any merger or Share Exchange with any other company, the Shareholder, who has forfeited his right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to buy back all of his Shares at the then prevailing fair price. In the event the Company fails to reach such agreement with the Shareholder within sixty days after the resolution date, <del>the Shareholder may,</del> within thirty days after such sixty-day period, file a petition to any competent court of Taiwan for a ruling on the appraisal price, and to the extent that the ruling is capable of enforcement and recognition in the relevant jurisdiction, such ruling by such Taiwan court shall be binding and conclusive as between the Company and requested Shareholder solely with respect to the appraisal price.</p>	
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<p>sixty days after the <b><u>Resolution Date, the Company shall,</u></b> within thirty days after such sixty-day period, file a petition to any competent court of Taiwan for a ruling on the appraisal price <b><u>against all the dissenting Shareholders as the opposing party,</u></b> and to the extent that the ruling is capable of enforcement and recognition in the relevant jurisdiction, such ruling by such Taiwan court shall be binding and conclusive as between the Company and requested Shareholder solely with respect to the appraisal price.</p>		
<p><b>Article 58</b></p> <p>Extraordinary general meetings shall also be convened on the requisition in writing of any Shareholder or Shareholders of the Company holding at least three percent (3%) of the <b>issued</b> share capital of the Company for a period of one year or a longer time deposited at the Office or the Shareholders' Service Agent specifying the subjects for discussion and the reasons, and if the Board fails to give a notice for convening such meeting within 15 days after the date of such deposit, for so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene the general meeting shall be reimbursed to them by the Company. However, any meeting convened pursuant to this Article shall be held within three months after the expiration of the said 15-day period; or an</p>	<p><b>Article 58</b></p> <p>Extraordinary general meetings shall also be convened on the requisition in writing of any Shareholder or Shareholders <del><b>entitled to attend and vote at general meetings</b></del> of the Company holding at least three percent (3%) of the <del><b>paid up-voting</b></del> share capital of the Company for a period of one year or a longer time deposited at the Office or the Shareholders' Service Agent specifying the subjects for discussion and the reasons, and if the Board fails to give a notice for convening such meeting within 15 days after the date of such deposit, for so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene the general meeting shall be reimbursed to them by the Company. However, any meeting convened pursuant to this</p>	<p>Proposed amendments to this Article in accordance with the Checklist.</p>

<p>extraordinary general meeting may be convened on the requisition of one or more Shareholders holding more than half of the paid up capital of the Company having the right of voting at general meetings for a period of at least 3 consecutive months at the date the book closure period commences. The above shareholding percentage and holding period shall be determined by reference to the number of shares held by the relevant Shareholder(s) at the beginning of the book closure period. In the event that the Board does not or cannot convene a general meeting, or an Independent Director member of the Audit Committee otherwise finds it necessary for the interests of the Company, the Independent Director may convene a general meeting.</p>	<p>Article shall be held within three months after the expiration of the said 15-day period; or an extraordinary general meeting may be convened on the requisition of one or more Shareholders holding more than half of the paid up capital of the Company having the right of voting at general meetings for a period of at least 3 consecutive months at the date the book closure period commences. The above shareholding percentage and holding period shall be determined by reference to the number of shares held by the relevant Shareholder(s) at the beginning of the book closure period. In the event that the Board does not or cannot convene a general meeting, or an Independent Director member of the Audit Committee otherwise finds it necessary for the interests of the Company, the Independent Director may convene a general meeting.</p>	
<p><b>Article 59</b></p> <p>If at any time there are no Directors, any Shareholder or Shareholders holding at least three percent (3%) of the <u>issued</u> share capital of the Company for a period of one year or a longer time may, subject to the approval of the Commission for so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, convene a general meeting in the same manner as nearly as possible as that in which general meetings may be convened by the Directors.</p>	<p><b>Article 59</b></p> <p>If at any time there are no Directors, any Shareholder or Shareholders holding at least three percent (3%) of the <del>paid up</del> <u>voting</u> share capital of the Company for a period of one year or a longer time may, subject to the approval of the Commission for so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, convene a general meeting in the same manner as nearly as possible as that in which general meetings may be convened by the Directors.</p>	<p>Proposed amendments to this Article in accordance with the Checklist.</p>
<p><b>Article 115</b></p> <p>The power and authority of the Audit Committee shall be subject to the Applicable Listing Rules. <u>Before any</u></p>	<p><b>Article 115</b></p> <p>The power and authority of the Audit Committee shall be subject to the Applicable Listing Rules.</p>	<p>Proposed amendments to this Article in accordance with the Checklist.</p>

<p><u>resolution of merger/consolidation and/or acquisition made by the Board of Directors, the Audit Committee shall review the fairness and reasonableness of the plan and transaction of the merger/consolidation and/or acquisition, and then to report the review results to the Board of Directors and the general meeting. When the Audit Committee reviews matters, it shall seek opinions from an independent expert on the justification of the share exchange ratio or distribution of cash or other assets. The review results of the Audit Committee and the opinions from the independent experts shall be delivered to each shareholder together with the notice of the general meeting. If the Company announced the same content as in aforesaid documents that shall be sent to shareholders on a website designated by the competent securities authority and those documents are prepared in the Company and at the venue of the general meeting by the Company, those documents shall be deemed as having been sent to shareholders.</u></p>		
<p><b>Article 124</b> A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company or in any other matters discussed at the meeting of the Directors shall declare the nature and relevant material contents of his interest at such meeting of the Directors; <u>in the merger/consolidation and/or acquisition by the Company, a Director who has a personal interest in the transaction of merger/consolidation and/or acquisition</u></p>	<p><b>Article 124</b> A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company or in any other matters discussed at the meeting of the Directors shall declare the nature and relevant material contents of his interest at such meeting of the Directors. A Director cannot vote his own vote or on behalf of another Director in respect of any contract or proposed contract or arrangement when he may be interested</p>	<p>Proposed amendments to this Article in accordance with the Checklist.</p>

<p><b><u>shall explain to the Board meeting and any general meeting for the approval of such merger/consolidation and/or acquisition the essential contents of such personal interest and the cause of approval or dissent to the resolution of merger /consolidation and/or acquisition.</u></b> A Director cannot vote his own vote or on behalf of another Director in respect of any contract or proposed contract or arrangement when he may be interested therein. 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 board meeting (but shall still be counted in the quorum for such meeting). Where the spouse of a Director, a person with a kinship to a Director within the second degree, or a company controlled by or controlling a Director has a direct or indirect interest in any matter, such Director will be deemed to have an interest in such matter.</p>	<p>therein. 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 board meeting (but shall still be counted in the quorum for such meeting). Where the spouse of a Director, a person with a kinship to a Director within the second degree, or a company controlled by or controlling a Director has a direct or indirect interest in any matter, such Director will be deemed to have an interest in such matter.</p>	
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**Attachment 9: Comparison of before- vs. after-amendments to Rules and Procedures of Shareholders' Meetings**

After-amendment	Before-amendment	Description
<p><b>Article 2</b> (Paragraph 1 to 4 omitted)</p> <p>5. The following matters shall be specified <b><u>and the essential contents shall be explained</u></b> in the notice of a general meeting, and shall not be proposed as ad hoc motions. The content of such matters shall be published on the website of the relevant securities authorities or the Company. The address of such website shall be provided in the notice of the general meeting.</p> <p>(1) Election or discharge of Directors <b><u>and Supervisors</u></b>;</p> <p>(2) Amendments to the Articles;</p> <p>(3) Dissolution, Merger, Share Exchange or Spin-off of the Company;</p> <p>(4) Entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusting business, or for regular joint operation with others;</p> <p>(5) The transfer of the whole or any material part of its business or assets;</p> <p>(6) Taking over another's whole business or assets, which will have a material effect on the business operation of the Company;</p> <p>(7) Carrying out Private Placement of its securities;</p> <p>(8) repurchase and cancellation of Shares out of the share capital of the Company pursuant to Article 42 of the Articles;</p> <p>(9) Application for the cease of the</p>	<p><b>Article 2</b> (Paragraph 1 to 4 omitted)</p> <p>5. The following matters shall be specified in the notice of a general meeting, and shall not be proposed as ad hoc motions. The content of such matters shall be published on the website of the relevant securities authorities or the Company. The address of such website shall be provided in the notice of the general meeting.</p> <p>(1) Election or discharge of Directors;</p> <p>(2) Amendments to the Articles;</p> <p>(3) Dissolution, Merger, Share Exchange or Spin-off of the Company;</p> <p>(4) Entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusting business, or for regular joint operation with others;</p> <p>(5) The transfer of the whole or any material part of its business or assets;</p> <p>(6) Taking over another's whole business or assets, which will have a material effect on the business operation of the Company;</p> <p>(7) Carrying out Private Placement of its securities;</p> <p>(8) repurchase and cancellation of Shares out of the share capital of the Company pursuant to Article 42 of the Articles;</p> <p>(9) Application for the cease of the company;</p>	<p>1. Proposed amendments Article 2, Paragraph 5 of Rules and Procedures of Shareholders' Meetings to be in compliance with Article 3, Paragraph 4 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</p> <p>2. Proposed amendments Article 2, Paragraph 7 of Rules and Procedures of Shareholders' Meetings to be in compliance with Article 3, Paragraph 5 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</p>

<p>Company's status as a public company;</p> <p>(10) Granting waiver to the Director's engaging in any business within the scope of business of the Company;</p> <p>(11) Distributing part or all of its dividends or bonus by way of issuance of new shares;</p> <p>(12) Capitalization of the statutory reserve, or distributing cash out of legal reserve and the premium paid on the issuance of any share to the shareholders;</p> <p>(13) Authorising the transfer of Treasury Shares to employees of the Company or of any of its Subordinate Companies at a price that is less than the averaged repurchase price;</p> <p>(14) Issuance of employee stock options where the exercise price for such options is lower than the closing price of the shares of the Company as of the issuance date (provided such exercise price shall not be less than the par value per share); and</p> <p>(15) Matters with respect to the issuance of restricted shares for the employees as required by the Applicable Listing Rules.</p> <p><b><u>When the re-election of Directors and Supervisors, and the date on which he/she assumed office have been specified in the reasons for convening a shareholders meeting, after the re-election is completed at the general meeting, it shall not be proposed as ad hoc motions or other methods to change the date on</u></b></p>	<p>(10) Granting waiver to the Director's engaging in any business within the scope of business of the Company;</p> <p>(11) Distributing part or all of its dividends or bonus by way of issuance of new shares;</p> <p>(12) Capitalization of the statutory reserve, or distributing cash out of legal reserve and the premium paid on the issuance of any share to the shareholders;</p> <p>(13) Authorising the transfer of Treasury Shares to employees of the Company or of any of its Subordinate Companies at a price that is less than the averaged repurchase price;</p> <p>(14) Issuance of employee stock options where the exercise price for such options is lower than the closing price of the shares of the Company as of the issuance date (provided such exercise price shall not be less than the par value per share); and</p> <p>(15) Matters with respect to the issuance of restricted shares for the employees as required by the Applicable Listing Rules.</p>	
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<p><b><u>assuming the office at the same meeting.</u></b></p> <p>(Paragraph 6 omitted)</p> <p>7. Prior to the relevant book closure day before the convention of an Annual General Meeting, the Company shall give a public notice announcing <b><u>acceptance of proposal in writing or by way of electronic transmission,</u></b> the place and the period for shareholders to submit proposals to be discussed at the Annual General Meeting; and the period for accepting such proposals shall not be less than ten (10) days. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than three hundred (300) words shall not be included in the agenda of the shareholders' meeting.</p>	<p>(Paragraph 6 omitted)</p> <p>7. Prior to the relevant book closure day before the convention of an Annual General Meeting, the Company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the Annual General Meeting; and the period for accepting such proposals shall not be less than ten (10) days. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than three hundred (300) words shall not be included in the agenda of the shareholders' meeting.</p>	
<p><b>Article 9</b></p> <p>1. The agenda of the general meeting shall be set by the Board of Directors, if it is convened by the Board of Directors. Unless otherwise approved by the shareholders at the general meeting, <b><u>the relevant motions (including extraordinary motions and amendments to original proposals) shall be voted on a case-by-case basis, and</u></b> a general meeting shall proceed in accordance with the agenda.</p> <p>(Paragraph 2 to 3 omitted)</p> <p>4. The Chairman shall provide sufficient time for the explanation and discussion of all items listed in the agenda and amendments submitted or ad hoc motions put forward by the shareholders. The Chairman may announce an end of discussion, submit an item for a vote <b><u>and arrange adequate voting time</u></b> if the Chairman deems that the agenda item is ready for voting.</p>	<p><b>Article 9</b></p> <p>1. The agenda of the general meeting shall be set by the Board of Directors, if it is convened by the Board of Directors. Unless otherwise approved by the shareholders at the general meeting, a general meeting shall proceed in accordance with the agenda.</p> <p>(Paragraph 2 to 3 omitted)</p> <p>4. The Chairman shall provide sufficient time for the explanation and discussion of all items listed in the agenda and amendments submitted or ad hoc motions put forward by the shareholders. The Chairman may announce an end of discussion <b><u>and</u></b> submit an item for a vote if the Chairman deems that the agenda item is ready for voting.</p>	<p>1. Proposed amendments Article 9, Paragraph 1 of Rules and Procedures of Shareholders' Meetings to be in compliance with Article 10, Paragraph 1 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</p> <p>2. Proposed amendments Article 9, Paragraph 4 of Rules and Procedures of Shareholders' Meetings to be in compliance with Article 10, Paragraph 4 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</p>

<p><b>Article 16</b> (Paragraph 1 omitted)</p> <p>2. The minutes must faithfully record the meeting's date (year, month, day), place, Chairman's name, resolution method, summary of proceedings, and results of resolutions <b><u>(including the statistical tallies of the numbers of votes).</u></b> <b><u>When there is a election of directors or supervisors, the number of votes for each candidate should be disclosed.</u></b> Meeting minutes shall be kept for as long as the Company exists.</p>	<p><b>Article 16</b> (Paragraph 1 omitted)</p> <p>2. The minutes must faithfully record the meeting's date (year, month, day), place, Chairman's name, resolution method, summary of proceedings, and results of resolutions. Meeting minutes shall be kept for as long as the Company exists.</p>	<p>Proposed amendments Article 16, Paragraph 2 of Rules and Procedures of Shareholders' Meetings to be in compliance with Article 15, Paragraph 3 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</p>
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## IV. Appendices

### Appendix 1: Article of Incorporation

#### THE COMPANIES LAW (AS AMENDED)

#### COMPANY LIMITED BY SHARES

#### SEVENTH AMENDED AND RESTATED

#### MEMORANDUM OF ASSOCIATION OF ASLAN PHARMACEUTICALS LIMITED

(Adopted by Special Resolution passed on 21 June 2019)

1. The name of the Company is ASLAN PHARMACEUTICALS LIMITED (the “**Company**”).
2. The registered office of the Company is situated at the offices of **Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands** or at such other location as the Directors may from time to time determine.
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 any law as provided by Section 7(4) of the Companies Law of the Cayman Islands (as amended) (the “**Law**”).
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by Section 27(2) of the Law.
5. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
6. The liability of the shareholders of the Company is limited to the amount, if any, unpaid on the shares respectively held by them.
7. The capital of the Company is **NT\$5,000,000,000** divided into **500,000,000** ordinary shares of a nominal or par value of **NT\$10.00** each provided always that subject to the Law and the Articles of Association the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
8. The Company will not exercise the power contained in Section 226 of the Law to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.



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**THE COMPANIES LAW (AS AMENDED)**

**COMPANY LIMITED BY SHARES**

**SEVENTH AMENDED AND RESTATED**

**ARTICLES OF ASSOCIATION OF ASLAN PHARMACEUTICALS LIMITED**

(Adopted by Special Resolution passed on 21 June 2019)

**TABLE**

The Regulations contained or incorporated in Table 'A' in the First Schedule of the Law shall not apply to ASLAN PHARMACEUTICAL LIMITED (the "Company") and the following Articles shall comprise the Articles of Association of the Company.

**INTERPRETATION**

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

**"10% Reserve"** has the meaning given thereto in Article 136;

**"Applicable Listing Rules"** means the relevant ROC laws, regulations, rules and code as amended, from time to time, applicable as a result of the original and continued trading or listing of any shares on any Taiwan stock exchange or securities market, including, without limitation the relevant provisions of Securities and Exchange Act, the Acts Governing Relations Between Peoples of the Taiwan Area and the Mainland Area, or any similar statute and the rules and regulations of the Taiwan authorities thereunder, and the rules and regulations promulgated by the Financial Supervisory Commission, the Taipei Exchange (formally known as GreTai Securities Market) or the Taiwan Stock Exchange;

**"Articles"** means these articles of association of the Company, as amended or substituted from time to time;

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

**"Branch Register"** means any branch register of such category or categories of Members as the Company may determine;

**"Chairman"** has the meaning given thereto in Article 96;

**"Class" or "Classes"** means any class or classes of Shares as may from time to time be issued by the Company;

**"Commission"** means Financial Supervisory Commission of Taiwan or any other authority for the time being administering the Securities and Exchange Act of Taiwan;

**"Constituent Company"** means an existing company that is participating in a Merger with one or more other existing companies within the meaning of the Law;

**"Directors" and "Board of Directors" and "Board"** means the directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof;

**"Directors' Remunerations"** has the meaning given thereto in Article 136;



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**“electronic”** shall have the meaning given to it in the Electronic Transactions Law (as amended) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefore;

**“electronic communication”** means transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;

**“Emerging Market”** means the emerging market board of the TPEX;

**“Employees’ Remunerations”** has the meaning given thereto in Article 136;

**“Indemnified Person”** has the meaning given thereto in Article 163;

**“Independent Director”** means a director who is an independent director as defined in the Applicable Listing Rules;

**“Law”** means the Companies Law of the Cayman Islands (as amended);

**“Memorandum of Association”** means the memorandum of association of the Company, as amended or substituted from time to time;

**“Merger”** means the merging of two or more Constituent Companies and the vesting of their undertaking, property and liabilities in one of such company as the Surviving Company within the meaning of the Law;

**“Office”** means the registered office of the Company as required by the Law;

**“Ordinary Resolution”** means a resolution passed by a simple majority of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company;

**“paid up”** means paid up as to the par value and any premium payable in respect of the issue of any Shares and includes credited as paid up;

**“Person”** means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;

**“preferred Shares”** has the meaning given thereto in Article 12;

**“Principal Register”**, where the Company has established one or more Branch Registers pursuant to the Law and these Articles, means the Register maintained by the Company pursuant to the Law and these Articles that is not designated by the Directors as a Branch Register;

**“Private Placement”** means issuance of securities of the Company (including Shares, options, warrants, rights attached to debt or equity securities to subscribe further for securities and other securities) to specific persons pursuant to the Applicable Listing Rules, but excluding any employee incentive programme or issuance of Shares in connection with meeting the Company’s obligations under warrants, options, convertible bonds or preferred Shares;

**“Register”** means the register of Members of the Company required to be kept pursuant to the Law and includes any Branch Registers established by the Company in accordance with the Law;

**“Remuneration Committee”** means the remuneration committee established and appointed by the Board of Directors;



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**“Republic of China”, “ROC” or “Taiwan”** means the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;

**“Seal”** means the common seal of the Company (if adopted) including any facsimile thereof;

**“Secretary”** means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;

**“Securities and Futures Institute”** means the Securities and Futures Institute in the Republic of China;

**“Share”** means a share in the capital of the Company. All references to “Shares” herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression “Share” shall include a fraction of a Share;

**“Share Exchange”** means the transfer of all the issued shares of the Company by the Shareholders to another company in exchange for the shares issued by such company to the Shareholders;

**“Shareholder” or “Member”** means a Person who is registered as the holder of Shares in the Register and includes each subscriber to the Memorandum of Association pending the issue to such subscriber of the subscriber Share or Shares;

**“Share Premium Account”** means the share premium account established in accordance with these Articles and the Law;

**“Shareholders’ Service Agent”** means the agent licensed by Taiwan authorities to provide certain shareholders services in accordance with the Applicable Listing Rules to the Company;

**“signed”** means bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;

**“Special Resolution”** means a special resolution of the Company passed in accordance with the Law, being a resolution passed by a majority of not less than two-thirds of such Shareholders 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;

**“Spin-off”** refers to an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to issue new shares to the transferor company or to shareholders of the transferor company;

**“Subordinate Company”** means a company:

- (a) of which the Company holds a majority of the total number of issued voting shares or to which the Company contributes a majority of the total capital amount; or
- (b) over which the Company has direct or indirect managerial control of the personnel, financial or business operations.

**“Supermajority Resolution”** means a resolution adopted 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 of the Company 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 of the Company, but more than one-half of the total outstanding shares of the Company, means instead, a resolution adopted at such general meeting by the Members who represent two-thirds or more of the total number of shares entitled to vote on such resolution at such general meeting;



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**“Surviving Company”** means the sole remaining Constituent Company into which one or more other Constituent Companies are merged within the meaning of Law;

**“TPEX”** means the Taipei Exchange in Taiwan which was formerly known as GreTai Securities Market;

**“TDCC”** means the Taiwan Depository & Clearing Corporation;

**“Treasury Shares”** means Shares that were previously issued but were purchased, redeemed, surrendered or otherwise acquired by the Company and not cancelled in accordance with the Law, these Articles and the Applicable Listing Rules; and

**“TSE”** means the Taiwan Stock Exchange.

2. In these Articles, save where the context requires otherwise:
  - (a) words importing the singular number shall include the plural number and vice versa;
  - (b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;
  - (c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
  - (d) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
  - (e) reference to any determination by the Directors shall be construed as a determination by the Directors in their absolute discretion and shall be applicable either generally or in any particular case; and
  - (f) reference to “in writing” shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing or partly one and partly another.
3. Subject to the last two preceding Articles, any words defined in the Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

#### **PRELIMINARY**

4. The business of the Company may be commenced at any time after incorporation. The business of the Company shall be conducted in accordance with applicable laws, regulations and business ethics, and the Company may take action(s) that benefit the public welfare to fulfil its corporate social responsibility to the extent not prohibited by the Law.
5. The Office shall be at such address in the Cayman Islands as the Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.
6. The preliminary expenses incurred in the formation of the Company and in connection with the issue of Shares shall be paid by the Company. Such expenses may be amortised over such period as the Directors may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Directors shall determine.
7. The Directors shall keep, or cause to be kept, the Register at such place as the Directors may from time to time determine and, in the absence of any such determination, the Register shall be kept at the Office.
8. If the Directors consider it necessary or appropriate, the Company may establish and maintain one or more Branch Registers as well as the Principal Register at such location or locations within or outside the Cayman Islands as the Directors think fit, provided always that a duplicate of such Branch Register(s) shall be maintained with the Principal Register in accordance with the Law. The Principal Register and the Branch Register(s)



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shall together be treated as the Register for the purposes of the Articles.

9. For so long as any Shares are traded on the Emerging Market, the TPEX or the TSE, the record of the shareholders of the Company maintained by TDCC shall be a listed shares register.

## SHARES

10. Subject to these Articles, all Shares for the time being unissued shall be under the control of the Directors who may :

- (a) issue, allot and dispose of the same to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine; and
- (b) grant options with respect to such Shares and issue warrants or similar instruments with respect thereto;

**and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.**

11. The Directors may authorise the division of Shares into any number of Classes and the different Classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) shall be fixed and determined by the Directors.
12. The Company may issue Shares with rights which are preferential to those of ordinary Shares issued by the Company ("**preferred Shares**") with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors and with the approval of a Special Resolution. Prior to the issuance of any preferred Shares approved pursuant to this Article 12, these Articles shall be amended to set forth the rights and obligations of the preferred Shares, including but not limited to the following terms, and the same shall apply to any variation of rights of preferred Shares:
- (a) order, fixed amount or fixed ratio of allocation of Dividends and bonus on preferred Shares;
  - (b) order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
  - (c) order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of preferred Shareholders;
  - (d) other matters concerning rights and obligations incidental to preferred Shares; and
  - (e) the method by which the Company is authorized or compelled to redeem the preferred Shares, or a statement that redemption rights shall not apply.
13. The issue of new Shares of the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new Shares shall at all times be subject to the sufficiency of the authorised capital of the Company.
14. The Company shall not issue any unpaid Shares or partly paid-up Shares. The Company shall not issue shares in bearer form.
15. Where the Company increases its issued share capital by issuing new Shares for cash consideration, the Directors may reserve ten to fifteen percent of the new shares for subscription by the employees of the Company or of any of its Subordinate Companies who are determined by the Board in its reasonable discretion.
16. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, unless otherwise resolved by the Members in general meeting by Ordinary Resolution, if at anytime the Board resolves to issue any new Share, the Company shall subject to Applicable Listing Rules, after reserving the portion of Shares for subscription by its employees and for public offering in Taiwan pursuant to Article 15 and Article 18 respectively, first offer such remaining new Shares by a written notice and a public announcement to each then Shareholder for their subscriptions in proportion to the



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number of Shares held by them respectively, and shall state in the notice that if any Shareholder fails to subscribe for new shares, his right shall be forfeited. Where a fractional percentage of the original Shares being held by a Shareholder is insufficient to subscribe for one new Share, the fractional percentages of the original Shares being held by several Shareholders may be combined for joint subscription of one or more integral new Shares or for subscription of new Shares in the name of a single Shareholder. New Shares left unsubscribed by original Shareholders may be open for public issuance or for subscription by specific person or persons through negotiation.

17. The Shareholders' pre-emptive right prescribed under Article 16 shall not apply in the event that new Shares are issued due to the following reasons or for the following purpose:
  - (a) in connection with a merger with another company, or the Spin-off of the Company, or pursuant to any reorganization of the Company;
  - (b) in connection with meeting the Company's obligation under Share subscription warrants and/or options;
  - (c) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;
  - (d) in connection with meeting the Company's obligation under preferred Shares vested with rights to acquire Shares; or
  - (e) in connection with a Private Placement.
18. Where the Company increases its capital by issuing new Shares for cash consideration in Taiwan, the Company shall allocate 10% of the total amount of the new Shares to be issued, for offering in Taiwan to the public unless it is not necessary or appropriate, according to the Applicable Listing Rules, for the Company to conduct the aforementioned public offering. Provided however, if a percentage higher than the aforementioned 10% is resolved by a general meeting to be offered, the percentage determined by such resolution shall prevail.
19. The Company may, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds or more of the Directors, adopt one or more employee incentive programmes pursuant to which shares, options, warrants, or other similar instruments to acquire Shares may be granted to employees of the Company or any Subordinate Company who meet the requirements and qualifications to subscribe for Shares; provided that, in no event shall the aggregate number of shares to be issued pursuant to such employee incentive programs exceed fifteen percent (15%) of the then total issued and outstanding shares of the Company. The options, warrants, or other similar instruments to acquire Shares granted to any employee under any employee stock option plan shall be non-transferable, except to the heirs of the employees.
20. Subject to Article 49, the Company may, by Special Resolution at the most recent general meeting, transfer Treasury Shares to employees of the Company or of any of its Subordinate Company at less than the average actual repurchase price. The Company shall have listed the following matters with respect to such transfer in the notice of that general meeting and may not raise those matters by ad hoc motions:
  - (a) the exercise price, the discount percentage, the bases of calculations, and the reasonableness thereof;
  - (b) the number of Treasury Shares to be transferred, the purpose, and the reasonableness thereof;
  - (c) qualification requirements for employees of the Company or of any of its Subordinate Company subscribing to the Treasury Shares, and the number of Treasury Shares they are allowed to subscribe for;
  - (d) factors affecting shareholders' equity, including:
    - (1) the expensable amount, and dilution of the Company's earnings per Share;
    - (2) explanation on the financial burden imposed on the Company by transferring Treasury Shares to employees at less than the average actual repurchase price.



In previous instances where the transfer of Treasury Share to the employees have been approved at general meetings and the Treasury Shares have been transferred, the

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aggregate number of Treasury Shares so transferred may not exceed 5 percent of the total issued Shares of the Company, and the aggregate number of Shares subscribed by any single employee may not exceed 0.5 percent of total issued Shares.

21. The Company may issue shares being subject to the restrictions as the Directors may from time to time agree with the employees for subscription by the employees of the Company or any subordinate company by a Supermajority Resolution, in which event Articles 15 and 16 shall not apply. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the issuance of such shares for employees, including but not limited to the issuance amount, issuance price, and issuance conditions, shall be set in compliance with the Applicable Listing Rules.

#### **MODIFICATION OF RIGHTS**

22. Whenever the capital of the Company is divided into different Classes the rights attached to any such Class may (unless otherwise provided by the terms of issue of the Shares of that Class) only be materially adversely varied or abrogated with the sanction of a Special Resolution passes at a separate meeting of the holders of the Shares of that Class, but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be one or more Persons at least holding or representing by proxy one-half in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to the terms of issue of the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him.
23. 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 materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them, the redemption or purchase of Shares of any Class by the Company.

#### **CERTIFICATES**

24. Subject to the provisions of the Law, the Company may issue Shares without printing share certificates for the Shares issued, and the details regarding such issue of Shares shall be recorded by TDCC in accordance with the Applicable Listing Rules. Every person whose name is entered as a member in the Register may be entitled to a certificate in the form determined by the Board of Directors if the Board of Directors resolves that a share certificate shall be issued.
25. In the event the Board of Directors resolves that share certificates shall be issued pursuant to Article 24 hereof, the Company shall deliver the share certificates to the subscribers within thirty days from the date such share certificates may be issued pursuant to the Law, the Memorandum of Association, the Articles, and the Applicable Listing Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Listing Rules.

#### **FRACTIONAL SHARES**

26. Subject to the Applicable Listing Rules and these Articles, the Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

#### **TRANSFER OF SHARES**



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27. Subject to the Law, Shares issued by the Company shall be freely transferable, provided that any Shares issued or transferred to the employees of the Company or of any of its Subordinate Companies pursuant to Articles 15 or 21 or 41 may be subject to transfer restrictions for a specific period of time as may be agreed with the Company and such employee and such period for the Shares issued or transferred to the employees pursuant to Article 15 or 41 shall be no longer than two years.
28. The instrument of transfer of any Share shall be in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register in respect of the relevant Shares. Subject to the requirements of applicable laws of the Cayman Islands, transfers of uncertificated Shares which are registered in the Emerging Market or listed in the TPEX or the TSE may be effected by any method of transferring or dealing in securities introduced by the TPEX or TSE or operated in accordance with the Applicable Listing Rules as appropriate.
29. The Board may decline to register any transfer of any Share unless:
  - (a) the instrument of transfer is lodged with the Company, accompanied by the certificate (if any) for the Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - (b) the instrument of transfer is in respect of only one class of Shares;
  - (c) the instrument of transfer is properly stamped, if required; or
  - (d) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four.
30. The registration of transfers may be suspended when the Register is closed in accordance with Article 53.
31. All instruments of transfer that are registered shall be retained by the Company, but any instrument of transfer that the Directors decline to register shall (except in any case of fraud) be returned to the Person depositing the same.

#### **TRANSMISSION OF SHARES**

32. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased holder of the Share, shall be the only Person recognised by the Company as having any title to the Share.
33. Any Person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Shareholder in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Person could have made. If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt Person before the death or bankruptcy.
34. A Person becoming entitled to a Share by reason of the death or bankruptcy of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Shareholder, except that he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company; provided however, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.



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## ALTERATION OF SHARE CAPITAL

35. The Company may from time to time by Ordinary Resolution increase its authorized share capital by such amount as it thinks expedient.
36. The Company may also by Special Resolution:
- (a) change its name;
  - (b) alter or add to these Articles;
  - (c) alter or add to the Memorandum of Association with respect to any objects, powers or other matters specified therein; and
  - (d) reduce its share capital and any capital redemption reserve in any manner authorised by law.
37. The Company may also by Supermajority Resolution:
- (a) enter into, amend, or terminate any contract for lease of its business in whole, or for entrusting business, or for regular joint operation with others;
  - (b) transfer the whole or any material part of its business or assets;
  - (c) take over the transfer of another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (d) effect any merger (other than a Merger) or Spin-off of the Company in accordance with the Applicable Listing Rules;
  - (e) grant waiver to the Director's engaging in any business within the scope of the Company's business;
  - (f) discharge or remove any Director;
  - (g) resolve to capitalize an amount standing to the credit of reserves (including a share premium account and/or profit account), whether or not available for distribution, or subject to Cayman Islands law, distribute cash out of legal reserve, the premium paid on the issuance of any share and income from endowments received by the Company to the Shareholders
  - (h) issue employee stock options where the exercise price for such options is lower than the closing price of the Shares of the Company as of the issuance date (provided such exercise price shall not be less than the par value per Share).
- 37A. Notwithstanding anything to the contrary in these Articles, if the Company proposes to effect any merger, transfer and assumption of its business or assets, share swap or spin-off, as a result of which the Company would cease to be a TPEX-listed company and the surviving company, transferee company, existing company or newly set-up company (depending on the circumstances) is not a company listed on TSE or TPEX, such transaction must be approved by the Shareholders representing two thirds of the issued and outstanding shares of the Company.
38. Subject to the Law, these Articles and the quorum requirement under the Applicable Listing Rules, with regard to the dissolution procedures of the Company, the Company shall pass:
- (a) an Ordinary Resolution, if the Company resolves that it be wound up voluntarily because it is unable to pay its debts as they fall due; or
  - (b) a Special Resolution, if the Company resolves that it be wound up voluntarily for reasons other than the reason stated in Article 38 (a) above.
39. In the event any of the resolutions with respect to the paragraph (a), (b), or (c) of the preceding Article 37 is adopted by the Shareholders at a general meeting or a Merger is approved in accordance with the provisions of the Law, any Shareholder who has notified the Company in writing of his objection to such proposal prior to such meeting and subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Shareholder shall have the abovementioned appraisal right if the Shareholders at a general meeting resolve on the dissolution of the Company after the completion of transfer of business or assets under the paragraph (b) of Article 37. In the event any part of the Company's business is



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Spun Off or involved in any merger or Share Exchange with any other company, the Shareholder, who has forfeited his right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to buy back all of his Shares at the then prevailing fair price. In the event the Company fails to reach such agreement with the Shareholder within sixty days after the resolution date, the Shareholder may, within thirty days after such sixty-day period, file a petition to any competent court of Taiwan for a ruling on the appraisal price, and to the extent that the ruling is capable of enforcement and recognition in the relevant jurisdiction, such ruling by such Taiwan court shall be binding and conclusive as between the Company and requested Shareholder solely with respect to the appraisal price.

## REDEMPTION AND PURCHASE OF SHARES

40. Subject to the Law, the Applicable Listing Rules and these Articles, the Company may issue preferred Shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Shareholder on such terms and in such manner as the Company may by Special Resolution, before the issue of such Shares, determine. Subject to the Law, the preferred shares shall be redeemable pursuant to the terms; provided that the privileges accorded to preferred shareholders by these Articles shall not be impaired.
41. For so long as the Shares are registered in the Emerging Market or the TPEX or TSE, matters with respect to the purchase of its own Shares by the Company shall be approved by the Board of Directors in compliance with the Applicable Listing Rules and the Law.
42. Notwithstanding Articles 40 and 41 and subject to the Law, the Company may with the sanction of an Ordinary Resolution purchase and cancel its own Shares out of the share capital of the Company. The number of Shares to be repurchased and cancelled pursuant to this Article shall be pro rata among the Shareholders in proportion to the number of Shares held by each such Shareholder.

The amount payable to the Shareholders in connection with a repurchase of Shares out of the share capital of the Company may be paid in cash or by way of delivery of assets in specie (i.e., non-cash). The assets to be delivered and the amount of such substitutive share capital in connection with a repurchase of Shares out of the share capital of the Company shall be approved by the Shareholders at the general meeting and shall be subject to consent by the Shareholder receiving such assets. Prior to the general meeting considering such repurchase, the Board of Directors shall have the value of assets to be delivered and the amount of such substitutive share capital in respect of repurchase of the Shares audited and certified by an ROC certified public accountant.

43. The number of Shares purchased by the Company pursuant to the preceding Article 41 shall not exceed ten percent (10%) of the total number of issued Shares of the Company. The total price of the Shares so purchased shall not exceed the sum of retained earnings plus the premium paid on the issuance of any share and income from endowments received by the Company.
44. The Directors or managerial officers of the Company, or their spouse, minor children (under age of 20), or any other persons who hold the Shares for the benefits of the Directors, officers, their spouses or minor children, shall not sell or otherwise transfer their Shares during the period when the Company is purchasing its own Shares pursuant to the Article 41.
45. The resolution for the purchase of the Shares by the Company pursuant to the Article 41 and the implementation thereof shall be reported in the most recent general meeting regardless of whether the Company does purchase the Shares in accordance with such resolution or not.
46. Any Share in respect of which notice of redemption has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption.
47. The redemption, purchase of any Share shall not be deemed to give rise to the redemption, purchase of any other Share.



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48. Subject to the Law, the Applicable Listing Rules and Article 42, the Directors may when making payments in respect of redemption or purchase of Shares, if authorised by the terms of issue of the Shares being redeemed or purchased or with the agreement of the holder of such Shares, make such payment either in cash or in specie.

#### **TREASURY SHARES**

49. Subject to Article 41, Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) may, at the option of the Company, be cancelled immediately or held as Treasury Shares in accordance with the Law. In the event that the Directors do not specify that the relevant Shares are to be held as Treasury Shares, such Shares shall be cancelled.
50. 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) and the allotment of bonus shares may be declared or paid in respect of a Treasury Share.
51. The Company shall be entered in the Register 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 Law.
52. Subject to Articles 20 and 41 and the Applicable Listing Rules, Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

#### **CLOSING REGISTER OR FIXING RECORD DATE**

53. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period. For so long as the Shares are registered in the Emerging Market or listed in the TPEX or TSE, the Register shall be closed not less than the minimum period, as prescribed by the Applicable Listing Rules.
54. The Directors shall make a public announcement of the closing of the Register on the website designated by the Commission and the TPEX or TSE pursuant to the Applicable Listing Rules, if required.

#### **GENERAL MEETINGS**

55. All general meetings other than annual general meetings shall be called extraordinary general meetings.
56. The Board may, whenever they think fit, convene a general meeting of the Company; provided that the Company shall in each year hold a general meeting as its annual general meeting within six months after close of each fiscal year and shall specify the meeting as such in the notices calling it.
57. At these meetings the report of the Directors (if any) shall be presented. For so long as the Shares are registered in the Emerging Market or listed in the TPEX or TSE, all general meetings shall be held in Taiwan. If the Directors resolve to hold a general meeting outside Taiwan or the shareholder(s) obtain the approval of the Commission to hold a general meeting outside Taiwan, the Company or such shareholders shall apply for the approval of the TPEX (or the TSE, if applicable) thereof within two days after the board resolution or the Commission's approval (as applicable). Where a general meeting is to be



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held outside Taiwan, the Company shall engage a designated institute approved by the Commission and the TPEX (or the TSE, if applicable) to handle the administration of such general meeting and shall allow the votes of the Shareholders to be exercised in writing or by way of electronic transmission.

58. Extraordinary general meetings shall also be convened on the requisition in writing of any Shareholder or Shareholders entitled to attend and vote at general meetings of the Company holding at least three percent (3%) of the paid up voting share capital of the Company for a period of one year or a longer time deposited at the Office or the Shareholders' Service Agent specifying the subjects for discussion and the reasons, and if the Board fails to give a notice for convening such meeting within 15 days after the date of such deposit, for so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene the general meeting shall be reimbursed to them by the Company. However, any meeting convened pursuant to this Article shall be held within three months after the expiration of the said 15-day period; or an extraordinary general meeting may be convened on the requisition of one or more Shareholders holding more than half of the paid up capital of the Company having the right of voting at general meetings for a period of at least 3 consecutive months at the date the book closure period commences. The above shareholding percentage and holding period shall be determined by reference to the number of shares held by the relevant Shareholder(s) at the beginning of the book closure period. In the event that the Board does not or cannot convene a general meeting, or an Independent Director member of the Audit Committee otherwise finds it necessary for the interests of the Company, the Independent Director may convene a general meeting.
59. If at any time there are no Directors, any Shareholder or Shareholders holding at least three percent (3%) of the paid up voting share capital of the Company for a period of one year or a longer time may, subject to the approval of the Commission for so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, convene a general meeting in the same manner as nearly as possible as that in which general meetings may be convened by the Directors.

#### **NOTICE OF GENERAL MEETINGS**

60. At least thirty and fifteen days' notices in writing shall be given for any annual and extraordinary general meetings, respectively. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business. The notice for a general meeting may be given by means of electronic communication if the Company obtains prior consent by the individual recipients. The Company shall make a public announcement on the website designated by the Commission and the TPEX or TSE 30 days before an annual general meeting or 15 days before an extraordinary general meeting, regarding the meeting notice, proxy form, explanatory materials relating to proposals for ratification, matters for resolution, election or dismissal of directors and other matters on the meeting agenda. Where votes of shareholders are to be exercised by way of a written ballot, a copy of the materials referred to in the preceding provision and the written ballot shall also be sent to the Shareholders.



61. The following matters shall be specified in the notice of a general meeting, and shall not be proposed as ad hoc motions. The content of such matters shall be published on the website of the relevant securities authorities or the Company. The address of such website shall be provided in the notice of the general meeting:
- (a) election or discharge of directors;
  - (b) amendments to these Articles;
  - (c) dissolution, merger, Share Exchange or Spin-off of the Company;
  - (d) repurchasing and cancelling Shares out of the share capital of the Company pursuant to Article 42;
  - (e) applying for the cessation of its status as a public company;
  - (f) entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusting business, or for regular joint operation with others;
  - (g) the transfer of the whole or any material part of its business or assets;
  - (h) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (i) carrying out private placement of its securities;
  - (j) granting waiver to the Director's engaging in any business within the scope of business of the Company;
  - (k) distributing part or all of its dividends or bonus by way of issuance of new Shares;
  - (l) capitalization of the statutory reserve or any other amount prescribed under Article 151 hereof;
  - (m) issuance of employee stock options where the exercise price for such options is lower than the closing price of the Shares of the Company as of the issuance date; and
  - (n) matters with respect to the issuance of restricted Shares for the employees as required by the Applicable Listing Rules.
62. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the Company shall prepare a manual for each general meeting and the relevant materials, which will be made available to all Shareholders and shall be published on the website designated by the Commission and the TPEX or TSE pursuant to the Applicable Listing Rules.

#### **PROCEEDINGS AT GENERAL MEETINGS**

63. No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, the holders of Shares being more than an aggregate of one-half of all Shares in issue present in person or by proxy and entitled to vote shall be a quorum for all purposes.
64. Shareholder(s) holding one percent or more of the total number of issued Shares immediately prior to the relevant book close period may propose in writing or by electronic transmission to the Company a proposal for discussion at an annual



general meeting. Unless the number of Shares held by the Shareholder(s) making the said proposal is less than one percent (1%) of the total number of issued Shares, or where the subject (the matter) of the said proposal cannot be settled or resolved by a resolution at a general meeting, or the content of the said proposal exceeds three hundred (300) words, or that a proposal contains more than one matter, or that a proposal is submitted on a day beyond the deadline fixed and announced by the Company for accepting shareholders' proposals, the Board shall include such proposal in the agenda. Where the proposal made by the Shareholder(s) is to allow the Company to improve the public interest or to fulfil its social responsibility, the Board may include such proposal in the agenda.

65. The Chairman, if any, of the Board of the Directors shall preside as chairman at every general meeting of the Company convened by the Board of the Directors. For a general meeting convened by any other person having the convening right, such person shall act as the chairman of that meeting; provided that if there are two or more persons jointly having the convening right, the chairman of the meeting shall be elected from those persons.
66. If a general meeting is called by the Board of Directors, and in the event that the Chairman of the Board of Directors is on leave of absence, or cannot exercise his powers and authority, the Vice Chairman shall act in lieu of him. If there is no Vice Chairman, or the Vice Chairman is also on leave of absence, or cannot exercise his powers and authority, the Chairman shall designate a Managing Director to act in place of him; if there is not Managing Director, the Chairman shall designate a Director to act in place of him. If the Chairman does not designate a Director to act, the Managing Directors or Directors shall elect one from among themselves to act in place of the Chairman.
67. Unless otherwise expressly provided herein, if a quorum is not present at the time appointed for the general meeting or if during such a general meeting a quorum ceases to be present, 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 for two times, but at the postponed general meeting a quorum is still not present, the chairman shall declare the general meeting is dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with these Articles. The chairman may by Ordinary Resolution (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for more than five (5) days, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
68. At any general meeting a resolution put to the vote of the meeting shall be decided on a poll. The number or proportion of the votes in favour of, or against, that resolution shall be recorded in the minutes of the meeting.
69. Unless otherwise expressly required by the Applicable Listing Rules, the Law or these Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Shareholders at any general meeting may be passed by an Ordinary Resolution.



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70. The minutes of the general meeting shall be distributed to each Shareholder after the meeting and/or made public pursuant to the Applicable Listing Rules.

71. In the case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

## **VOTES OF SHAREHOLDERS**

72. Subject to any rights and restrictions for the time being attached to any Share, every Shareholder and every Person representing a Shareholder by proxy shall have one vote for each Share of which he or the Person represented by proxy is the holder. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, subject to the laws of the Cayman Islands and in accordance with the Applicable Listing Rules, a Shareholder shall not exercise the votes with respect to the Shares he/it holds separately unless he/it holds certain Shares for the benefit of others; the qualifications, scope, methods of exercise, operating procedures and other matters with respect to the exercise of votes separately by the Shareholders shall be in compliance with the Applicable Listing Rules.

73. No vote may be exercised with respect to any of the following Shares and such Shares shall not be counted in determining the number of issued Shares:

- (a) the Shares held by any subsidiary of the Company, where the total number of voting shares or total shares equity held by the Company in such a subsidiary represents more than one half of the total number of voting shares or the total shares equity of such a subsidiary; or
- (b) the Shares held by another company, where the total number of the shares or total shares equity of that company held by the Company and its subsidiaries directly or indirectly represents more than one half of the total number of voting shares or the total share equity of such a company.

For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, if a Director gives security over more than 50% of the number of Shares (the "Pledged Shares") he/it held at the time he/it was elected as a Director (the "Initial Shares"), no vote may be exercised with respect to the Shares representing the difference between the Pledged Shares and 50% of the Initial Shares, and such Shares representing the difference between the Pledged Shares and 50% of the Initial Shares shall not be counted in the number of the votes casted by the Shareholders present at the general meeting. The voting restriction referred to in the preceding provision shall also apply to such Shares held by a Person who ceases to be a Director during the period when the Register is closed for transfer for the purpose of the same general meeting.

74. In the case of joint holders, the joint holders shall select among them a representative for the exercise of their shareholder's rights and the vote of their representative who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.

75. A Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in mental illness, may vote by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person, may vote by proxy.



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76. A Shareholder may appoint a proxy to attend a general meeting on his behalf by executing a proxy prepared by the Company stating therein the scope of power authorized to the proxy. A Shareholder may only execute one proxy and appoint one proxy for each general meeting, and shall serve such written proxy to the Company no later than five (5) days prior to the meeting date. In case the Company receives two or more written proxies from one Shareholder, the first one arriving at the Company shall prevail unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later. In case a Shareholder who has submitted a proxy appointing a person as his or her proxy to attend the general meeting on his or her behalf intends to attend the general meeting in person or to submit his votes by way of a written ballot or by way of electronic transmission, he shall, at least two days prior to the date of the meeting revoke such proxy. If a Shareholder who has submitted a proxy does not submit such a revocation before the prescribed time, the appointment of that person as his or her proxy and the vote casted by that person as his or her proxy shall prevail.
77. The instrument appointing a proxy shall be in the form approved by the Board and be expressed to be for a particular meeting only.
78. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Shareholder.
79. Except for trust enterprises organized under the laws of the ROC or Shareholders' Service Agents approved by Taiwan competent authorities, when a person who acts as the proxy for two or more Shareholders, the number of votes represented by him shall not exceed three percent (3%) of the total number of votes of the Company and the portion of excessive votes represented by such proxy shall not be counted.
80. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the use and solicitation of proxies shall be in compliance with the Applicable Listing Rules, including but not limited to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".
81. A Shareholder cannot exercise his own vote or by proxy on behalf of another Shareholder in respect of any contract or proposed contract or arrangement if he may be interested therein. Such Shares shall not be counted in determining the number of votes of the Shareholders present at the said meeting with regard to such resolution, but such Shares may be counted in determining the number of Shares represented at the meeting for the purposes of determining the quorum.
82. The votes may be exercised by way of a written ballot or by way of electronic transmission if the method for exercising the votes has been described in the notice of the general meeting. The Company shall adopt the electronic transmission as one of the methods for exercising the votes if so required pursuant to the Applicable Listing Rules. Where the Company allows the votes of the Shareholders to be exercised by way of a written ballot or by way of electronic transmission, it shall have listed all proposals and matters in the notice that general meeting and may not raise any matter by ad hoc motions; the Company shall adopt the candidate nomination mechanism in accordance with the Applicable Listing Rules if the Shareholders will elect directors at such general meeting.



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83. A Shareholder who exercises his votes by way of a written ballot or by way of electronic transmission as set forth in the preceding Article 82 shall be deemed to have, to the extent permitted by the Cayman Islands law and the Applicable Listing Rules, appointed the chairman of the meeting as such Shareholder's proxy and such appointment shall not be treated as an appointment of any proxy as defined under the Applicable Listing Rules but any Shareholder voting in such manner shall be deemed to waive notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting, and shall therefore not be entitled to such notice or right to vote. The chairman of the meeting shall vote on behalf of such Shareholders according to their voting instructions. In the event that the chairman of the meeting does not vote on behalf of such Shareholders according to their voting instructions, such votes shall not be counted in determining the number of votes of the Shareholders present at the said meeting provided that such shares may be counted in determining the number of shares of the Shareholders present at such general meeting for the purpose of determining the quorum.
84. A Shareholder shall submit his vote by way of a written ballot or by way of electronic transmission to the Company no later than the second (2nd) day prior to the scheduled meeting date of the general meeting; whereas if two or more such written ballot or electronic transmission are submitted to the Company, the proxy deemed to be given to the chairman of the general meeting pursuant to Article 82 by the first written ballot or transmission shall prevail unless it is expressly included in the subsequent vote by written ballot or electronic transmission that the original vote submitted by written ballot or electronic transmission be revoked.
85. In case a Shareholder who has exercised his votes by way of a written ballot or by way of electronic transmission intends to attend the general meeting in person, he shall, at least two days prior to the date of the meeting revoke such vote by written ballot or electronic transmission and such revocation shall constitute a revocation of the proxy deemed to be given to the chairman of the general meeting pursuant to Article 84. If a Shareholder who has submitted his or her vote in writing or by way of electronic transmission pursuant to Article 83 does not submit such a revocation before the prescribed time, his or her vote by written ballot or electronic transmission and the proxy deemed to be given to the chairman of the general meeting pursuant to Article 83 shall prevail.
86. If a Shareholder has submitted his or her vote in writing or by way of electronic transmission pursuant to Article 83, and has subsequently submitted a proxy appointing a person as his or her proxy to attend the general meeting on his or her behalf, the subsequent appointment of that person as his or her proxy shall be deemed to be a revocation of such Shareholder's deemed appointment of the chairman of the general meeting as his or her proxy pursuant to Article 83 and the vote casted by that person subsequently appointed as his or her proxy shall prevail.
87. In case the procedure for convening a general meeting of Members or the method of adopting resolutions is in violation of the Law, Applicable Listing Rules or these Articles, a Shareholder may, within thirty (30) days from the date of the resolution, submit a petition for an appropriate remedy to the court of the Cayman Islands or Taiwan, and if Taiwan, the Taipei District Court as the court of first instance to the extent available under the relevant laws.



#### **CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS**

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88. Any government or corporation which is a Shareholder or a Director may by resolution of its directors or other governing body authorise such Person as it thinks fit to act as its representative at any meeting of the Company or of any meeting of holders of a Class or of the Board of Directors or of a committee of Directors, and the Person so authorised shall be entitled to exercise the same powers on behalf of the government/corporation which he represents as that government/corporation could exercise if it were an individual Shareholder or Director.

## **DIRECTORS**

89. Unless otherwise determined by the Company in general meeting, the number of Directors shall be no less than five Directors and no more than nine Directors, the exact number of Directors to be determined from time to time solely by an Ordinary Resolution of the general meeting. For so long as the Shares are listed on the TPEX or TSE, the Directors shall include such number of Independent Directors as applicable law, rules or regulations or the Applicable Listing Rules require for a foreign issuer.

90. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the qualifications, composition, election, removal, duties and powers and other relevant matters of Directors, Independent Directors, Audit Committee and Remuneration Committee shall be in compliance with the Applicable Listing Rules.

91. The Shareholders may in a general meeting appoint natural person or corporation to be a Director. At a general meeting of election of Directors, the number of votes exercisable in respect of one Share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director so elected.

92. So long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the Company shall adopt a candidate nomination mechanism for the election of the Directors and Independent Directors which is in compliance with Applicable Listing Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established by the Directors and by an Ordinary Resolution from time to time, which policies shall be in accordance with the Law, these Articles and the Applicable Listing Rules.

93. Subject to these Articles, the term for which a Director will hold office shall be three years; thereafter he/she may be eligible for re-election. In case no election of new Directors is effected after expiration of the term of office of the existing Directors, the term of office of such Directors shall be extended until the time new Directors are elected and assume their office.

94. A Director may be discharged at any time by a Supermajority Resolution adopted at a general meeting. If a Director is discharged during the term of his/her office as a director without good cause, such Director may make a claim against the Company for any and all damages sustained by him/her as a result of such discharge.

95. If prior to the expiration of the term of the existing Directors, the shareholders elect new Directors to replace all existing Directors, unless otherwise resolved at such general meeting, the existing Directors' office shall be deemed discharged immediately upon the appointment of such new Directors.



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96. The Board of Directors shall have a Chairman (the "Chairman") elected and appointed by a majority of the Directors present at the Board meeting the quorum of which shall be two-thirds of all of the Directors then in office. The period for which the Chairman will hold office will also be determined by a majority of the Directors present at the Board meeting with a quorum of at least two-thirds of all of the Directors then in office. The Chairman shall preside as chairman at every meeting of the Board. When the Chairman is on leave or for any reason is unable to exercise the powers and authority of the Chairman, the Vice Chairman shall act in place of the Chairman, or, if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason is unable to exercise the powers, a Managing Director designated by the Chairman, or, if there is no Managing Director, a Director designated thereby, or, if the Chairman does not make such a designation, the Managing Directors or Directors shall elect one from among themselves to act in place of the Chairman.

97. The Board may, from time to time, and except as required by the applicable laws and Applicable Listing Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.

98. A Director shall not be required to hold any Shares in the Company by way of qualification.

#### **DIRECTORS' FEES AND EXPENSES**

99. The remuneration of the Directors may only be paid in cash. The amount of such remuneration is authorized to be decided by the Board of Directors, taking into account suggestions made by the Remuneration Committee, the extent and value of the services provided for the management of the Company and the standard of the same industry worldwide. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of Shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

100. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

#### **ALTERNATE DIRECTOR**

101. Any Director may in writing appoint another Director to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to act in such Director's place at any meeting of the Directors at which he is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by



him. Such alternate shall not be an officer of the Company. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.

102. Any Director may appoint another Director to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director at a meeting or meetings of the Directors which that Director is unable to attend personally. A proxy of a Director shall accept an appointment to act as the proxy of one other Director only. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

#### **POWERS AND DUTIES OF DIRECTORS**

103. Subject to the Law, these Articles, Applicable Listing Rules and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.

104. A Director shall have loyalty and shall exercise due care of a good administrator in conducting the business operations of the Company; and if he/she has acted contrary thereto, he/she may be liable for the damages sustained by the Company therefrom. If the Director does anything for himself/herself or on behalf of another person in violation of the preceding provision subject to Cayman Islands law the Shareholders may, by Ordinary Resolution, consider the benefits to such Director as a result of such act as benefits of the Company and request the relevant Director to return the benefits. If a Director has, in the course of conducting the business operations of the Company, violated any provision of the applicable laws and/or regulations and thus caused damages to any other person, subject to Cayman Islands law, he/she shall be liable, jointly and severally, for the damages to such other person.

A managerial officer of the Company shall have the same liabilities as those of a Director in carrying out his/her duties.

105. The Directors may from time to time appoint any Person, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of the chief executive officer, president, one or more vice-presidents, chief financial officer or controller, treasurer, assistant treasurer, or manager, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any Person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall ipso facto determine if any managing director ceases from any cause to be a Director, or if the Company by Supermajority Resolution resolves that his tenure of office be terminated.

106. The Directors may appoint a Secretary (and if need be an assistant Secretary or



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assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors.

107. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
108. Notwithstanding anything contained in these Articles and to the extent as required by the Applicable Listing Rules, the Company shall establish a Remuneration Committee to review the salary, stock options, and any other substantive incentive measures for Directors and managerial officers of the Company. The composition, power and relevant matters of the Remuneration Committee shall be subject to the Applicable Listing Rules.
109. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him. For so long as the Shares are registered in the Emerging Market or listed in the TPEX or TSE, the Company shall appoint in Taiwan a litigious and non-litigious agent who shall also be the responsible person under the Applicable Listing Rules in Taiwan. Such representative shall have a domicile or residence within the territory of Taiwan.
110. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in Articles 111, 112 and 113 shall not limit the general powers conferred by this Article.
111. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any Persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such Persons.
112. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any Person so appointed and may annul or vary any such delegation, but no Person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
113. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.



114. The Company shall establish an Audit Committee pursuant to the Applicable Listing Rules. The composition and qualification of the members of the Audit Committee shall be subject to Applicable Listing Rules.

115. The power and authority of the Audit Committee shall be subject to the Applicable Listing Rules.

#### **BORROWING POWERS OF DIRECTORS**

116. Subject to these Articles and the Applicable Listing Rules, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

#### **THE SEAL**

117. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose and every Person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.

118. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such Person or Persons as the Directors shall for this purpose appoint and such Person or Persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose.

Notwithstanding the foregoing, a Secretary or any assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

#### **DISQUALIFICATION OF DIRECTORS**

119. The office of Director shall be vacated, if the Director:

(a) committed a felony and has been adjudicated guilty by a final judgment, and the enforcement of the judgment has not yet commenced or been completed, or the time elapsed after he has served the full term of the sentence, the probation period expires, or he received amnesty is less than five years;

(b) has been sentenced to imprisonment for a term of more than one year for



commitment of fraud, breach of trust or misappropriation, and the enforcement of the judgment has not yet commenced or been completed, or the time elapsed after he has served the full term of the sentence, the probation period expires, or he received amnesty is less than two years; has been adjudicated guilty by a final judgment for misappropriating company or public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years;

- (c) has been adjudicated guilty by a final judgment under the Anti-Corruption Act, and the enforcement of the judgment has not yet commenced or been completed, or with respect to any crime regarding misappropriation of company or public funds during the time of his public service, the time elapsed after he has served the full term of such sentence, the probation period expires, or he received amnesty is less than two years;
- (d) becomes bankrupt, or start liquidation process due to a court's decision, and his/its rights or capacity has not yet been reinstated;
- (e) has been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- (f) losses all or part of legal capacity;
- (g) the order of assistance has not yet been revoked;
- (h) dies or is found to be or becomes of unsound mind;
- (i) resigns his office by notice in writing to the Company;
- (j) (not applicable to Independent Directors) for so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, has transferred more than one half of the Shares being held by him/it on the date of the general meeting at which his/its appointment was approved (the "Approval Date"); or
- (k) is removed from office pursuant to these Articles.

For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, if the Director (excluding Independent Directors), after the Approval Date and before his/its commencement of the office of Director, has transferred more than one half of the Shares being held by him/it as at the Approval Date he/it was elected or had transferred more than one half of the Shares being held by him/it within relevant book close period prior to such general meeting, the election of his/its directorship shall be deemed invalid.

120. Subject to the Law and Cayman Islands law, any Shareholder(s) holding 1% or more of the total number of issued Shares for a period of six months or a longer time shall have the right to submit a petition for and on behalf of the Company against its director(s), and may bring such matter to the Taipei District Court, ROC. If a director has, in the course of performing his duties, committed any act resulting in material damage to the Company or in serious violation of applicable laws and/or regulations or these Articles, but has not been removed by the Company pursuant to a Supermajority Resolution vote, then, subject to the Law and Cayman Islands law, any Shareholder(s) holding 3% or more of the total number of issued Shares shall have the right, within 30 days after that general meeting, to petition any competent court for the removal of such Director, at the Company's expense. The Taipei District Court, ROC, may be court of the first instance for this matter.

## PROCEEDINGS OF DIRECTORS

121. The Directors may meet together (either within or outside the Cayman Islands) for the dispatch of business, adjourn, and otherwise regulate their meetings and



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proceedings as they think fit. The notice for a Board meeting may be given by means of electronic communication. Questions arising at any meeting shall be decided by a majority of votes present at such meeting. In case of an equality of votes the chairman shall not have a second or casting vote. A Director may, and on the requisition of a Director shall, at any time summon a meeting of the Directors.

122. A Director may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director is a member, via video conference by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.
123. Subject to these Articles, the quorum necessary for the transaction of the business of the Directors shall be more than one-half of the Directors. A Director represented by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present. When the number of vacancies in the Board of Directors of the Company equals to one third of the total number of Directors, the Board of Directors shall hold, within 60 days, a general meeting of Shareholders to elect succeeding Directors to fill the vacancies.
124. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company or in any other matters discussed at the meeting of the Directors shall declare the nature and relevant material contents of his interest at such meeting of the Directors. A Director cannot vote his own vote or on behalf of another Director in respect of any contract or proposed contract or arrangement when he may be interested therein. 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 board meeting (but shall still be counted in the quorum for such meeting). Where the spouse of a Director, a person with a kinship to a Director within the second degree, or a company controlled by or controlling a Director has a direct or indirect interest in any matter, such Director will be deemed to have an interest in such matter.
125. A Director who does anything for himself or on behalf of another person that is within the scope of the company's business shall declare the essential contents of such behaviour to the general meeting of the Shareholders and be approved by a Supermajority Resolution. Failure in obtaining such approval shall cause the Director being so interested be liable to account to the Company for any profit realised by any such behaviour if the general meeting so resolves by an Ordinary Resolution within one year from such behaviour.
126. Notwithstanding the preceding Articles, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation

**thereby established.**

127. Subject to these Articles, any Director may act by himself or 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; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.

128. The Directors shall cause all minutes to be made in books or loose-leaf folders provided for the purpose of recording:
- (a) all appointments of officers made by the Directors;
  - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
  - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
129. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
130. The continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for summoning a general meeting of the Company, but for no other purpose.
131. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.
132. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present.
133. All acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.
134. The following actions require the approval of a majority of the votes of the Directors present at a Board meeting attended by at least two-thirds of all Directors:
- (a) entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusted business, or for regular joint operation with others;
  - (b) the sale or transfer of the whole or any material part of its business or assets;
  - (c) taking over the transfer of another's whole business or assets, which will have a material effect on the business operation of the Company;



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- (d) the election of Chairman of the Board pursuant to these Articles;
- (e) issuance of corporate bonds;
- (f) the allocation of Employees' Remunerations and Directors' Remunerations pursuant to Article 136.

## DIVIDENDS AND DISTRIBUTIONS

135. Subject to any rights and restrictions for the time being attached to any Shares, the Company by Ordinary Resolution may declare dividends and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the Company shall not pay any dividends or bonuses if (a) it does not have earnings, or (b) it has not yet covered its losses.
136. Subject to the Law, when allocating the earnings for each fiscal year, the Company shall, after paying all or reserving such amounts for applicable taxes and offsetting losses from previous years, set aside 10% of the balance as a reserve (the "10% Reserve") and other special reserve or reverse special reserve pursuant to the Applicable Listing Rules, the Board of Directors may distribute the remaining earnings together with any undistributed retained earnings accrued from prior years of the Company as cash dividends and/or stock dividends to the Shareholders; provided that the dividends distributed to the Shareholders pursuant to this Article 136 shall comprise no less than 1% of the net profit after tax of the relevant fiscal year. The cash dividends shall comprise no less than 50% of the total dividends declared in such year.

Subject to the Law, where the Company incurs no loss it may by a Supermajority Resolution declare dividends and/or bonuses to the Shareholders out of from the 10% Reserve, the premium paid on the issuance of any share and income from endowments received by the Company; provided that, where the cash dividends and/or stock dividends are out of from the 10% Reserve, only the portion of the 10% Reserve which exceeds 25 percent of the paid-in capital of the Company may be distributed. Subject to Article 37, the Board of Directors shall prepare the plan of distributions and submit such plan for the approval of the Shareholders at the general meeting.

Unless otherwise provided in the Applicable Listing Rules, where the Company makes profits before tax for the annual financial year, the Company shall allocate (a) no less than 0.1% of such annual profits before tax for the purpose of employees' remunerations (including employees of the Company and/or any subsidiaries of the Company) (**the "Employees' Remunerations"**); and (b) a maximum of 1% of such annual profits before tax for the purpose of Directors' remunerations (the "Directors' Remunerations"). Notwithstanding the foregoing paragraph, if the Company has accumulated losses of the previous years for the annual financial year, the Company shall set aside the amount of such accumulated losses prior to the allocation of Employees' Remunerations and Directors' Remunerations. Subject to the Law, the Applicable Listing Rules and notwithstanding Article 151, the Employees' Remunerations and the Directors' Remunerations may be distributed in the form of cash and/or bonus shares, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds or more of the Directors. The resolutions of Board of Directors regarding the distribution of the Employees' Remunerations and the Directors' Remunerations in the preceding paragraph shall be reported to



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the Shareholders at the general meeting after such Board resolutions are passed.

While the Company is still at the growth stage, any balance earnings together with any undistributed retained earnings accrued from prior years of the Company may be distributed as cash dividends and/or bonus shares in accordance with the Law and Applicable Listing Rules, after taking into consideration the investment environment, capital requirement, domestic and overseas competition environment and capital budget of the Company current or future, as well as shareholders interest, balance of dividend and long term financial plan of the Company.

The Company shall not be required to set aside the 10% Reserve pursuant to this Article if and when the aggregate reserves from the 10% Reserve reach 100% of the paid-in capital of the Company.

137. Any dividend may be paid by cheque sent through the post to the registered address or by remittance or otherwise to the designated account of the Shareholder or Person entitled thereto, or in the case of joint holders, to the representative of such joint holders at his registered address or to his designated account or to such Person and such address/account as the Shareholder or Person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the Person to whom it is sent or to the order of such other Person as the Shareholder or Person entitled, or such joint holders as the case may be, may direct.
138. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the number of the Shares held by the Shareholders.
139. If several Persons are registered as joint holders of any Share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the Share.
140. No dividend shall bear interest against the Company.

#### **ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION**

141. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
142. The books of account shall be kept at the Office or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
143. The Board of Directors shall prepare and submit the business report, financial statements, and surplus earning distribution or loss off-setting proposals to the annual general meeting of Shareholders for its ratification and after the meeting shall distribute to each Shareholder the copies of ratified financial statements and the resolutions on the earning distribution and/or loss offsetting and/or make them public pursuant to the Applicable Listing Rules.
144. The Board shall keep copies of the yearly business report and financial statements at the office of its Shareholders' Service Agent before ten (10) days of the annual general meeting and any of its Shareholders is entitled to inspect such documents



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during normal business hours of such service agent.

145. Save for the Article 144 and Article 161, the Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.
146. The accounts relating to the Company's affairs shall only be audited in such manner and with such financial year end as may be determined from time to time by the Directors, or required by the Applicable Listing Rules.
147. The Directors in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

#### **AUDIT**

148. The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his remuneration.
149. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
150. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

#### **CAPITALISATION OF RESERVES OR PROFITS**

151. Subject to the Law, the Company may, with the authority of a Supermajority Resolution:
- (a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve, special capital reserve and profit and loss account), whether or not available for distribution;
  - (b) appropriate the sum resolved to be capitalised to the Shareholders in proportion to the number of Shares held by them respectively for the purpose of the payment of bonuses in the form of Shares and apply that sum on their behalf in or towards paying up in full unissued Shares or debentures of a nominal amount equal to that sum, and allot the Shares or debentures, credited as fully paid, to the Shareholders, or partly in one way and partly in the other;
  - (c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve or other funds and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;



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(d) authorise a Person to enter (on behalf of all the Shareholders or other persons concerned) into an agreement with the Company providing for the allotment to the Shareholders or other persons respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, and any such agreement made under this authority being effective and binding on all those Shareholders or other persons; and

(e) generally do all acts and things required to give effect to the resolution.

152. For the avoidance of doubts, the allotment of bonus shares in connection with the Employees' Remunerations and Directors' Remunerations pursuant to Article 136 shall not require the approval of a Supermajority Resolution.

#### **TENDER OFFER**

153. Upon the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Listing Rules, the Board of Directors shall, subject to the Applicable Listing Rules, proceed to, including but not limited to make resolution and public announcement.

#### **SHARE PREMIUM ACCOUNT**

154. The Directors shall in accordance with the Law establish a share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.

155. There shall be debited to any share premium account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Law, out of capital.

#### **NOTICES**

156. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the Person entitled to give notice to any Shareholder either personally, or by facsimile, or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to such Shareholder at his address as appearing in the Register, or to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic mail number or address such Shareholder may have positively confirmed in writing for the purpose of such service of notices. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands as their representative in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

157. Any Shareholder present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.



158. Any notice or other document, if served by:

- (a) post or courier, shall be deemed to have been served five days after the time when the letter containing the same is posted or delivered to the courier;
- (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
- (c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service; or
- (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail.

In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

159. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder in accordance with the terms of these Articles shall notwithstanding that such Shareholder be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Shareholder as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the Share.

160. Notice of every general meeting of the Company shall be given to:

- (a) all Shareholders holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and
- (b) every Person entitled to a Share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other Person shall be entitled to receive notices of general meetings.

## INFORMATION

161. The Board of Directors shall keep at the office of its Shareholders' Service Agent in Taiwan copies of these Articles, the minutes of every meeting of the Shareholders and the financial statements, the Register of Members and the counterfoil of corporate bonds issued by the Company. Any Shareholder of the Company may at any time request, by submitting evidentiary document(s) to show the nature of his/her interest, indicating the scope of such interest and specifying the document(s) he/she/it wishes to inspect or make copies of, access to inspect and to make copies of such documents; and the Company shall procure its Shareholders' Service Agent to arrange accordingly. In the event that a general meeting is convened by the Board or any other person having a right to convene the general meeting in accordance with these Articles, such convener(s) may request that the Company or its Shareholders' Service Agent provide them with the Register.



Without prejudice to the rights set forth in these Articles, no Shareholder shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the members of the Company to communicate to the public.

162. The Board shall be entitled to release or disclose to any regulatory or judicial authority any information in its possession, custody or control regarding the Company or its affairs to any of its Shareholder including, without limitation, information contained in the Register of Members and transfer books of the Company.

#### **INDEMNITY**

163. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles) and other officer for the time being and from time to time of the Company (each an "Indemnified Person") shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, wilful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.
164. The Company may purchase and maintain insurance for the benefit of the Director or the officers of the Company against any liability incurred by him/her in his/her capacity as a Director or officer, as applicable, in order to minimize the relevant indemnity liabilities incurred or sustained by the Company and the Shareholders.
165. No Indemnified Person shall be liable to the Company unless such liability arises through such Indemnified Person's own dishonesty, wilful default or fraud.

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

166. Subject to the proviso hereto, no Person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or (except only as otherwise provided by these Articles or as the Law requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the Register, provided that, notwithstanding the foregoing, the Company shall be entitled to recognise any such interests as shall be determined by the Directors in their absolute discretion.

#### **FINANCIAL YEAR**



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

#### **WINDING- UP**

168. If the Company shall be wound up, and the assets available for distribution amongst the Shareholders 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 Shareholders in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Shareholders 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.

If the Company shall be wound up, the liquidator may, with the sanction of an Special Resolution and any other sanction required by the Law and in compliance with the Applicable Listing Rules, divide amongst the Shareholders in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different Classes. 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 Shareholders as the liquidator, with the like sanction shall think fit, but so that no Shareholder shall be compelled to accept any asset whereon there is any liability.

169. The Company shall keep all statements, records of account and documents for a period of ten years from the date of the completion of liquidation, and the custodian thereof shall be appointed by the liquidator or the Company by Ordinary Resolution.



## **Appendix 2: Procedures of Shareholders Meetings (pre-amendment)**

### **Article 1**

To the extent permitted under the laws of the Cayman Islands and unless otherwise provided for in the memorandum and articles of association of the Company (as amended or substituted from time to time; hereinafter "Articles"), Applicable Listing Rules or the applicable laws and regulations in the country where the Company carries out its business, the Company's general meeting of its shareholders shall be held in accordance with the Rules and Procedures of Shareholders' Meetings ("Rules").

Unless otherwise defined in these Rules, any capital terms as used in these Rules shall have the same meanings as defined in the Articles.

### **Article 2**

1. Unless otherwise provided by the laws of the Cayman Islands and the Articles, the general meeting of the Shareholders should be convened by the Board of Directors.
2. After the public offering of the shares of the Company, the Company shall prepare the notice of meeting, the proxy form, and the information about the subject and description of proposals for recognition and for discussion, election and/or dismissal of Directors in the form of an electronic file to be uploaded to the Market Observation Post System ("MOPS") thirty (30) days before an Annual General Meeting of shareholders or fifteen (15) days before an Extraordinary General Meeting of shareholders.
3. After the public offering of the shares of the Company, the meeting agenda for general meetings and supplemental meeting information shall be prepared in the form of electronic file to be uploaded to the MOPS twenty-one (21) days before an Annual General Meeting of shareholders or fifteen (15) days before an Extraordinary General Meeting of shareholders. The meeting agenda and supplemental meeting information shall be ready for shareholders' review at all times by fifteen (15) days before the meeting of shareholders, and such information shall be available at the office of Company and its designated stock service agent thereby in Taiwan and be distributed at the meeting.
4. The cause(s) or subject(s) of a general meeting to be convened shall be indicated in the individual notice and the public notice to be given to shareholders; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining the prior consent of the recipient(s) thereof.
5. The following matters shall be specified in the notice of a general meeting, and shall not be proposed as ad hoc motions. The content of such matters shall be published on the website of the relevant securities authorities or the Company. The address of such website shall be provided in the notice of the general meeting.
  - (1) Election or discharge of Directors;
  - (2) Amendments to the Articles;
  - (3) Dissolution, Merger, Share Exchange or Spin-off of the Company;
  - (4) Entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusting business, or for regular joint operation with others;
  - (5) The transfer of the whole or any material part of its business or assets;
  - (6) Taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (7) Carrying out Private Placement of its securities;
  - (8) repurchase and cancellation of Shares out of the share capital of the Company pursuant to Article 42 of the Articles;
  - (9) Application for the cease of the Company's status as a public company;
  - (10) Granting waiver to the Director's engaging in any business within the scope of business of the Company;

- (11) Distributing part or all of its dividends or bonus by way of issuance of new shares;
  - (12) Capitalization of the statutory reserve, or distributing cash out of legal reserve and the premium paid on the issuance of any share to the shareholders;
  - (13) Authorising the transfer of Treasury Shares to employees of the Company or of any of its Subordinate Companies at a price that is less than the averaged repurchase price;
  - (14) Issuance of employee stock options where the exercise price for such options is lower than the closing price of the shares of the Company as of the issuance date (provided such exercise price shall not be less than the par value per share); and
  - (15) Matters with respect to the issuance of restricted shares for the employees as required by the Applicable Listing Rules.
6. Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares may propose in writing or by electronic transmission to the Company a proposal for discussion at a regular meeting, provided that only one matter shall be allowed in each single proposal and no proposal containing more than one item will be included in the meeting agenda.
  7. Prior to the relevant book closure day before the convention of an Annual General Meeting, the Company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the Annual General Meeting; and the period for accepting such proposals shall not be less than ten (10) days. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than three hundred (300) words shall not be included in the agenda of the shareholders' meeting.
  8. Unless any of the following circumstances occurs, the Board of Directors of the Company shall include the proposal submitted by a shareholder in the agenda. Where the proposal made by the shareholder(s) is to allow the Company to improve the public interest or to fulfill its social responsibility, the Board of Directors may include such proposal in the agenda:
    - (1) Where the subject (the issue) of the said proposal cannot be settled or resolved by a resolution to be adopted at a meeting of shareholders;
    - (2) Where the number of shares of the Company in the possession of the shareholder making the said proposal is less than one percent (1%) of the total number of outstanding shares at the time when the share transfer registration is suspended by the Company; and
    - (3) Where the said proposal is submitted on a day beyond the deadline fixed and announced by the company for accepting shareholders' proposals.
  9. The Company shall, prior to preparing and delivering the general meeting notice, inform, by a notice, the proposal submitting shareholders of the proposal screening results, and shall list in the general meeting notice the proposals conforming to the requirements set out in these Articles. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the general meeting to be convened..
  10. Subject to the Articles, the Rules and the applicable laws of the Cayman Islands, a shareholder may, if so approved by the chairman of the relevant general meeting and to the extent permitted under the laws of the Cayman Islands, bring forward any matter(s) for the consideration, discussion or approval by the shareholders during a general meeting, provided such matter(s) fall(s) within the scope and directly relates to a matter included in the notice of general meeting.

### **Article 3**

1. Any shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote on behalf of him at a general meeting of the Company. The instrument appointing a proxy shall be in writing. The instrument of proxy shall be in a form determined by the Board shall include such proxy voting instruction.

2. A shareholder may only appoint one (1) proxy to represent him and vote on his behalf. The instrument appointing a proxy shall be delivered to the place as is specified in the notice of the meeting not less than five (5) days before the time appointed for holding the meeting. Where multiple instruments of proxy are received by the Company from the same shareholder, the first written duly executed and valid instrument of proxy received by the Company shall prevail, unless an explicit written statement revoking the previous instrument(s) appointing a proxy is made in the subsequent duly executed and valid instrument of proxy received by the Company.
3. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person, or exercise his voting power and cast his votes in writing or by way of electronic transmission, a written notice of proxy cancellation shall be submitted to the Company's designated stock service agent at least two (2) days prior to the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### **Article 4**

The place for convening a general meeting of the shareholders of the Company shall be the premises of the Company, or any other place convenient for the presence of shareholders, and suitable for holding the said meeting. The time for commencing the said meeting shall be no earlier than 9 o'clock in the morning or later than 3 o'clock in the afternoon, and the opinions of the Independent Directors shall be taken into consideration.

#### **Article 5**

1. The Company shall specify the registration time, place, and other meeting guidelines on the meeting notice.
2. The registration time discussed in the preceding paragraph shall be at least thirty (30) minutes prior to the commencement of the general meeting. Registration place shall be with visible sign and sufficient and qualified meeting staff shall be dispatched to handle the registration.
3. The Company shall provide an attendance book allowing attending shareholders, or their appointed proxies, to sign in or require attending shareholders to submit attendance cards in lieu of signing in.
4. The Company shall furnish attending shareholders or their appointed proxies with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of Directors, pre-printed ballots shall also be furnished.
5. The shareholders or their appointed proxies (collectively, "shareholders") shall present the attendance pass, attendance cards or other certificate to attend the general meeting. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. A solicitor of the proxies shall bring his/her personal ID for verification.
6. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a general meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

#### **Article 6**

1. If a general meeting of the shareholders is called by the Board of Directors, the Chairman of the Board of Directors shall preside at the said general meeting of the Shareholders. In case the Chairman is on leave of absence, or cannot exercise his powers and authority, the Vice Chairman shall act in lieu of him. If there is no Vice Chairman, or the Vice Chairman is also on leave of absence, or cannot exercise his powers and authority, the Chairman shall designate a Managing Director to act in lieu of him; if there is no Managing Director, the Chairman shall designate a Director to act in lieu of him. If the Chairman does not designate a Director, the Managing Directors or Directors shall elect one from among themselves to act in lieu of the Chairman.

2. When a Managing Director or a Director serves as chair, as referred to in the preceding paragraph, the Managing Director or Director shall be one who has held that position for six (6) months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.
3. For the general meetings of the shareholders that are convened by the Board of Directors, it is advisable that the meeting to be chaired by the chairperson of the Board in person and have a majority of the Directors and at least one member of each functional committee on behalf of the committee to attend the meeting in person. The attendance shall be recorded in the meeting minutes.
4. As for a general meeting of the shareholders convened by any other person with the convening right, he/she shall act as the chairman of that meeting. However, if there are two or more persons with the convening right, the chairman of the meeting shall be elected from among themselves.
5. The Company may designate its lawyer, certified public accountant or other relevant persons to attend the general meeting of the shareholders.

#### **Article 7**

1. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.
2. The preceding tape-recorded and videotaped materials shall be preserved for at least one (1) year. If litigation occurs regarding any matter resolved by the meeting and procedures, the relevant audio or video recordings shall continue to be retained until the litigation is concluded.

#### **Article 8**

1. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book, attendance cards handed in, and the number of shares whose voting rights are exercised by correspondence or electronically.
2. The Chairman shall call the general meeting to order at the time scheduled. If the number of shares represented by the attending shareholders has not yet constituted the quorum (more than one-half of total issued shares) at the time scheduled for the meeting, the Chairman may postpone the time for the meeting. The postponements shall be limited to two (2) times at most, and the meeting shall not be postponed for more than one (1) hour in total. If after two (2) postponements the number of shares represented by the attending shareholders has not yet constituted more than one third of the total issued shares, the Chairman shall announce the dissolution of the meeting.
3. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.
4. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
5. In the aforesaid meeting of shareholders convened within 1 month after the tentative resolution, if the tentative resolution is again adopted by a majority of the attending shareholders who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed to be a resolution by Article 174 of the Company Act.

## **Article 9**

1. The agenda of the general meeting shall be set by the Board of Directors, if it is convened by the Board of Directors. Unless otherwise approved by the shareholders at the general meeting, a general meeting shall proceed in accordance with the agenda.
2. The above provision applies to cases where the general meeting is convened by any person, other than the Board of Directors, entitled to convene such a meeting.
3. The Chairman cannot announce adjournment of the meeting before all items listed in the agenda are resolved. If the Chairman adjourns the general meeting in violation of these Rules, other members of the Board of Directors shall promptly assist the attending shareholders to elect, by a majority of votes represented by attending shareholders present in the meeting, another person to serve as the Chairman to continue the meeting in accordance with procedure.
4. The Chairman shall provide sufficient time for the explanation and discussion of all items listed in the agenda and amendments submitted or ad hoc motions put forward by the shareholders. The Chairman may announce an end of discussion and submit an item for a vote if the Chairman deems that the agenda item is ready for voting.

## **Article 10**

1. When a shareholder attending the meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's account number (or the number of attendance card) and the account name of the shareholder. The sequence of speeches shall be determined by the Chairman.
2. If any attending shareholder at the meeting submits a speech note but does not speak, no speech shall be deemed to have been made by such shareholder. In the event that content of a shareholder's speech is inconsistent with the content on the speech note, the content of the actual speech shall prevail.
3. The same shareholder may not speak more than twice concerning the same item without the Chairman's consent, and each speech time may not exceed five minutes. In case the speech of any shareholder violates the above provision, or is outside the scope of the agenda item, the Chairman may stop the speech of such a shareholder.
4. Unless otherwise permitted by the Chairman and the speaking shareholder, no shareholder shall interrupt the speech of the other shareholder. The Chairman shall stop such interruption.
5. If a corporate shareholder/ legal entity has appointed two or more representatives to attend the general meeting, only one representative can speak for each agenda item.
6. After the speech of a shareholder, the Chairman may make responses by himself/herself or appoint an appropriate person to respond.

## **Article 11**

1. Presenting and voting at a general meeting shall be based on the number of shares.
2. The shares of shareholders with no voting rights shall not be included in the total number of issued shares while voting on resolutions.

## **Article 12**

1. Subject to any rights and restrictions for the time being attached to any share, every shareholder shall have one vote for each share of which he, or the Person represented by proxy, is the holder. For so long as the shares are registered in the Emerging Market or listed on the Taipei Exchange or TWSE -subject to the laws of the Cayman Islands and in accordance with the Applicable Listing Rules -a shareholder shall not exercise the votes with

respect to the shares he/she/it holds separately, unless he/she/it holds certain shares for the benefit of others; the qualifications, scope, methods of exercise, operating procedures and other matters with respect to the exercise of votes separately by the shareholders shall be in compliance with the Applicable Listing Rules.

2. No vote may be exercised with respect to any of the following shares, and such shares shall not be counted in determining the number of issued shares:
  - (1) The shares held directly or indirectly by any subsidiary of the Company, where the total number of voting shares, or total shares equity held by the Company in such a subsidiary, represents more than one half of the total number of voting shares or the total shares equity of such a subsidiary; or
  - (2) The shares held by another company, where the total number of the shares, or total shares equity of that company held by the Company and its subsidiaries, directly or indirectly represents more than one half of the total number of voting shares or the total share equity of such a company; or
  - (3) Treasury Shares.
3. Except in the case of a trust enterprise or securities proxy organization approved by the competent securities authority, a proxy agent of non-solicited proxies shall not accept the mandate of more than 30 persons. The proxy voting rights of a person serving as a proxy for two or more shareholders may not exceed three percent (3%) of total issued shares voting rights; the shares represented by a proxy agent accepting the mandate of more than 3 shareholders shall, in addition to not being more than 4 times the number of shares held by it, also not exceed 3 percent (3%) of the total number of issued shares of the Company. If it does exceed three percent (3%), the excess portion shall not be counted. A proxy agent who accepts the mandate of three or more shareholders shall submit an itemized statement of the declarations and proxies together with the signed or sealed proxies to the Company or its stock service agent five (5) days before the date of a shareholders meeting.
4. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
5. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
6. If a Director creates pledge on more than 50% of the number of shares he/she/it held at the time he/she/it was elected as a Director of the Company, no vote may be exercised with respect to the excess portion, and such excess portion shall not be counted in determining the number of the shares present at the general meeting.

### **Article 13**

1. When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the ad hoc motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two (2) days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the

same means by which the voting rights were exercised, before two (2) business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the laws and in the Articles, an agenda item shall require affirmative votes of a majority of the voting rights represented by the attending shareholders. In voting, the Chairman or its designated person shall announce the total number of votes by the attending shareholders for each proposal, and the voting for each proposal shall be made on a poll. After the public offering of the shares of the Company, the Company shall publish the voting results (including the consent votes, the objection votes and those who waive their voting rights) to the MOPS on the same day of the meeting.

2. Should there be an amendment or alternative to one motion, the Chairman may combine the amendment or alternative into the original motion, and determine their order for resolution. If any one of the above shall be resolved, the others shall be considered as rejected, upon which no further resolution shall be required.

#### **Article 14**

The Chairman shall appoint persons responsible for checking and counting ballots during votes on agenda items. However, the persons responsible for checking ballots must be shareholders. The ballots shall be publicly counted at the meeting venue and the result of voting shall be announced at the Meeting, including the numbers of votes, and placed on record.

#### **Article 15**

1. If the election of Directors is held at a general meeting, such an election shall be held in accordance with the Company's relevant election rules and procedures and the Articles. The result of the election must be announced at the meeting, including the names of those elected as directors and the numbers of votes with which they were elected.
2. The ballots cast in the election in the foregoing paragraph must be given proper safekeeping and kept for at least one year upon sealed by and with signatures of the persons responsible for checking. If litigation occurs regarding any matter resolved by the shareholders before the above retention period expires, the relevant voting tickets shall continue to be retained until the litigation is concluded.

#### **Article 16**

1. Resolutions made at a general meeting shall be compiled in the form of minutes. The Chairman shall affix his/her signature or seal to the minutes, which shall be issued to shareholders within twenty (20) days after the end of the meeting. Minutes may be produced and issued to shareholders in electronic form. After the public offering of the shares of the Company, the distribution of the preceding minutes may be published on the MOPS.
2. The minutes must faithfully record the meeting's date (year, month, day), place, Chairman's name, resolution method, summary of proceedings, and results of resolutions. Meeting minutes shall be kept for as long as the Company exists.
3. The number of votes casted for or against a resolution and the total number of votes cast shall be recorded in the minutes.
4. On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

5. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

#### **Article 17**

1. The persons who handle the business of a general meeting of the shareholders shall wear an identification card or a badge.
2. The Chairman may direct disciplinary personnel or security personnel to maintain the order of the meeting. For doing so, they shall wear an identification badge.
3. If there is any speaker device at the meeting venue, the Chairman of the meeting may prevent shareholders from delivering a speech using a device not provided by the Company.
4. The Chairman may direct the disciplinary personnel or security personnel to ask the shareholder who refuses to obey these Rules or the orders of the Chairman and disturbs the proceedings of the meeting to leave the meeting premises.

#### **Article 18**

1. During the meeting, the Chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the Chairman may decide to temporarily suspend the meeting and announce, depending on the situation, when the meeting will resume or, by resolution of the shareholders present at the meeting, the chairman may resume the Meeting within five (5) days without further notice or public announcement.
2. Before the agenda set for the general meeting (including ad hoc motions) are completed, if the meeting venue cannot continue to be used for the meeting, the Shareholders may resolve to find another location to continue the meeting.

#### **Article 19**

Notwithstanding any provision to the contrary herein, any laws and regulations of any jurisdiction other than the laws of the Cayman Islands and any procedural rule set out herein shall only apply to the maximum extent permitted under the laws of the Cayman Islands and the Law.

#### **Article 20**

Establishment and amendment to these Rules shall take effect upon adoption by the shareholders at a general meeting.

## **Appendix 3: Procedures Governing Board of Directors Meetings (pre-amendment)**

### **I. Basis for the adoption of the Procedures**

In order to help the Company to establish quality corporate governance and sound supervisory capabilities on the part of the Board of Directors of the Company, and to strengthen management capabilities, the Procedures governing Board of Directors Meetings (“Procedures”) are made pursuant to the Regulations Governing Establishment of Internal Control Systems by Public Companies of the Republic of China (“Regulation”).

### **II. Scope of the Procedures**

The Procedures apply to the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for Board Meetings.

### **III. Risk**

Material events may be executed without the approval of the Board of Directors if the Company does not convene a Meeting of the Board of Directors.

### **IV. Control objective**

1. Board Meetings shall be convened according to applicable regulations and the operational needs of the Company at least quarterly and an attendance book shall be made ready to be signed by Directors attending the meeting and thereafter made available for future reference. Any Director who appoints another Director to attend the Board Meeting should issue a proxy stating the scope of authorization in each instance.
2. The Board Meeting notice shall include the reasons for convening such meeting and shall be sent to each Director at least seven days in advance.
3. Minutes shall be prepared of the discussions at Board of Directors Meetings; the meeting minutes shall be retained in the Company’s files.
4. A copy of the minutes shall be distributed to each Director within 20 days of the meeting.

### **V. Policy**

#### **1. Convening and notice of Board Meetings**

- (1) A Board Meeting shall be convened at least quarterly.
- (2) The Board Meeting notice shall include the reasons for convening such meeting and shall be sent to each Director at least seven days in advance. In emergency circumstances, however, a Board Meeting may be convened on shorter notice. The notice may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.
- (3) All matters set out in the subparagraphs of Article 7, paragraph 1, of “The Regulations Governing Procedures for Board of Directors Meetings of Public Companies”, which are stated in paragraph 1 of Point 5 in the Procedures, shall be specified in the notice of the reasons for convening a Board Meeting; none of them may be raised by an ad hoc motion except in the case of an emergency or a legitimate reason.

## **2. Principles for determining the place and time of a Board Meeting**

A Board Meeting shall be held at a place and time convenient to all Directors and suitable for holding such a meeting.

## **3. Meeting Secretary**

- (1) The Board of Directors of the Company shall appoint a designated group of people as the Meeting Secretary for the Board Meetings.
- (2) The Meeting Secretary shall prepare agenda items for Board Meetings and provide comprehensive materials, to be sent together with the notice of the meeting.
- (3) A Director who is of the opinion that the materials provided are insufficiently comprehensive may request that the Meeting Secretary supplement the materials. If a Director is of the opinion that materials concerning any agenda items are insufficient in content, the deliberation of such agenda item may be postponed by a resolution of the Board.

## **4. Agenda items**

Agenda items for regular Board Meetings shall include at least the following:

- (1) Reports:
  - a. Minutes of the previous meeting and actions arising;
  - b. Report on important financial and business matters;
  - c. Report on internal audit activities; and
  - d. Other important matters to be reported.
- (2) Discussions:
  - a. Items discussed and continued from the previous meeting; and
  - b. Items for discussion at this meeting.
- (3) Ad Hoc motions.

## **5. Matters requiring discussion at a Board Meeting**

- (1) The following items shall be included in the agenda items of the Board Meeting and shall not be raised in an ad hoc motion. A company shall submit the following items for discussion by the Board of Directors:
  - a. Corporate business plan.
  - b. Annual and semi-annual financial reports.
  - c. Adoption of or amendment to an internal control system pursuant to Article 14-1 of the Act, and an assessment of the effectiveness of the internal control system.
  - d. Adoption of or amendment to the procedures for Acquisition or Disposal of Assets, Derivatives Transactions, Making Loans to Others or Endorsements and Guarantees.

- e. The offering, issuance, or private placement of any equity-type securities.
  - f. The appointment or discharge of a financial, accounting, or internal audit officer.
  - g. Appointment, dismissal or remuneration of the CPA.
  - h. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board Meeting for retroactive recognition.
  - i. Any matter required by any other law, regulation, or the Memorandum and Articles of Association of the Company (the "M&A") to be approved by resolution at a Shareholders' Meeting or Board Meeting, or any such significant matter as may be prescribed by the Financial Supervisory Commission (the "FSC").
- (2) The term "related party" in subparagraph h of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 2.5 percent of shareholder equity.
- (3) The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current Board Meeting is convened. Amounts already submitted to and passed by a resolution of the Board is exempted from inclusion in the calculation.
- (4) At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under Article 14-3 , each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an Independent Director objects to or expresses reservations about the matter, it shall be recorded in the Board Meeting minutes; an Independent Director intending to express objection or reservations but unable to attend the Board Meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the Board Meeting minutes.

## **6. Principles with respect to the delegation of powers by the Board**

With the exception of matters required to be discussed at a Board Meeting under Point 5, paragraph 1 of the Procedure, when the Board of Directors appoints a party to exercise the powers of the Board of Directors in accordance with applicable laws and regulations or the M&A, the levels of such delegation and the content or matters it covers shall be definite and specific.

## **7. Preparation of attendance book and other documents; attendance by proxy**

- (1) When a Board Meeting is held, an attendance book shall be made ready for signature by Directors attending the meeting and thereafter made available for future reference.

- (2) All Directors shall attend Board Meetings in person; if attendance in person is not possible, they may, pursuant to the M&A, appoint another Director to attend as their proxy, or attend such meeting via video-conference. Attendance via video-conference is deemed as attendance in person.
- (3) A Director appointing another Director to attend a Board Meeting in his or her place shall in each case give to that Director a written proxy stating the scope of authorization with respect to the reasons for the meeting.
- (4) A proxy under paragraph 2 of this point 7 may accept a proxy from one person only.

**8. Chairperson and acting Chairperson of a Board Meeting**

- (1) Board Meetings shall be convened and chaired by the Chairperson of the Board. However, the first meeting of each newly elected Board of Directors shall be convened and chaired by the Director who received votes representing the largest share of voting rights at the Shareholders' Meeting in which the Directors were elected; if there are two or more Directors so entitled to convene the meeting, they shall choose one person by and from among themselves to do so.
- (2) When the Chairperson of the Board is on leave or for any reason is unable to exercise the powers of the Chairperson, the Vice Chairperson shall do so in place of the Chairperson, or, if there is no Vice Chairperson or the Vice Chairperson also is on leave or for any reason is unable to exercise the powers, by a Managing Director designated by the Chairperson, or, if there is no Managing Director, by a Director designated thereby, or, if the Chairperson does not make such a designation, by a Managing Director or Director elected by and from among themselves.

**9. The reference materials, nonvoting participants, and conducting of Board Meetings**

- (1) The management (or the Meeting Secretary designated by the Board of Directors) shall prepare relevant materials for attending Directors' reference. When holding a Board Meeting, the Company may, as necessary for the agenda items of the meeting, notify non-director officers from relevant departments or subsidiaries to attend the meeting as nonvoting participants.
- (2) When necessary, the Company may invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants. Such nonvoting participants shall leave the meeting place when deliberation or voting takes place.
- (3) Chairperson of the Board Meeting shall declare commencement of the meeting when it is time for meeting and over half of the Directors are present. When it is time for the meeting, but fewer than half of all Directors have shown up, the Chairperson may declare postponement of the meeting. Two postponements are allowed, and if number of Directors present is still fewer than half of all Directors after two postponements, the Chairperson may re-convene the meeting according to Point 1, paragraph 2 of the Procedures.
- (4) The term "all Directors" as used in the preceding paragraph shall mean all Directors then in office.

**10. Discussion of agenda items**

- (1) A Board Meeting shall be conducted in accordance with the order of the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of Directors present at the meeting.
- (2) The Chairperson may not declare the meeting closed without the approval of a majority of Directors present at the meeting.
- (3) If at any time during the course of a Board Meeting the number of Directors actually participating in the meeting is fewer than half of the Directors attending the meeting, then upon motion by the Directors actually participating in the meeting, the Chairperson shall declare a suspension of the meeting, in which case Point 9, paragraph 3 of the Procedures shall apply mutatis mutandis.

## **11. Voting**

- (1) When the Chairperson of the Board Meeting is of the opinion that an agenda item has been sufficiently discussed to the point where it can be put to a vote, the Chairperson may announce the discussion closed and bring the agenda item to a vote.
- (2) When an agenda item comes to a vote at a Board Meeting, if the Chairperson puts the agenda item before all Directors present at the meeting and none voices an objection, the agenda item is deemed approved.
- (3) Voting may be done in one of the following at the Chairperson's discretion, however, if attending Director objects to the voting method, the voting method shall be decided by a majority of the attending Directors:
  - a. Show of hands or vote by voting machine;
  - b. Vote by roll call;
  - c. Vote by ballot; or
  - d. A voting method chosen at the discretion of the Board of Directors.
- (4) The term "all Directors present" as mentioned in the paragraph 2 does not include Directors who should not exercise their voting rights pursuant to Point 12, paragraph 2 of the Procedures.
- (5) For a vote on an agenda item, over half of the Directors shall be present at the meeting, and over half of the Directors present must vote for the agenda item, unless otherwise stipulated by the M&A or applicable regulations.
- (6) When there is an amendment or alternative to the original agenda item, the Chairperson may set the order of votes to be held on the alternative(s) and the original agenda item. If any one of these agenda items is adopted, the others are deemed rejected, and no voting is needed.
- (7) Results of the voting shall be reported on the spot, and shall be kept in the Company's records.
- (8) If a vote on an agenda item requires monitoring and counting personnel, the Chairperson shall appoint such personnel, provided that all monitoring personnel shall be Directors.

## **12. Conflict of interests**

- (1) If an interested party relationship exists between any Director, or a juristic person the Director represents, and any agenda item, and such relationship is likely to prejudice the interests of the Company, the Director may state opinions and answer questions but may not participate in discussion of or voting on that agenda item, and shall recuse themselves during discussion of and voting on that item, and may not act as proxy of another Director to exercise voting rights on that agenda item.
- (2) In the event that a Director is not entitled to exercise his/her voting right, such Director shall not be counted among the attending Directors.

### **13. Meeting minutes and sign-in matters**

- (1) Minutes shall be prepared of the discussions at Board of Directors Meetings; the meeting minutes shall record the following:
  - a. Session (or year), time, and place of meeting.
  - b. Chairperson's name.
  - c. Attendance of Directors at the meeting, specifying the names and number of Directors present, excused, and absent.
  - d. Names and titles of those attending the meeting as nonvoting participants.
  - e. Name of minute taker.
  - f. Matters to report.
  - g. Agenda items: specify the resolution method and result for each agenda item, and summarize the comments made by, and specify any objections or reservations expressed by, Directors, experts, or any others at the meeting that have been included in records or stated in writing, conflicts of interests, and any opinion issued in writing by an Independent Director under Point 5, paragraph 5 of the Procedure.
  - h. Ad Hoc motions: specify the name of the mover, the resolution method and result for each motion, conflicts of interests pursuant to Point 12, paragraph 1 of the Procedures, and summarize the comments made by, and specify any objections or reservations expressed by, Directors, experts, or any others at the meeting that has been included in records or stated in writing.
  - i. Other matters required to be recorded.
- (2) Any of the following matters in relation to a resolution passed at a meeting of the Board of Directors shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the FSC:
  - a. Any matter about which an Independent Director expresses an objection or reservation that has been included in the records or stated in writing.

- b. If the Company has an Audit Committee, any matter that has not been passed by the Audit Committee, but has been adopted with the approval of two-thirds or more of all Directors. "All Directors" as used in this paragraph shall mean the Directors actually in office at the given time.
- (3) The attendance book forms a part of the minutes for each Board Meeting and shall be well preserved during the existence of the Company.
- (4) The minutes of a Board Meeting shall bear the signature or seal of both the Chairperson and the minute taker; a copy of the minutes shall be distributed to each Director within 20 days of the meeting and well preserved as important Company records during the existence of the Company.
- (5) The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.

**14. Documentation of a Board Meeting by audio or video**

- (1) The Company shall record on audio or video tape the entire proceedings of a Board Meeting, and preserve the recordings for at least five years, in electronic form or otherwise.
- (2) If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution decided at a Board Meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.
- (3) Where a Board Meeting is held via video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the Company.

**15. Compliance with Cayman Islands Laws**

Notwithstanding any provision to the contrary herein, any laws and regulations of any jurisdiction other than the laws of the Cayman Islands and any procedural rule set out herein shall apply to the maximum extent permitted under the laws of the Cayman Islands and other applicable laws.

**16. Supplementary provisions**

Formulation of the Procedures shall be approved by the Company's Board of Directors, and be reported to the Shareholders' Meeting. Any future amendments will become effective upon approval by the Board of Directors.

## **Appendix 4: Ethical Corporate Management Principles (pre-amendment)**

### **Article 1 Purpose**

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Ethical Corporate Management Principles ("Principles") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies with a view to providing all personnel of the Company with clear directions for the performance of their duties.

### **Article 2 Scope**

- (1) The scope of application of these Principles includes the subsidiaries of the Company, any incorporated foundation in which this Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company.
- (2) For the purposes of these Procedures and Guidelines, the term "personnel of the Company" refers to any director, supervisor, managerial officer, employee, or person having substantial control, of the Company or its subsidiaries.

### **Article 3 Unethical Conduct**

- (1) "Unethical conduct" is the conduct that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.
- (2) The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staff, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

### **Article 4 Types of Benefits**

"Benefits" in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

### **Article 5 Compliance with applicable laws or regulations**

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM-listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

### **Article 6 Responsible Unit**

To achieve sound ethical corporate management, the Company designates the Senior Management Team (SMT) as the solely responsible unit (hereinafter, "responsible unit") in charge of establishing and enforcing the ethical corporate management policies and prevention measure. If any material violation is discovered, the Company shall report to the Board of Directors:

- (1) Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.

- (2) Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
- (3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
- (4) Promoting and coordinating awareness and educational activities with respect to ethics policy.
- (5) Developing a whistle-blowing system and ensuring its operating effectiveness.
- (6) Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures

**Article 7 Prohibition on Providing or Accepting Improper Benefits**

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any money, gratuity, service, preferential treatment, entertainment, dining, or other benefits, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the Principles, and the relevant procedures shall have been carried out:

- (1) The conduct is in compliance with the laws and regulations of the place where the Company is conducting business operations.
- (2) The conduct is undertaken for business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- (3) The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- (4) Commercial activities that are in relation to business purpose and that the the method of fee payment, number of participants, class of accommodations and event period have been specified in advance.
- (5) Money, property, or other benefits offered to or accepted from a person other than relatives or friends that are in accordance with accepted social customs.
- (6) Property received in accordance with generally accepted local customs and courtesy due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.
- (7) Other conduct that complies with the rules of the Company.

**Article 8 Procedures for Handling the Acceptance of Improper Benefits**

Except under circumstances set forth in the preceding article, when a personnel of the Company is provided with or are promised, either directly or indirectly, any money, gratuity, service, preferential treatment, entertainment, dining, or other benefits by a third party, the matter shall be handled in accordance with the following procedures:

- (1) If the counterparty is NOT an interested party of the personnel of the Company, the person shall report to his/her immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.

- (2) If the counterparty is an interested party of the personnel of the Company, the person shall return or reject the benefit and shall report to his/her immediate supervisor and the responsible unit. In the case that the benefit cannot be returned, the person shall, within 3 days from the acceptance of the benefit, pass the matter to the responsible unit for further process.

An “interested party” of the Company is a party which meets one of the following circumstances:

- (1) When the two parties have commercial dealings, a relationship of direction and supervision, or subsidiaries (or rewards) for expenses.
- (2) When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
- (3) Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall, based on the nature and value of the benefit received under paragraph 1, propose to return, pay for or donate it. However, the proposal shall not be implemented until being approved by the board of directors.

#### **Article 9 Procedure for Handling Facilitating Payments**

The Company shall neither make nor promise any facilitating payment.

If a personnel of the Company makes or promises a facilitating payment under threat or intimidation, he/she shall report such fact to the immediate supervisor and notify the responsible unit.

The responsible unit shall, upon receipt of the notice, take immediate action and conduct a review to reduce the risk of recurrence. If it is found that the facilitating payment has an illegitimate purpose, the responsible unit shall also immediately report to the Company CEO.

#### **Article 10 Procedures for Handling Political Contributions**

Political contributions shall be made in accordance with the following provisions and reported to the CEO for approval and the responsible unit shall be notified of such fact. In the event a contribution is USD\$10,000 or more, it shall not be made until the board of directors grants its approval.

- (1) Political contributions must be compliant with applicable laws and regulations, including the maximum amount and the form in which a contribution may be made.
- (2) A written record of the decision-making process shall be kept.
- (3) Accounting treatment for political contributions shall be in accordance with applicable accounting standards.
- (4) The Company shall avoid making political contributions while it is applying for permits or certificates or has business interaction with the government.

#### **Article 11 Procedures for handling charitable donations or sponsorships**

Charitable donations or sponsorships shall be made in accordance with the following provisions and reported to the CEO for approval and the responsible unit shall be notified of such fact. In the event a contribution is USD\$10,000 or more, it shall not be made until the board of directors grants its approval.

- (1) Charitable donations or sponsorships must be compliant with applicable laws and regulations, including the maximum amount and the form in which a contribution may be made.
- (2) A written record of the decision making process shall be kept.
- (3) A charitable donation shall be given to a legitimate charity and may not be a bribe in disguise.

- (4) The returns from a sponsorship shall be specific and reasonable, and the counterparty of a sponsorship may not be a business partner of the Company or an interested party of the personnel of the Company.
- (5) The Company shall follow up whether the counterparties use charitable donations or sponsorships in line with its original intent.

#### **Article 12 Conflict of Interests**

The Company's directors shall exercise a high degree of self-discipline, a director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his/her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

#### **Article 13 Protection of Confidential Information**

All personnel of the Company are required to protect confidential information to which he/she has access.

All personnel of the Company shall maintain the confidentiality of nonpublic information entrusted to them and may not collect or gather company confidential information irrelevant to their individual duties.

#### **Article 14 Prohibition Against Insider Trading**

- (1) This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.
- (2) This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.
- (3) Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall, within \_\_\_\_ days, recall those products or suspend the services, verify the facts and present a review and improvement plan.
- (4) The responsible unit of this Corporation shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

#### **Article 15 Non-disclosure agreement**

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract of the Company is required to keep confidential any trade secret or other critical information of the Company.

#### **Article 16 Ethical Evaluation Prior to Development of Commercial Relationships**

Where it is known that a party may not be running their business in an ethical manner and that this may have an impact on the reputation or ethics of the Company, the Company shall evaluate the legitimacy and ethical management policy of the party and ascertain whether the party has a record of unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- (1) The party's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- (2) Whether the party has adopted an ethical management policy, and the status of its implementation.
- (3) Whether the party runs its business in a country with a high risk of corruption.
- (4) Whether the party engages in business with a high risk of bribery.
- (5) The long-term business condition and the reputation of the party.
- (6) Consultation with the party's business partners on their opinion of the party.
- (7) Whether the party has a record of unethical conduct such as bribery or illegal political contributions.

#### **Article 17 Ethical Management on Commercial Activities**

- (1) Any personnel of the Company, when engaging in commercial activities, shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name, including rebates, commissions, facilitating payments, or other improper benefits provided or accepted through other channels.
- (2) All personnel of the Company shall avoid doing business with an unethical agent, supplier, customer, or other counterparty in commercial interactions. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation's ethical management policy.

#### **Article 18 Stipulation of terms of ethical management in contracts**

Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:

- (1) When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party \_\_\_ percent of the contract price as damages, and may also deduct the full amount of the damages from the contract price payable.
- (2) Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.

- (3) Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

#### **Article 19 Procedures of Handling of Unethical Conduct**

- (1) Upon discovering or receiving a complaint about any personnel's involvement in unethical conduct, the Company shall ascertain the relevant facts without delay; if it is verified that there is indeed a violation of applicable laws and regulations or the Company's policy and procedures of ethical management, the Company shall immediately require the violator to cease the conduct and shall take appropriate disciplinary action. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
- (2) With respect to the unethical conduct that has occurred, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent a recurrence of the same unethical conduct.
- (3) The responsible unit of the Company shall submit to the board of directors a report on the unethical conduct, actions taken, and subsequent reviews and corrective measures.
- (4) If any personnel of the Company discover that another party has engaged in unethical conduct towards the Company, and such unethical conduct is in breach of local law, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved; the Company shall additionally notify the governmental anti-corruption agency.

#### **Article 20 Penalties and Complaints**

- (1) The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.
- (2) If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

#### **Article 21 Disclosure**

The Company shall disclose the status of the enforcement of its ethical corporate management best practice principles on their company websites, annual reports and prospectuses.

#### **Article 22 Monitoring**

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage directors and employees to make suggestions so as to review and improve their ethical corporate management best practice principles and achieve better results from implementing the principles.

#### **Article 23 Enforcement**

The Principles and any amendments hereto, shall be implemented after the resolution of the board of directors, and shall be reported to the shareholders meeting after the company has listed.

## Appendix 5: Shareholding of Directors and Supervisors

### ASLAN Pharmaceuticals Limited

#### Shareholding of Directors and Supervisors

Book closure date: 1 May 2020

Position	Name	Date elected	Number of shares held while elected (Note 1)	Number of shares currently hold
Chairperson	Andrew James Howden	21 June 2019	(Note 3) 439,510	(Note 3) 439,510
Director	Carl Firth	21 June 2019	0	3,344,340
Director	BV Healthcare II Pte. Ltd.	21 June 2019	7,542,112	7,542,112
Director	Alnair Investment	21 June 2019	8,823,528	8,823,528
Total shares held by directors			16,365,640	19,709,980
Independent Director	Andrew James Howden	21 June 2019	439,510	439,510
Independent Director	孫慶鋒 (Chin-Feng Sun)	21 June 2019	0	0
Independent Director	Robert E. Hoffman	21 June 2019	0	0
Total shares held by independent directors			439,510	439,510
Number of shares held by all directors				20,149,490
Number of shares shall be held by all directors as per regulatory requirement				11,397,298

Note 1: In accordance with the Article 26 of Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, where the paid-in capital of the company is more than NT\$1 billion, the total registered shares owned by all directors shall not be less than 7.5 percent of the total issued shares and shall not be less than 10,000,000 shares; if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent. If a public company has set up an audit committee in accordance with the Act, the provisions on the minimum percentage requirements for the shareholding of supervisors in the preceding two paragraphs shall not apply.

Note 2: The paid-in capital and total issued shares of the Company was NT\$ 1,899,549,700 and 189,954,970 shares as of the book closure date for this AGM (1 May 2020). The shareholding of individual and all directors are listed as the table above.

Note 3: Andrew James Howden is the chairman and an independent director of the Company. The number of shares he holds is counted in independent directors.