



OCEAN ALEXANDER

Alexander Marine Co., Ltd.

Handbook for the 2019 Annual General Shareholders' Meeting

(Translation)

Time: 10:30 a.m. on June 5, 2019

Venue: Alexander Marine's Headquarters

(No. 1, Jinfu Rd., Qianzhen Dist., Kaohsiung City)

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Alexander Marine Co., Ltd.
2019 Annual General Shareholders' Meeting Procedure

- I. Call the Meeting to Order
- II. Chairman Remarks
- III. Report Items
- IV. Acknowledgements
- V. Proposed Resolutions and Election
- VI. Questions and Motions
- VII. Adjournment

Alexander Marine Co., Ltd.
2019 Annual General Shareholders' Meeting Agenda

1. Time: 10:30 am, June 5, 2019 (Wednesday)
2. Venue: AM's Headquarters
(No. 1, Jinfu Rd., Qianzhen Dist., Kaohsiung City, Taiwan)
3. Call Meeting to Order
4. Chairman Remarks
5. Reporting Items
 - (1) 2018 business report
 - (2) Audit Committee's review report
 - (3) Report on distribution of 2018 employees' compensation and directors' remuneration
 - (4) Report on implementation of share buyback programs
 - (5) Report on amendment of the Company's "Rules and Procedure for Board of Directors Meetings."
6. Acknowledgements:
 - (1) Adoption of 2018 business report and financial statements
 - (2) Adoption of the proposal for distribution of 2018 earnings
7. Proposed Resolutions and Election:
 - (1) Amendment to the Company's "Procedures for Acquisition or Disposal of Assets"
 - (2) By-election of one director
 - (3) Release of the newly elected director from non-competition restrictions
8. Questions and Motions
9. Adjournment

Report Items

Report item 1

Subject: 2018 business report

Explanation: The 2018 Business Report is attached hereto as Attachment 1, page 9 to 12.

Report item 2

Subject: Audit Committee's review report

Explanation: 2018 Audit Committee's review report is in Attachment 2 of this manual, page 13.

Report item 3

Subject: Report on 2018 employees' compensation and directors' remuneration.

Explanation:

1. As specified in Articles of Incorporation, the Company shall, according to the actual profit earnings for the current year (pre-tax income prior to allocation of employees' and directors' compensation), reserve in advance a portion of said earnings for the compensation of accumulated losses and deficiencies. In the event of surplus earnings, the Company shall allocate no less than 1% of the profit as employees' compensation and shall allocate at a maximum of 5% of the profit as directors' compensation.
2. The profit of the Company for the 2018 (i.e., the pre-tax profit before distribution of employees' and directors' compensation) was NT\$406,064,674, of which 3.725% was distributed as employees' compensation and 0% as directors' compensation. They are NT\$15,126,000 and NT\$0 respectively. All of the employees' compensation shall be paid in cash. The difference between the aforementioned distribution amount and the expenses recognized in 2018 is NT\$811, which is not considered material, and has been recognized in profit and loss for the year of 2019.
3. The distribution proposal has been approved by the Compensation Committee and the Board of directors, and is reported to the Annual General Meeting in accordance with the law.

Report item 4

Subject: Report on implementation of share buyback programs.

Explanation: The Company completed share repurchase programs resolved by the Board of Directors in 2018. Please refer to Attachment 3, page 14 of this manual.

Report item 5

Subject: Report on amendment report for "Rules and Procedures of Board of Directors Meetings."

Explanation: The "Rules and Procedures of Board of Directors Meetings" has been amended based on the practical needs that arose during operations. Please refer to Attachment 4, page 15 to 19 of this manual.

Acknowledgements

Acknowledgement 1. (Proposed by the Board of Directors)

Subject: Adoption of 2018 business report and financial statements.

Explanation:

1. The Company's 2018 business report and financial statements have been completed. The financial statements were audited by the independent auditors, Chen, Cheng-Chu and Lee, Fang-Wen of Ernst & Young, and have been approved by the Board of Directors and examined by the Audit Committee.
2. Please refer to Attachment 1, page 9 to 12 of this manual for 2018 business report. For Independent Auditors' Report and aforementioned financial statements, please refer to Attachment 5, page 20 to 37 of this manual.

Resolution:

Acknowledgement 2. (Proposed by the Board of Directors)

Subject: Adoption of the proposal for distribution of 2018 earnings.

Explanation:

1. In accordance with the Company's Articles of Incorporation in the Company Act, and as required by the letter issued by the FSC (Ref No. Jin-Guan-Zheng-Fa-Zi No.1010012865), the Company shall first set aside 10% as legal reserves and also shall reserve special reserves, NT\$29,825 thousand to make up the differences between debit balance of accounts in other stockholders' equity and the carrying amount of the special reserve, that arised that year.
2. The proposed cash dividend distributed to shareholders is NT\$2 per share, for a total of NT\$181,876,552. The proposed 2018 earnings distribution table is attached hereto as Attachment 6, page 38 of this manual.
3. Shareholders' cash dividend is the number of shares held by shareholders as of the record date. The unit for distribution of cash dividends is in "dollar" unit; amounts less than one dollar are distributed to "other incomes" of the Company.
4. In the event the number of outstanding shares and shareholder distribution ratio are affected by the Company's subsequent cash capital increase or other causes, the chairman is authorized to adjust the distribution percentage and other related matters.
5. Upon the approval of the shareholders' meeting, it is proposed that the chairman is authorized to resolve the cash dividend record date and other related matters.

Resolution:

Proposed Resolutions and Election

Proposal 1. (Proposed by the Board of Directors)

Subject: Amendment to the Company's "Procedures for Acquisition or Disposal of Assets." Approval is respectfully requested.

Explanation: In order to conform to amendments of relevant laws and regulations and to the accrual requirement of the Company, the Company plans to amend its "Procedures for Acquisition or Disposal of Assets". For the comparison table illustrating the original and amended texts, please refer to Attachment 7, page 39 to 68 of this manual.

Resolution:

Proposal 2. (Proposed by the Board of Directors)

Subject: By-election of One Director of the Company. Election is respectfully requested.

Explanation:

1. Due to the resignation of Director, Wu I-Chun, on August 6, 2018, hereby, the Company proposes by-election of one director in accordance with the Company's Articles of Incorporation. The tenure of newly elected director will start at the end of the annual general shareholders' meeting from June 5, 2019 to June 28, 2021, the same term of office as the current directors.
2. According to Company Act, and the Company's Articles of Incorporation, the directors shall be elected by adopting candidate nomination system. The directors shall be elected from a list of nominated candidates during the shareholders' meeting. For the list of candidate, please refer to Attachment 8, page 69 of this manual.

Election Results:

Proposal 3. (Proposed by the Board of Directors)

Subject: Release of the newly elected director from non-competition restrictions. Approval is respectfully requested.

Explanation:

1. Pursuant to Article 209 of the Company Act, "A director who does anything for himself/herself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders meeting the essential contents of such an act and secure its approval."
2. To assist the Company to expand its business smoothly, and on the premise that the interests of the Company are not damaged, in accordance with the provisions of the Company Act, it is hereby proposed to the annual general meeting to lift the non-competition restrictions on the newly elected director during the tenure. The scope of the approval includes the businesses of the parent company and subsidiaries in the consolidated financial statements of the Company. For the concurrent position of the new director, please refer to Attachment 9, page 70 of this manual.

Resolution:

Questions and Motions

Adjournment

Alexander Marine Co., Ltd.

Business Report

1. Operation strategies

- (1) Production aspects: Continuous improvement is being made to the modular technology and application areas to shorten the production cycle, increase efficiency and reduce operating costs. The Company is also expanding its product line. The third factory, leased in Kaohsiung, has moved into production, and re-construction of the old factory in the Xiaogang district is ongoing. At the same time, the US factory has entered the small yacht market with outboard cruising yachts of 50 feet or less to increase competitiveness and expand market share.
- (2) Service aspects: We continue to strengthen and deepen customer service, and increase the range of service items as well as bases through acquisition, investment, and strategic cooperation. We establish appropriate services based on customer groups to meet the needs of overseas markets and customers. We follow the latest trends of the international yacht industry, acquire new equipment and technology, and respond to customer feedback on a regular basis to develop and keep our operation strategies up to date.
- (3) Market aspects: We maintain a steady collaborative relationship with MarineMax, the world's largest yachting agency, and continue to deepen our brand advantage in high quality technology to consolidate our market share in large yachts in the United States, expand the scale of small yacht brand agents, and enrich our product portfolio. At the same time, the Company is expanding its European and Australian markets and establishing sales channels for its own agents or appointed agents, to reduce our dependence on a single US market as well as to diversify the risk of sales to customer concentration.
4. Branding: Our experience in global market operation and self-owned brand over the past 40 years has allowed the Company to lay out highly-priced and large-scale luxury yachts early on, and to adjust production, marketing, and customer service strategies. Ocean Alexander, our own brand, has been upgraded to global positioning, exhibiting a unique value that differentiates it from the competitive pricing business model adopted by the industry.

2. Overview of implementation

The Company has in-depth industrial expertise and production technology for the manufacture of large yachts, and has cooperated with the listed US yachting agent MarineMax, for many years. This year a direct sales base has been established in Australia. Furthermore, in the face of challenges to the global economy and industry, company revenue in 2018 exceeded anything achieved in the Company's 40 years of establishment. It has also won top ten ranking in the world by yacht magazine "Show Boat International" for four consecutive years. The magazine surveys covered manufacturers of yachts of 78 feet or more.

In 2017, the Company established a San Diego base to expand market operations for small sized yachts. Penetration of the US West-region market from Seattle to San Diego, was rapid and brand agents were added for smaller yachts to enhance the diversity and integrity of the product portfolio. This resulted in a 204% increase in revenue in 2018 over that of 2017. In early 2019, the Company rolled out a self-manufactured 45-foot yacht and expects the revenue for small-size yachts to increase again this year.

In 2018 the Company acquired a Seattle maintenance company to expand after-sales maintenance services to further enlarge and strengthen its own existing maintenance service team, this served to both increase the source of revenue and foster customer loyalty.

3. Business plan implementation results

In 2018, the consolidated net revenue of the Company increased by 9.29% over that of 2017, NT\$3,959,487 thousand to NT\$3,622,993 thousand. Net income for the period was NT\$358,783 thousand, an increase of 30.94% over the NT\$273,998 thousand of 2017. The benefits of an increase in brand agents for small-size yachts is clear, and this, coupled with the boom in second-hand boat inventory destocking, resulted in revenue for the entire year to scale new heights again. The profitability is also better this year, due to the elimination of one-time negative factors like last year's exchange rate losses and the effects of the US tax policy, and so on.

Unit: NTD thousands

Item	2018	2017	Y-o-Y
Net revenue	3,959,487	3,622,993	9.29%
Gross profit	1,103,618	1,106,800	-0.29%
Operating expenses	836,923	731,501	14.41%
Operating income	266,695	375,299	-28.94%
Net income before income tax	391,311	340,474	14.93%
Net income	358,783	273,998	30.94%

4. Operating income and expenditure budget implementation situation

The Company's financial forecast and budget are yet to be disclosed.

5. Profitability analysis

This year, investment in the development of new yachts and adjustments of factory product portfolio, has caused the sales volume of large-size yachts of 70 feet and more to drop as compared to 2017. However, there are benefits to increasing brand agents and the popular delivery of second-hand yacht inventory, the 2018 consolidated net revenue grew by 9.29% over that of 2017. In addition, the elimination of one-time negative factors like losses in exchange rate in 2017 and the effects of US tax policy and so on, caused the consolidated net profit to grow by 30.94% this year as compared to 2017. The net profit rate grew from last year's 7.56% to 9.06%, the return on assets and the return on shareholders were also better than those of last year.

Unit: NTD thousands

Product portfolio	2018				2017			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Sales	Volume	Sales	Volume	Sales	Volume	Sales
Large-sized yachts ^(Note 1)	-	-	14	2,847,393	-	-	21	3,318,752
Small-sized yachts ^(Note 1)	-	-	28	408,074	-	-	12	136,202
Others ^(Note 2)	-	-	-	704,020	-	-	-	168,039
Total	-	-	42	3,959,487	-	-	33	3,622,993

Note 1: Large-sized refers to yachts of 70 feet and more; small-sized refers to other brands' yachts that we act as brand agents for in United States.

Note 2: Including sales of spare parts, second-hand intermediary ships, and income from maintenance service.

Unit: %; Earnings per share (NT\$)

Item	2018	2017
Return on Assets	7.45	7.00
Return on Equity	12.87	12.13
Net Income before income tax to paid-in capital	42.05	36.00
Net Margin	9.06	7.56
Earnings per share	3.85	3.24

6. Research development update

The yacht industry is characteristically labor intensive. This is true in spite of the technology required for installing the equipment or interior decoration because the fine quality of the yacht is controlled by experienced master craftsmen, rather than by special processes protected by patents. Also, the high-end equipment used on board can be acquired through procurement. This means that current research and development plans in the yacht building business focuses mainly on the design of “functionality”. The company continues to improve existing products, strengthen the systematic management of the production line, and to discern ship owners’ needs using feedback from sales personnel. After-sales service tracks the relevant technologies and research results, and feeds this information to the manufacturing production line to implement corrections as well as increase competitive differentiation. Three newly designed yachts have entered production schedules and will be launched in 2019.

7. The effects of the external competitive, legal and overall business environments

(1) External competitive environment

According to the latest data by the internationally well-known professional yacht magazine “2019 Show Boats International,” orders for global mega yachts in 2019 (80 feet and over) rose 20% from their 2013 low. Orders for our main products (80 to 120 feet) have been increasing for nine consecutive years since 2010, indicating a continuous overall upwards market trend. The ranking for yachts manufacturing orders is still led by the traditional yacht manufacturing countries, Italy, the Netherlands and Turkey. The yacht industry of Taiwan is world-renowned and ranks first in Asia.

(2) Legal environment

The Company has overseas marketing, production, sales and service bases, and relevant operations that are run in accordance with all international trade and local regulations. The Company continues to pay careful attention to global regulations on money laundering prevention and personal data protection. The Company also continues to pay attention to the development status and formulate corresponding measures in advance for Domestic matters, all amendments to labor regulations, the tax system and environmental protection policy. The Company's management team will continue to assess the extent to which any changes will affect the Company, and take all the necessary legal management measures to avoid significant impact on Company financial operations due to changes in any domestic or overseas statutory environment.

(3) Overall business environment

According to the World Economic Outlook (WEO) published by the International Monetary Fund (IMF) in January 2019, the global economic growth rate is forecast to be 3.5% this year, with a growth forecast of 2.5% for the US and 1.6% for the Eurozone. Both are lower than last year, mainly due to the risks of tariff measures imposed by

various governments, a re-tightening of the financial situation, no agreement in place for United Kingdom leaving the European Union, and the fact that China's economic slowdown was greater than expected. In terms of the consumer price index (CPI), the Chung-Hua Institution for Economic Research (CIER) predicted in December 2018 that the annual growth rate of global CPI in 2019 will increase by 0.2 percentage points to 3.2% from 2018. The annual growth rate of CPI in the US and Europe is unchanged, at 2.5% and 1.8% respectively. This shows that there is still some support in consumption capacity. The Australian CPI index is expected to increase to 2.4% from 2% in the previous year. The overall environment is positive for the Company's business.

8. Future prospect

For the past 40 years, the Company has been committed to leadership in technology and manufacturing excellence, and has focused on brand value to win the trust of its clients. The Company possesses a solid foundation in design, production, sales, and after-sales service. Under the strategy of continuous expansion of production capacity, product improvements, and strengthening of product portfolio, the Company is ready to hit another peak.

Chairman:
Johnny Chueh

Chief Executive Officer:
Kevin Tseng

Accounting Supervisor:
Tim Huang

[Attachment 2]

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 annual business report, financial statements, and earnings distribution proposal. Ernst & Young's CPA firm was retained to audit the financial statements and has issued an audit report relating to the financial statements. The 2018 business report, financial statements, and earnings distribution proposal have been reviewed and audited by the Audit Committee, and are considered to be free of discrepancies. We hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

The 2019 Annual General Shareholders' Meeting of Alexander Marine Co., Ltd.

Chair of the Audit Committee: Chang Ming Cheng

March 18, 2019

Implementation of Share Buyback Program

Period No.	No. 1	No. 2
Date of Board resolution	April 27, 2018	November 16, 2018
Buyback period	April 28, 2018 to June 26, 2018	November 19, 2018 to January 15, 2019
Purpose of the buyback	To maintain the Company's credit and shareholders' equity	To maintain the Company's credit and shareholders' equity
Originally determined number of shares for the buyback	3,000,000 ordinary shares	3,000,000 ordinary shares
Originally determined price range for the buyback	NT\$39 to NT\$86 per share, when the Company share price is lower than the lower limit of the specified price range, we will continue to buy back company shares.	NT\$24 to NT\$51 per share, when the Company share price is lower than the lower limit of the specified price range, we will continue to buy back company shares.
Originally determined number of shares for the buyback as a percentage of total outstanding shares	3.17%	3.22%
Number of shares bought back	1,992,000 ordinary shares	2,107,000 ordinary shares
Total value of shares bought back	NT\$125,376,026	NT\$88,089,039
Average buyback price per share	NT\$62.94	NT\$41.81
Execution rate for the buyback	66.40%	70.23%
Number of shares bought back as a percentage of total outstanding shares	2.11%	2.26%
Number of shares cancelled	1,992,000 Shares	2,107,000 Shares

Alexander Marine Co., Ltd.

Comparison table for amendments in Rules and Procedures of Board of Directors Meetings

	Current Clauses	Proposed Amendments
Article 4	<p>The board of directors of the Company designated the finance department as the unit for handling meeting matters.</p> <p>The unit responsible for board meetings shall draft the agenda and prepare sufficient meeting materials and deliver them together with the notice of the meeting.</p> <p>A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.</p>	<p>The board of directors of the Company designated the secretary of the board of directors as the unit for handling meeting matters. The secretary of the board is appointed by the chairman.</p> <p>The secretary of the board of directors shall prepare the contents of the board meeting and provide sufficient meeting materials to be sent together at the time of the convening notice. If the directors believe that the meeting materials are insufficient, they may request the secretary of the board to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.</p>
Article 18	<p>These rules shall be implemented after the approval of the board of directors and shall be reported to the shareholders' meeting, same as the amendment.</p>	<p>These rules shall be implemented after the approval of the board of directors and shall be reported to the shareholders' meeting. If there are any amendments in the future, the board of directors shall be authorized for resolution of the amendments.</p>

Alexander Marine Co., Ltd.

Rules and Procedures of Board of Directors Meetings (Before amendment)

- Article 1 To establish a strong governance system of the Company and sound supervisory capabilities of the board of directors, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.
- Article 2 The main agenda, working procedures, required content of meeting minutes, public announcements and other compliance requirements with respect to the board of directors meetings of the Company shall be handled in accordance with the provisions of these Rules.
- Article 3 The board of directors shall meet at least quarterly.
- A notice of the reasons for convening a board meeting shall be given to each director 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called at any time.
- The notice under the previous paragraph may be sent in an electronic manner.
- All matters set forth under the first paragraph, Article 12 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of these matters may be raised by an extraordinary motion except in the case of emergency or for other legitimate reasons.
- Article 4 The designated unit responsible for the board meetings of the Company shall be the finance division.
- The unit responsible for board meetings shall draft the agenda and prepare sufficient

meeting materials and deliver them together with the notice of the meeting.

A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

Article 5 When a board meeting is held, an attendance book shall be provided for the signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting on his behalf in accordance with the Articles of Association of the Company. Attendance by video conference shall be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The director acting on proxy under the second paragraph shall represent no more than one other person.

Article 6 A board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

Article 7 Board meetings shall be convened and chaired by the chairman of the board of directors of the Company. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director who has received the most votes. If two or more directors are entitled to convene the meeting, they shall select one person from among themselves.

When the chairman of the board of directors is on leave or cannot exercise his duties due to any reason, the vice chairman shall act on his behalf. If there is no vice chairman or if the vice chairman is also on leave or cannot exercise his duties due to any reason, the chairman shall appoint one director to act on his behalf. If the chairman does not make such appointment, the directors shall elect one person from among themselves.

Article 8 When a board meeting is held, the management unit shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal, members from the relevant department or subsidiary may be invited to attend the board meeting of the Company. As required, accountants, attorneys or other professionals may also be invited to attend the meeting and to make statements.

However, such persons shall leave the meeting during discussion and voting.

The chairman shall call the board meeting to order at the designated meeting time and when a quorum of the majority of all directors has been met. If the majority of all directors is not present at the designated meeting time, the chairman may adjourn the meeting. A meeting may be adjourned no more than twice. If the quorum is still not met after two adjournments, the chairman may re-call the meeting in accordance with the procedure under second paragraph, Article 3.

All directors" referred to in the previous paragraph and subparagraph 2, second paragraph, Article 16 mean those the directors actually in office.

Article 9 Proceedings of board meetings of the Company shall be recorded in audio or video in their entirety. Such recordings shall be maintained for at least 5 years. Such recordings may be maintained in an electronic manner.

Before the retention period under the previous paragraph expires, in case of litigation related to relevant resolution of a board meeting, the relevant audio or video recording

shall continue to be maintained until the end of the litigation.

When a board meeting is held through video conference, the audio-visual materials of the video conference shall be integral parts of the minutes of the meeting and shall be kept in due custody during the period of existence of the Company.

Article 10 The agenda of regular board meetings of the Company shall include at least the following:

1. Reported Matters:
 - (1) Minutes of last meeting and status of execution.
 - (2) Important financial and business reports.
 - (3) Business report on internal audit.
 - (4) Other important reports.
2. Discussion Matters
 - (1) Discussion matters unresolved from last meeting.
 - (2) Discussion matters contemplated for current meeting.
3. Extraordinary Motions

Article 11 Board meetings of the Company shall be carried out based on the agenda scheduled in the meeting notice. However, such agenda may be changed with the consent of the majority of all attending directors.

The chairman shall not declare the meeting closed without the consent of the majority of all attending directors.

During the proceeding of a board meeting, if the number of directors present in the meeting falls below the majority of all attending directors, pursuant to the proposal by the directors present in the meeting, the chairman shall declare a suspension of the meeting and the third paragraph, Article 8 shall apply *mutatis mutandis*.

Article 12 The following matters shall be submitted to the board of directors of the Company for discussion:

1. The Company's operation plan.
2. Annual and semi-annual financial reports.
3. Establishment or revision of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
4. Establishment or revision of the procedures in accordance with Article 36-1 of Securities and Exchange Act for important financial or business acts such as acquisition or disposal of asset, derivatives trading, loaning of funds and provision of endorsements or guarantees.
5. Offering, issuance or private placement of equity securities.
6. Hiring and dismissal of financial, accounting or internal audit executives.
7. Donations to related parties or material donations to non-related parties. However, public-interest donations as emergency rescue in response to significant natural disaster may be submitted to the following board meeting for ratification.
8. Other matters subject to shareholder resolution or board resolution in accordance with Article 14-3 of the Securities and Exchange Act, other laws or the Articles of Association, or important matters prescribed by the competent authority.

A "related party" referred to under subparagraph 7 of the previous paragraph means a related party defined by the Regulations Governing the Preparation of Financial Reports by securities Issuers. A "material donation to non-related party" means the amount of a single donation, or accumulated amount of donations to the

same party within a year, exceeds NT\$100 Million, or 1% of the net operating income in the latest accountant certified financial report, or 5% of the paid-in capital.

“Within one year” in the previous paragraph means the one-year period preceding the date of the current board meeting. Those already approved by board resolutions may be excluded from the calculation.

At least one independent director shall attend board meetings of the Company. To resolve a matter under the first paragraph, all independent directors shall attend the meeting. If any independent director cannot attend the meeting in person, he shall appoint another independent director to attend the meeting on his behalf. If any independent director voices any objection or reservation, such opinion shall be recorded in the minutes of the meeting. If an independent director cannot attend a board meeting in person to express his objection or reservation, unless there is due justification, a prior written opinion shall be issued and recorded in the minutes of the meeting.

Article 13 When the chairman of the meeting deems that a proposal has been discussed sufficiently to put it to vote, he may announce the discussion closed and call a vote.

When a proposal is put to vote in a board meeting, if the chairman inquires all attending directors and none of them voices an objection, the proposal shall be deemed approved. If the chairman inquires the attending directors and if any objection is voiced, the proposal shall be put to vote.

The chairman shall select one of the following voting methods. However, if any attending director voices an objection, the voting method shall be determined by the majority of attending directors:

1. Vote by hand.
2. Vote by roll-call.
3. Vote by ballots.

“All attending directors” referred to in the second paragraph does not include directors who are not entitled to vote in accordance with the first paragraph of Article 15.

Article 14 Unless otherwise provided by law, resolutions by the board of directors of the Company shall be approved by the majority of directors attending a meeting that is attended by the majority of all directors.

If there is an amendment or alternative to the same proposal, the chairman shall determine the order of votes, including the original proposal. However, if one of the proposals is already approved, the other proposals shall be deemed denied and do not need to be put to vote again.

When the voting on a proposal requires vote monitors or vote counters, the chairman shall designate such persons, provided that the vote monitors shall be directors.

The result of voting shall be announced on site and recorded.

Article 15 If a director or a corporation represented in a board meeting is an interested party in relation to a subject matter in the meeting, the key aspects of the interest shall be explained in the current board meeting. If the interest of the Company may be jeopardized, such director or representative shall not participate in the discussion and voting and shall recuse themselves from discussion and voting. Their voting rights shall not be exercised by any other director.

In relation to the directors prevented from exercising their voting rights in relation to a board resolution in accordance with the previous paragraph, second paragraph, Article 180 of the Company Act applies *mutatis mutandis* in accordance with the third paragraph, Article 206 of the Company Act.

Article 16 The discussions in board meetings of the Company shall be recorded in meeting minutes. The minutes shall duly record the following matters in detail:

1. Session (or year), time and location of the meeting.
2. Name of the chairman.
3. Director attendance, including the names and number of attendees, those on leave and those absent.
4. Names and titles of the attendees.
5. Names of the record keepers.
6. Reported matters.
7. Discussion matters: Resolution method and result for each proposal, summary of statements made by directors, experts and other persons, names of interested directors under the first paragraph of the previous Article, key aspects of the interest, grounds for recusal or non-recusal, whether the director recused himself, objections or reservations, recorded or written statements and written statements issued by independent directors in accordance with the fourth paragraph of Article 12.
8. Motions: Name of mover, Resolution method and result, summary of statements made by directors, experts and other persons, names of interested directors under the first paragraph of the previous Article, key aspects of the interest, grounds for recusal or non-recusal, whether the director recused himself, objections or reservations, recorded or written statements.
9. Other matters that should be recorded.

In case of any of the below events during board resolutions, in addition to recording the event in the minutes of the meeting, a public filing shall also be made in the information filing website designated by the competent authority within 2 days from the board meeting:

1. Any independent director's objection or reservation, with records or written statements.
2. Approval by 2/3 or more of all directors after a proposal was rejected by the audit committee.

The board meeting attendance sheet is an integral part of the minutes and shall be kept in due custody during the period of existence of the Company.

The chairman and record keeper of the meeting shall affix their signatures or seals onto the minutes of the meeting. The minutes shall be sent to each director within 20 days from the meeting and shall be included as important files of the Company and be kept in due custody permanently during the period of existence of the Company.

The minutes under the first paragraph may be prepared and distributed in electronic manners.

Article 17 Other than matters that must be submitted to the board of directors of the Company for discussion under the first paragraph of Article 12, for which no authorization to other persons shall be allowed, the authorizations granted by the board of directors in accordance with the law or the Articles of Association of the Company shall be specific in terms of the levels and scopes of authorization.

Article 18 These Rules, including any amendment hereto, shall be implemented following the approval by the board of directors and shall be submitted to the shareholders meeting.

[Attachment 5]

Independent Auditors' Report and 2018 Financial Statements (Consolidated Financial Statements)

Independent Auditors' Report

To ALEXANDER MARINE CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of ALEXANDER MARINE CO., LTD. and its subsidiaries (the "Group") as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and their consolidated financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2018 consolidated financial statements. 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.

1. Revenue Recognition

Net sales recognized by the Group amounted to NT\$3,959,487 thousand for the year ended December 31, 2018. Sales is recognized when the product is delivered to the customer and the ownership is transferred to the customer. As the timing of revenues recognition has to be further confirmed, therefore, we considered this a key audit matter. Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of revenue recognition; evaluating and testing the design and operating effectiveness of internal control around the timing of revenue recognition; selecting samples to perform tests of details and reviewing the significant terms and conditions of contracts or orders and inspecting the related transaction vouchers and receipts. We also assessed the adequacy of disclosures of operating revenues. Please refer to Note 6. (16) to consolidated financial statements.

2. Valuation for Inventories

As December 31, 2018, the Group net inventories amounted to NT\$2,806,557 thousand, which is significant for the financial statements. As the industry is characterized by the specification and interior decors of individual yachts, the assessment of the net realizable value is based on the estimated price of individual inventory. In addition, considering identification of obsolete inventory and the assessment of the amount of inventory write-downs require significant management judgment, we determined this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of accounting policies for inventory aging and obsolescence inventory; assessing the methods and assumptions used by the management; testing key assumptions for valuation of inventory, including accuracy of the calculation of net realizable value; and assessing the management's inventory plan and selecting the important stock location for inventory observation to confirm the quantity and status of the inventory.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6. (3) to the consolidated financial statements.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of t 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 ability to continue as a going concern of the Group, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 internal control of the Group.
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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other

We have audited and expressed an unqualified opinion including the Other Matter paragraph on the parent company only financial statements of ALEXANDER MARINE CO., LTD. as of and for the years ended December 31, 2018 and 2017.

Chen, Cheng-Chu

Lee, Fang-Wen

Ernst & Young, Taiwan
18 March, 2019

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 December 2018		31 December 2017	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	IV/VI.1	\$770,012	13	\$322,735	7
Accounts receivable, net	IV/VI.2	615,823	10	587,553	13
Other receivables		16,885	-	8,362	-
Inventories, net	IV/VI.3	2,806,557	48	2,413,731	54
Prepayments		182,630	3	160,528	4
Other financial assets, current	IV/VIII	85,650	2	41,466	1
Other current assets		8,723	-	2,105	-
Total current assets		4,486,280	76	3,536,480	79
Noncurrent assets					
Investments accounted for under the equity method	IV/VI.4	-	-	21,847	-
Property, plant and equipment	IV/VI.5/VIII	1,112,213	19	706,833	16
Intangible assets	IV/VI.6	60,052	1	8,785	-
Deferred tax assets	IV/VI.22	152,022	3	156,845	3
Other financial assets, noncurrent	IV/VIII	30,715	-	29,760	1
Other noncurrent assets	VI.7	50,769	1	34,024	1
Total noncurrent assets		1,405,771	24	958,094	21
Total assets		\$5,892,051	100	\$4,494,574	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

31 December 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Notes	31 December 2018		31 December 2017	
		Amount	%	Amount	%
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term loans	IV/VI.9	\$784,357	13	\$1,053,308	24
Short-term notes and bills payable	IV/VI.10	319,649	5	59,674	1
Contract liabilities, current	IV/VI.16	142,155	2	-	-
Notes payable		26,829	1	7,351	-
Accounts payable		224,064	4	138,150	3
Other payables		134,780	2	148,341	3
Other payables to related parties	VII	30,905	1	130,944	3
Current tax liabilities	IV	642	-	50,830	1
Provision, current	IV/VI.13	23,090	-	21,753	1
Unearned receipts		-	-	87,748	2
Other current liabilities		4,040	-	3,504	-
Total current liabilities		1,690,511	28	1,701,603	38
Noncurrent liabilities					
Long-term loans	IV/VI.11	1,330,216	23	-	-
Deferred tax liabilities	IV/VI.22	53,393	1	8,411	-
Net defined benefit liabilities, noncurrent	IV/VI.12	15,603	-	11,530	-
Total noncurrent liabilities		1,399,212	24	19,941	-
Total liabilities		3,089,723	52	1,721,544	38
Equity attributable to owners of the parent					
Common stock	VI.14.15	930,623	16	945,673	21
Capital surplus		1,041,318	18	1,053,254	23
Retained earnings					
Legal reserve		122,052	2	94,652	2
Special reserve		47,978	1	13,947	1
Unappropriated earnings		733,596	12	713,482	16
Total Retained earnings		903,626	15	822,081	19
Other equity		(18,152)	-	(47,978)	(1)
Treasury stock		(55,087)	(1)	-	-
Total equity		2,802,328	48	2,773,030	62
Total liabilities and equity		\$5,892,051	100	\$4,494,574	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars Except Earnings Per Share Information)

ITEMS	NOTE	2018		2017	
		Amount	%	Amount	%
Net operating revenue	IV/VI.16	\$3,959,487	100	\$3,622,993	100
Operating costs	IV/VI.3.18.19	(2,855,869)	(72)	(2,516,193)	(69)
Gross profit		1,103,618	28	1,106,800	31
Operating expenses	VI.12.17.18.19				
Selling expenses		(496,657)	(13)	(436,667)	(12)
General and administrative expenses		(340,266)	(9)	(294,834)	(8)
Total operating expenses		(836,923)	(22)	(731,501)	(20)
Operating income		266,695	6	375,299	11
Non-Operating income and expenses	IV/VI.4.20				
Other income		91,194	2	66,058	2
Other gains and losses		67,768	2	(79,951)	(2)
Finance cost		(34,850)	(1)	(21,342)	(1)
Share of profit of associates and joint ventures accounted for using equity method		504	-	410	-
Total non-operating income and expenses		124,616	3	(34,825)	(1)
Income before income tax		391,311	9	340,474	10
Income tax expense	IV/VI.22	(32,528)	(1)	(66,476)	(2)
Net income		358,783	8	273,998	8
Other comprehensive income	IV/VI.21				
Items that will not to be reclassified subsequently to profit or loss					
Remeasurements of the defined benefit pension plan		(3,657)	-	3,646	-
Income tax related to items that will not be reclassified		731	-	(619)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		35,513	1	(43,340)	(1)
Income tax related to items that may be reclassified subsequently		-	-	380	-
Other comprehensive income, net of income tax		32,587	1	(39,933)	(1)
Total comprehensive income		\$391,370	9	234,065	7
Net income for the periods attributable to :					
Shareholders of the parent		\$358,755	9	\$273,998	7
Noncontrolling interests		28	-	-	-
		\$358,783	9	\$273,998	7
Total comprehensive income for the periods attributable to :					
Shareholders of the parent		\$391,342	10	\$234,065	6
Noncontrolling interests		28	-	-	-
		\$391,370	10	\$234,065	6
Earning per share					
Basic Earning Per Share (in NT dollars):	VI.23	\$3.85		\$3.24	
Diluted Earnings Per Share (in NT dollars):		\$3.82		\$3.23	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended 31 December 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to shareholders of the parent										Total equity	
	Retained Earnings					Other equity						Noncontrolling interests
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting on translation of foreign operations	Employee unearned reward	Treasury Stock	Equity attributable to shareholders of the parent			
Balance as of 1 January 2017	\$666,709	\$328,309	\$40,435	\$5,593	\$715,708	\$1,854	\$(15,801)	\$-	\$1,742,807	\$-	\$1,742,807	
Appropriations and distributions of 2016 retained earnings:												
Legal reserve	-	-	54,217	-	(54,217)	-	-	-	-	-	-	
Special reserve	-	-	-	8,354	(8,354)	-	-	-	-	-	-	
Cash dividend	-	-	-	-	(43,336)	-	-	-	(43,336)	-	(43,336)	
Stock dividend	173,344	-	-	-	(173,344)	-	-	-	-	-	-	
Net income for the year ended 31 December 2017	-	-	-	-	273,998	-	-	-	273,998	-	273,998	
Other comprehensive income (loss) for the year ended 31 December 2017	-	-	-	-	3,027	(42,960)	-	-	(39,933)	-	(39,933)	
Total comprehensive income	-	-	-	-	277,025	(42,960)	-	-	234,065	-	234,065	
Capital increased by cash	105,500	718,435	-	-	-	-	-	-	823,935	-	823,935	
Share-based payment	-	5,248	-	-	-	-	-	-	5,248	-	5,248	
Restricted stocks for employee	120	1,262	-	-	-	-	-	-	1,031	-	1,031	
Balance as of 31 December 2017	\$945,673	\$1,053,254	\$94,652	\$13,947	\$713,482	\$(41,106)	\$(6,872)	\$-	\$2,773,030	\$-	\$2,773,030	
Balance as of 1 January 2018	\$945,673	\$1,053,254	\$94,652	\$13,947	\$713,482	\$(41,106)	\$(6,872)	\$-	\$2,773,030	\$-	\$2,773,030	
Appropriations and distributions of 2017 retained earnings:												
Legal reserve	-	-	27,400	-	(27,400)	-	-	-	-	-	-	
Special reserve	-	-	-	34,031	(34,031)	-	-	-	-	-	-	
Cash dividend	-	-	-	-	(191,972)	-	-	-	(191,972)	-	(191,972)	
Net income for the year ended 31 December 2018	-	-	-	-	358,755	-	-	-	358,755	28	358,783	
Other comprehensive income (loss) for the year ended 31 December 2018	-	-	-	-	(2,926)	35,513	-	-	32,587	-	32,587	
Total comprehensive income	-	-	-	-	355,829	35,513	-	-	391,342	28	391,370	
Purchase of treasury stock	-	-	-	-	-	-	-	(180,337)	(180,337)	-	(180,337)	
Treasury stock cancelled	(19,920)	(23,018)	-	-	(82,312)	-	-	125,250	-	-	-	
Restricted stocks for employee	4,870	11,082	-	-	-	-	-	(5,687)	10,265	-	10,265	
Noncontrolling interests	-	-	-	-	-	-	-	-	-	(28)	(28)	
Balance as of 31 December 2018	\$930,623	\$1,041,318	\$122,052	\$47,978	\$733,296	\$(5,593)	\$(12,559)	\$(55,087)	\$2,802,328	\$-	\$2,802,328	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
ALEXANDER MARINE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

Item	2018 Amount	2017 Amount	2018 Amount	2017 Amount
Cash flows from operating activities:				
Net income before tax	\$391,311	\$340,474	(272,772)	-
Adjustments to reconcile net income before tax to net cash provided by operating activities:				
Depreciation	52,262	44,638	(82,146)	1,516
Amortization	7,434	1,458	868	(22,342)
Interest expense	34,850	21,342	(3,346)	110
Interest revenue	(1,596)	(664)	(44,184)	(5,615)
Share-based payment expenses	10,265	15,559	-	19,319
Share of (profit) of associates and joint ventures accounted for using equity method	(504)	(410)	(52,389)	-
Loss (Gain) on disposal of property, plant and equipment	(160)	(18)	(453,969)	(7,012)
Loss (Gain) on disposal of investments accounted for under the equity method	(7,834)	-		
Bargain purchase gain	(8,563)	-		
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(28,270)	(571,637)		
(Increase) decrease in other receivable	(8,523)	7,818	3,571,661	2,625,539
(Increase) decrease in other receivable from related parties	-	38,455	(3,840,612)	(2,525,215)
(Increase) decrease in inventories, net	(392,826)	(422,069)	258,408	59,611
(Increase) decrease in prepayments	(22,102)	(17,504)	1,341,000	-
(Increase) decrease in other current assets	(6,182)	3,794	(191,972)	(43,336)
(Increase) decrease in other business assets	(37,104)	(37,897)	-	823,935
(Increase) decrease in contract liabilities	54,407	-	(180,337)	-
Increase (decrease) in notes payable	19,478	2,010	(44,117)	(20,831)
Increase (decrease) in accounts payable	85,914	9,872	914,031	919,703
Increase (decrease) in other payables	(13,569)	16,138		
Increase (decrease) in other payables to related parties	(100,039)	(172,206)		
Increase (decrease) in provision	1,076	10,964	24,196	(18,388)
Increase (decrease) in unearned receipts	-	(422,787)		
Increase (decrease) in other current liabilities	536	(1,607)		
Increase (decrease) in net defined benefit liabilities, noncurrent	416	(2,515)		
Increase (decrease) in other operating liabilities	-	(170)	447,277	(274,448)
Cash generated from operating activities	30,677	(1,136,962)	322,735	597,183
Interest received	1,596	664		
Income tax paid	(69,254)	(32,453)	\$770,012	\$322,735
Net cash provided by (used in) operating activities	(36,981)	(1,168,751)		
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)				
Equity method investee capital deducted by fund returned				
Acquisition of property, plant and equipment				
Proceeds from disposal of property, plant and equipment				
Acquisition of intangible assets				
Increase in other financial assets				
Decrease in other financial assets				
Other investment activities				
Net cash (used in) investing activities				
Cash flows from financing activities:				
Increase in short-term loans				
Decrease in short-term loans				
Increase in short-term notes and bills payable				
Proceeds from long-term loans				
Cash dividends				
Capital increased by cash				
Treasury stock acquired				
Interest paid				
Net cash provided by financing activities				
Effect of exchange rate changes on cash and cash equivalents				
Net increase (decrease) in cash and cash equivalents				
Cash and cash equivalents at beginning of year				
Cash and cash equivalents at end of year				

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

Independent Auditors' Report and 2018 Financial Statements

(Parent Company Only Financial Statements)

Independent Auditors' Report

To ALEXANDER MARINE CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of ALEXANDER MARINE CO., LTD. (the "Company") as of December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Parent Company Only 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2018 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue Recognition

Net sales recognized by the Company amounted to NT\$1,503,915 thousand for the year ended December 31, 2018. Sales is recognized when the product is delivered to the customer and the ownership is transferred to the customer. As the timing of revenues recognition has to be further confirmed, therefore, we considered this a key audit matter. Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of revenue recognition; evaluating and testing the design and operating effectiveness of internal control around the timing of revenue recognition; selecting samples to perform tests of details and reviewing the significant terms and conditions of contracts or orders; and inspecting the related transaction vouchers and receipts. We also assessed the adequacy of disclosures of operating revenues. Please refer to Note 6. (15) to the parent company only financial statements.

2. Valuation for Inventories

As December 31, 2018, the Company's net inventories amounted to NT\$1,011,670 thousand, which is significant for the financial statements. As the industry is characterized by the specification and interior decors of individual yachts, the assessment of the net realizable value is based on the estimated price of individual inventory. In addition, considering identification of obsolete inventory and the assessment of the amount of inventory write-downs require significant management judgment, we determined this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of accounting policies for inventory aging and obsolescence inventory; assessing the methods and assumptions used by the management; testing key assumptions for valuation of inventory, including accuracy of the calculation of net realizable value; and assessing the management's inventory plan and selecting the important stock location for inventory observation to confirm the quantity and status of the inventory.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6. (3) to the parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the company, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with 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 parent company only 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chen, Cheng-Chu

Lee, Fang-Wen

Ernst & Young, Taiwan
18 March, 2019

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations 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 accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

ALEXANDER MARINE CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 December 2018		31 December 2017	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	IV / VI.1	\$122,629	2	\$206,525	5
Accounts receivable from related parties, net	IV / VI.2/VII	999,188	18	792,079	19
Other receivables from related parties	IV / VII	402,563	7	978,492	23
Inventories, net	IV / VI.3	1,011,670	18	889,778	21
Prepayments		43,082	1	81,862	2
Other financial assets, current	VIII	85,650	2	41,466	1
Other current assets		19,887	-	8,865	-
Total current assets		2,684,669	48	2,999,067	71
Noncurrent assets					
Investments accounted for under the equity method	IV / VI.4	2,170,043	40	591,782	14
Property, plant and equipment	IV / VI.5/VIII	615,205	11	578,110	14
Intangible assets	IV / VI.6	3,490	-	3,035	-
Deferred tax assets	IV / VI.21	18,441	-	27,417	1
Other financial assets, noncurrent	VI.7	47,313	1	9,724	-
Total noncurrent assets		2,854,492	52	1,210,068	29
Total assets		\$5,539,161	100	\$4,209,135	100

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

ALEXANDER MARINE CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 December 2018		31 December 2017	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	IV/VI.8	\$784,357	14	\$1,053,308	25
Short-term notes and bills payable	IV/VI.9	319,649	6	59,674	2
Notes payable		5,435	-	6,548	-
Accounts payable		82,667	1	85,920	2
Accounts payable to related parties	VII	29,252	1	30,062	1
Other payables		103,460	2	105,676	3
Other payables to related parties	VII	35,423	1	7,093	-
Current tax liabilities	IV	642	-	50,830	1
Provision, current	IV/VI.12	14,742	-	13,631	-
Other current liabilities		3,221	-	3,422	-
Total current liabilities		1,378,848	25	1,416,164	34
Noncurrent liabilities					
Long-term loans	IV/VI.10	1,330,216	24	-	-
Deferred tax liabilities	IV/VI.21	12,166	-	8,411	-
Net defined benefit liabilities, noncurrent	IV/VI.11	15,603	-	11,530	-
Total noncurrent liabilities		1,357,985	24	19,941	-
Total liabilities		2,736,833	49	1,436,105	34
Equity					
Common stock	VI.13.14	930,623	17	945,673	22
Capital surplus		1,041,318	19	1,053,254	25
Retained earnings					
Legal reserve		122,052	2	94,652	2
Special reserve		47,978	1	13,947	-
Unappropriated earnings		733,596	13	713,482	18
Total Retained earnings		903,626	16	822,081	20
Other equity		(18,152)	-	(47,978)	(1)
Treasury stock		(55,087)	(1)	-	-
Total equity		2,802,328	51	2,773,030	66
Total liabilities and equity		\$5,539,161	100	\$4,209,135	100

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

ALEXANDER MARINE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended 31 December 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars Except Earnings Per Share Information)

ITEMS	NOTE	2018		2017	
		Amount	%	Amount	%
Net operating revenue	IV/VI.15	\$1,503,915	100	\$1,721,140	100
Operating costs	IV/VI.3.17.18	(1,232,433)	(82)	(1,332,941)	(77)
Gross profit		271,482	18	388,199	23
Unrealized gross profit on sale		(31,220)	(2)	(43,460)	(3)
Realized gross profit on sale		61,857	4	33,225	2
Gross profit, net		302,119	20	377,964	22
Operating expenses	VI.11.17.18				
Selling expenses		(68,223)	(5)	(81,548)	(5)
General and administrative expenses		(67,413)	(4)	(81,981)	(5)
Total operating expenses		(135,636)	(9)	(163,529)	(10)
Operating income		166,483	11	214,435	12
Non-Operating income and expenses	IV/VI.4.19				
Other income		13,363	1	15,729	1
Other gains and losses		68,476	5	(80,084)	(5)
Finance cost		(26,926)	(2)	(19,806)	(1)
Share of profit of associates and joint ventures accounted for using equity method		169,542	11	193,932	11
Total non-operating income and expenses		224,455	15	109,771	6
Income before income tax		390,938	26	324,206	18
Income tax expense	IV/VI.21	(32,183)	(2)	(50,208)	(3)
Net income		358,755	24	273,998	15
Other comprehensive income	IV/VI.20				
Items that will not to be reclassified subsequently to profit or loss					
Remeasurements of the defined benefit pension plan		(3,657)	-	3,646	-
Income tax related to items that will not be reclassified		731	-	(619)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		35,513	2	(43,340)	(3)
Income tax related to items that may be reclassified subsequently		-	-	380	-
Other comprehensive income, net of income tax		32,587	2	(39,933)	(3)
Total comprehensive income		\$391,342	26	\$234,065	12
Earning per share					
Basic Earning Per Share (in NT dollars):	VI.22	\$3.85		\$3.24	
Diluted Earnings Per Share (in NT dollars):		\$3.82		\$3.23	

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
ALEXANDER MARINE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended 31 December 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Retained Earnings				Other equity			Treasury Stock	Total equity
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting on translation of foreign operations	Employee unearned reward		
Balance as of 1 January 2017	\$666,709	\$328,309	\$40,435	\$5,593	\$715,708	\$1,854	\$(15,801)	\$-	\$1,742,807
Appropriations and distributions of 2016 retained earnings:									
Legal reserve	-	-	54,217	-	(54,217)	-	-	-	-
Special reserve	-	-	-	8,354	(8,354)	-	-	-	-
Cash dividend	-	-	-	-	(43,336)	-	-	-	(43,336)
Stock dividend	173,344	-	-	-	(173,344)	-	-	-	-
Net income for the year ended 31 December 2017	-	-	-	-	273,998	-	-	-	273,998
Other comprehensive income (loss) for the year ended 31 December 2017	-	-	-	-	3,027	(42,960)	-	-	(39,933)
Total comprehensive income	-	-	-	-	277,025	(42,960)	-	-	234,065
Capital increased by cash	105,500	718,435	-	-	-	-	-	-	823,935
Share-based payment	-	5,248	-	-	-	-	-	-	5,248
Restricted stocks for employee	120	1,262	-	-	-	-	8,929	-	10,311
Balance as of 31 December 2017	\$945,673	\$1,053,254	\$94,652	\$13,947	\$713,482	\$(41,106)	\$(6,872)	\$-	\$2,773,030
Balance as of 1 January 2018	\$945,673	\$1,053,254	\$94,652	\$13,947	\$713,482	\$(41,106)	\$(6,872)	\$-	\$2,773,030
Appropriations and distributions of 2017 retained earnings:									
Legal reserve	-	-	27,400	-	(27,400)	-	-	-	-
Special reserve	-	-	-	34,031	(34,031)	-	-	-	-
Cash dividend	-	-	-	-	(191,972)	-	-	-	(191,972)
Net income for the year ended 31 December 2018	-	-	-	-	358,755	-	-	-	358,755
Other comprehensive income (loss) for the year ended 31 December 2018	-	-	-	-	(2,926)	35,513	-	-	32,587
Total comprehensive income	-	-	-	-	355,829	35,513	-	-	391,342
Purchase of treasury stock	-	-	-	-	-	-	-	(180,337)	(180,337)
Treasury stock cancelled	(19,920)	(23,018)	-	-	(82,312)	-	-	125,250	-
Restricted stocks for employee	4,870	11,082	-	-	-	-	(5,687)	-	10,265
Balance as of 31 December 2018	\$930,623	\$1,041,318	\$122,052	\$47,978	\$733,596	\$(5,593)	\$(12,559)	\$(55,087)	\$2,802,328

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
 ALEXANDER MARINE CO., LTD.
 PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
 For the Years Ended 31 December 2018 and 2017
 (Expressed in Thousands of New Taiwan Dollars)

Item	2018		2017		Item	2018		2017	
	Amount	Amount	Amount	Amount		Amount	Amount	Amount	Amount
Cash flows from operating activities:					Cash flows from investing activities:				
Net income before tax	\$390,938		\$324,206		Acquisition of investments accounted for using equity method		(464,888)		-
Adjustments to reconcile net income before tax to net cash provided by operating activities:					Equity method investee capital deducted by fund returned		-		1,516
Depreciation	17,240		15,369		Acquisition of property, plant and equipment		(55,043)		(1,558)
Amortization	1,009		768		Proceeds from disposal of property, plant and equipment		868		110
Interest expense	26,926		19,806		Acquisition of intangible assets		(1,464)		(1,473)
Interest revenue	(3,332)		(546)		Decrease in other financial assets		(44,184)		19,319
Share-based payment expenses	10,265		15,559		Net cash (used in) investing activities		(564,711)		17,914
Share of (profit) of associates and joint ventures accounted for using equity method	(169,542)		(193,932)						
Loss (Gain) on disposal of property, plant and equipment	(160)		(110)						
Unrealized gross profit on sale	31,220		43,460		Cash flows from financing activities:				
Realized (gross profit) on sale	(61,857)		(33,225)		Increase in short-term loans		3,157,007		2,625,539
Bargain purchase gain	(8,563)		-		Decrease in short-term loans		(3,425,958)		(2,525,215)
Changes in operating assets and liabilities:					Proceeds from long-term loans		1,341,000		-
(Increase) decrease in accounts receivable from related parties	(207,109)		25,210		Increase in short-term notes and bills payable		258,408		59,611
(Increase) decrease in other receivable from related parties	(295,287)		(939,673)		Cash dividends		(191,972)		(43,336)
(Increase) decrease in inventories, net	(121,892)		(13,223)		Capital increased by cash		-		823,935
(Increase) decrease in prepayments	38,780		16,784		Treasury stock acquired		(180,337)		-
(Increase) decrease in other current assets	(8,924)		8,003		Interest paid		(36,193)		(19,295)
(Increase) decrease in other business assets	(37,589)		(35,456)		Net cash provided by financing activities		921,955		921,239
Increase (decrease) in notes payable	(1,113)		1,207						
Increase (decrease) in accounts payable	(3,253)		(16,955)						
Increase (decrease) in accounts payable from related parties	(810)		442						
Increase (decrease) in other payables	(2,166)		6,758						
Increase (decrease) in other payables to related parties	28,330		6,147						
Increase (decrease) in provision	1,111		6,883						
Increase (decrease) in unearned receipts	-		(59,192)						
Increase (decrease) in other current liabilities	(201)		(1,688)						
Increase (decrease) in net defined benefit liabilities, noncurrent	416		(2,515)						
Increase (decrease) in other operating liabilities	-		(170)						
Cash generated from operating activities	(375,563)		(806,083)						
Interest received	3,332		546		Net increase (decrease) in cash and cash equivalents		(83,896)		101,163
Income tax paid	(68,909)		(32,453)		Cash and cash equivalents at beginning of year		206,525		105,362
Net cash provided by (used in) operating activities	(441,140)		(837,990)		Cash and cash equivalents at end of year		\$122,629		\$206,525

(The accompanying notes are an integral part of the parent company only financial statements.)

2018 Earnings Distribution Proposal

Alexander Marine Co., Ltd. 2018 Earnings Distribution Table		
Items	Amount	
	Subtotal	Total
Unappropriated retained earnings of previous year		\$460,079,147
Less: cancellation of treasury stock adjustments		(82,312,138)
Add: change in remeasurement of defined benefit plan		(2,925,904)
Adjusted unappropriated retained earnings		374,841,105
Add: net profit for the year.		358,755,128
Less: 10% legal reserve		(35,875,513)
Add: reversal of special reserve		29,825,220
Earnings available for distribution		727,545,940
Distribution items:		
Shareholders' cash dividends (NT\$2 per share)	(181,876,552)	
*90,938,276 shares as allotment basis (the number of outstanding shares 93,045,276 shares less treasury shares of 2,107,000 shares on March 18 th , 2019).	0	(181,876,552)
Unappropriated retained earnings		545,669,388

Alexander Marine Co., Ltd.

Comparison Table for Amendments in Procedures for Acquisition or Disposal of Assets

Proposed amendment	Current clauses	Reasons for amendment
<p>Article 1</p> <p>For establishment of rules of institutional norms for the <u>Alexander Marine Co., Ltd. (hereinafter referred to as the Company)</u> asset acquisition and disposal, it is ensured that the acquisition or disposal of the assets of <u>the Company</u> has been properly evaluated and approved, information disclosure is implemented, and that it is in compliance with relevant laws and regulations.</p>	<p>Article 1</p> <p>For establishment of rules of institutional norms for Company asset acquisition and disposal, it is ensured that the acquisition or disposal of the assets of the Company has been properly evaluated and approved, information disclosure is implemented, and that it is in compliance with relevant laws and regulations.</p>	<p>New company name and definition</p>
<p>Article 2</p> <p>It is determined in accordance with the relevant provisions of Article 36 of the <u>Securities and Exchange Act (hereinafter referred to as the S&E Act).</u></p>	<p>Article 2</p> <p>The decree is based on the relevant provisions of Article 36-1 of the Securities and Exchange Act (hereinafter referred to as this Act).</p>	<p>Revision is based on the abbreviations of the Act</p>
<p>Article 3</p> <ol style="list-style-type: none"> 1. Skip 2. <u>Real property (includes lands, housings and buildings, property investments) and equipment.</u> 3. Skip. 4. Skip. 5. <u>Right-of-use assets.</u> 6. Derivatives 7. The acquisition or disposal of assets by merger, spins-off, acquisition, or assignment of shares lawfully 8. Other major assets. 	<p>Article 3</p> <ol style="list-style-type: none"> 1. Skip 2. <u>Real property (includes lands, housings and buildings, property investments) and equipment.</u> 3. Skip. 4. Skip. 5. Financial derivatives. 6. Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares. 7. Other important assets 	<ol style="list-style-type: none"> 1. In accordance with the provisions of International Financial Reporting Standards (IFRS 16) Leases Bulletin, the scope of right-of-use asset shall be included, and type 2 land use right is moved to paragraph 5. 2. Current paragraph 5 to 8 is moved to paragraph 6 to 8.
<p>Article 4</p> <ol style="list-style-type: none"> 1. Financial derivatives: <u>referred herein are broadly defined as instruments that derive their value from the performance of underlying particular interest rate, financial instrument prices, commodity prices, currency exchange rates, prices or premium rate indexes, credit ratings or credit indexes or other variables. Such instruments include forward contracts, option contracts, futures contracts, leverage contracts, various combination thereof, or combined contracts embedded in financial derivatives or structured goods. Forwards referred to herein exclude insurance, performance, post-sale service, long-term lease and long-term sales/procurement contracts.</u> 2. Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares: referred herein to assets acquired or disposed of through mergers, divisions or acquisitions in accordance to Business Mergers and 	<p>Article 4</p> <ol style="list-style-type: none"> 1. Financial derivatives: used herein refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements. 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions 	<ol style="list-style-type: none"> 1. The scope of financial derivatives shall be revised according to the International Financial Reporting Standards (IFRS) 9 – Financial Instruments, with amendments to the wordings. 2. Amended provisions of the Company Act published on August 1, 2018, started implementation on November 1, 2018. With the amendments, Article 156, Section 8 cited in Paragraph 2 was amended to become Article 156-3. 3. Paid-in capital calculation basis for shares of eighth newly added subsidiary that have no par value or are not par value of NTS10 each. 4. In order, to clearly define domestic and foreign

Proposed amendment	Current clauses	Reasons for amendment
<p>Acquisitions Act, Financial Holding Company Act, The Financial Institutions Merger Act or merger through other Acts; Or, through issuing new shares and transferring shares of the Company (hereinafter referred to as share transfer) in accordance with the provisions of Article 156-3 of the Company Act.</p> <p>3. Skip.</p> <p>4. Skip.</p> <p>5. Skip.</p> <p>6. Skip.</p> <p>7. Skip.</p> <p>8. The term "10% of total assets" refers to the calculation of the total assets in the most recent individual or individual financial report as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers. <u>If the shares of the subsidiary have no par value or are not par value of NT\$10 each, the transaction amount of 20% of the paid-in capital of the subsidiary shall be calculated at 10% of the equity attributable to the owner of the parent company.</u></p> <p>9. <u>Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>10. <u>Over-the-counter venue ("OTC venue," "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u> <u>Terms not defined in this procedure shall follow the definition under the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" as set forth by the competent authority.</u></p>	<p>Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-8 of the Company Act.</p> <p>3. Skip.</p> <p>4. Skip.</p> <p>5. Skip.</p> <p>6. Skip.</p> <p>7. Skip.</p> <p>8. The term "10% of total assets" refers to the calculation of the total assets in the most recent individual or individual financial report as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>securities exchange and OTC venue, so that companies can follow, referenced the following regulations: Article 5 of Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities, and Article 2 of Regulations Governing Securities Trading on the Taipei Exchange. Added paragraph 9 and 10 to define the scope of domestic and foreign securities exchange and OTC venue.</p> <p>5. For terms not yet defined in the new procedures, shall follow the definitions as set forth in the regulations by the competent authority.</p>
<p>Article 5</p> <p>1. <u>Acquisition</u> limits by the Company</p> <p>(1) Real properties for non business use and <u>acquired right-of-use assets</u> is limited at not more than 50% of the Company's net value.</p> <p>(2) The total amount for <u>acquired securities</u> is limited at not more than 50% of <u>the Company's net</u></p>	<p>Article 5</p> <p>1. Limits of investment for the Company</p> <p>(1) Properties investments for non-business use is limited at not more than 50% of the Company's net value.</p> <p>(2) The total amount for securities investments is limited at not more than 50% of the Company's net</p>	<p>1. In accordance with the provisions of International Financial Reporting Standards (IFRS 16) Leases Bulletin, the scope of right-of-use asset is included. Revised provisions.</p> <p>2. Amendments to the</p>

Proposed amendment	Current clauses	Reasons for amendment
<p>value, and the total amount for <u>acquired</u> individual securities is limited at not be more than 10% of <u>the Company's</u> net value.</p> <p>2. <u>Subsidiary acquisition</u> limit:</p> <p>(1) Real properties for non business use and <u>acquired right-of-use assets</u> is limited at not more than 50% of the Company's net value.</p> <p>(2) The total amount for <u>acquired</u> securities is limited at not more than 50% of <u>the Company's</u> net value, and the total amount for <u>acquired</u> individual securities is limited at not more than 10% of <u>the Company's</u> net value.</p> <p>The calculation of the total amount of above-mentioned <u>acquired</u> securities is based on the original <u>acquisition</u> cost.</p>	<p>value, and the total amount for individual securities is limited at not be more than 10% of the Company's net value.</p> <p>2. <u>Subsidiary investment</u> limit:</p> <p>(1) Real properties investments for non-business use is limited at not more than 50% of the parent company's net value.</p> <p>(2) The total amount for securities investments is limited at not more than 50% of the parent company's net value, and the total amount for individual securities is limited at not more than 10% of the parent company's net value.</p> <p>The calculation of the total amount of above-mentioned securities investments is based on the original investments cost.</p>	<p>wordings</p> <p>3. Clarify the definition of the Company, and amend the company or parent company to "the Company."</p>
<p>Article 6</p> <p>1. Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom this Company has acquired appraisal reports and opinions from, <u>shall meet the following requirements:</u></p> <p>(1) <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies ("the Act"), the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>(2) <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>(3) <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p>	<p>Article 6</p> <p>1. Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom this Company has acquired appraisal reports and opinions from may not be a related party of any party to the transaction.</p>	<p>1. In order to simplify the regulations, listed the following to this standard: supplement point number 4 in the letter issued by the previous Securities and Futures Commission, Ministry of Finance on March 21, 2003 (Tai-Cai-Zheng-Yi-Zi 0920001151), relating to directions for public companies hiring any professional appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters. Further referenced, Article 53, Paragraph 4 of the Securities and Exchange Act, relating to discharging qualifications of a director, supervisor, or managerial officer, and Article 8, Section 1, Paragraph 15 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, relating to the integrity principle of the issuer or its responsible person. Thereafter, added Section 1, Paragraph 1 to 3, clearly define discharging qualifications of related experts.</p> <p>2. To clearly define the responsibility of external experts, referenced Article 9 of the</p>

Proposed amendment	Current clauses	Reasons for amendment
<p><u>When issuing an appraisal report or expressing an opinion, the personnel specified in the preceding paragraph shall act as follows:</u></p> <p>(1) <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>(2) <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p>(3) <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p>(4) <u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p> <p>2. Where the Company acquires or disposes of <u>assets (of Article 3 of this procedure)</u>, through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p>2. Where the Company acquires or disposes of assets (of Articles 7, 8, 9, and 10), through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p>Regulations Governing the Preparation of Financial Reports by Securities Issuers, relating to the assessment, review, and statement matters of a CPA that issues a review opinion with respect to the reasonableness of an appraisal report for real property investment. Added Section 2, to clearly define assessment, review, and statement matters related to this standard from an expert that issues an appraisal report or a review opinion.</p> <p>3. Revised the scope of assets acquired or disposed of through court auction procedures</p>
<p>Article 7: Procedures for the acquisition or disposal of real property, <u>equipment or their right-of-use assets.</u></p> <p>1. Evaluation procedure: With respect to the evaluation of the Company's acquisition or disposal of real property, <u>equipment or their right-of-use assets</u>, the asset responsible department shall proceed with feasibility evaluation report and to be reviewed and signed by the business executives department. Such acquisition and disposal may be conducted after the approval according to the "Rules of Level of Authority" according to the Company.</p> <p>2. Operating procedure: (1) With respect to the acquisition or disposal of real property,</p>	<p>Article 7: Procedures for acquisition or disposal of real property or equipment.</p> <p>1. Evaluation procedure: With respect to the evaluation of the Company's acquisition or disposal of real property and equipment, the asset responsible department shall proceed with feasibility evaluation report and to be reviewed and signed by the business executives department. Such acquisition and disposal may be conducted after the approval according to the "Rules of Level of Authority" according to the Company.</p> <p>2. Operating procedure: (1) With respect to the acquisition or disposal of real property or</p>	<p>1. In accordance with the provisions of International Financial Reporting Standards (IFRS 16) Leases Bulletin, the scope of right-of-use assets shall be included.</p> <p>2. Designated government agencies refer to the central and local government agencies in Taiwan. Considering transactions with the central and local government agencies in Taiwan, the procedures shall be in accordance to related regulations for sale by sealed tender or competitive bidding and</p>

Proposed amendment	Current clauses	Reasons for amendment
<p>equipment <u>or their right-of-use assets</u>, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on rented land, engaging others to build on its own land, or acquiring or disposing of equipment <u>or their right-of-use assets</u> for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance to the board of directors, and <u>the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</u> 2. Skip 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> (1) Skip (2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more 	<p>equipment, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Skip 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> (1) Skip (2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. 	<p>so on. The price is less likely to be manipulated and obtaining expert opinion is exempted. Transactions with foreign government agencies, due to unclear related regulations and price negotiating mechanisms, are not within the scope of this article. The amendments only applies to government agencies in Taiwan.</p> <ol style="list-style-type: none"> 3. Amendments to the wordings 4. A clear description of the degree of authority shall be approved by the Audit Committee in accordance with relevant regulations, and submitted to the Board of Directors for resolution. 5. Removed point three of paragraph 2 in the determination procedure of transaction term and the amount of authority delegated on Section 3, and adjusted the point numbering.

Proposed amendment	Current clauses	Reasons for amendment
<p>of the transaction amount.</p> <p>4. Skip</p> <p>(2) After the acquisition of the assets, if it complies with the Company's Fixed Asset Management Operating Procedure, it shall register, administer, and use according to the Company's Fixed Asset Management Operating Procedure.</p> <p>3. The determination procedure of transaction term and the authorized amount:</p> <p>(1) For the determination of price and references of <u>acquiring or disposing of real property, equipment or their right-of-use assets</u>, the department which proposes such demands shall submit the reason and explanation, and the price shall be determined after price inquiring, price negotiation, or bidding.</p> <p>(2) The degree of authority delegated</p> <p>1. In acquiring or disposing of real property, equipment <u>or their right-of-use assets</u> for business use, where the transaction amount is has not reach 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, the procedure shall be processed according to the Company's rule for Level of Authority; If the transaction amount reaches the above-mentioned amount, such transactions shall <u>be submitted to the Audit Committee and board of directors for approval</u> before entering into this transaction.</p> <p>2. For the acquisition or disposal of real property, equipment <u>or their right-of-use assets</u> for business use, where the transaction is NT\$30 million and less, the procedure shall be processed according to the Company's rule for Level of Authority; If the transaction amount is more than NT\$30 million, such transactions shall <u>be submitted to the Audit Committee and board of directors for approval according to relevant rules</u> before entering into this</p>	<p>4. Skip</p> <p>(2) After the acquisition of the assets, it shall register, administer, and use according to the Company's Fixed Asset Management Operating Procedure.</p> <p>3. The determination procedure of transaction term and the authorized amount:</p> <p>(1) With respect to the determination of price and references for acquisition or disposal of real property or equipment, the department which proposes such demands shall submit the reasons and explanation, the referred current assessed value, actual real estate transaction price nearby, and so on, for signing and approval, and the price shall be determined after price inquiring, price negotiation, or bidding.</p> <p>(2) The degree of authority delegated</p> <p>1. With respect to the acquisition or disposal of real property or equipments for business use, where the transaction amount is has not reach 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, the procedure shall be processed according to the Company's rule for Level of Authority; If the transaction amount reaches the above-mentioned amount, such transactions shall be submitted to the board of directors for approval before entering into this transaction.</p> <p>2. With respect to the acquisition or disposal of real property or equipment for non-business use, where the transaction is NT\$30 million and less, the procedure shall be processed according to the Company's rule for Level of Authority; If the transaction amount is more than NT\$30 million, such transactions shall be submitted to the board of directors for approval before entering into this transaction.</p> <p>3. <u>In cases where time is of the essence or where business needs require entering into a</u></p>	

Proposed amendment	Current clauses	Reasons for amendment
<p>transaction.</p> <p>3. With respect to the acquisition or disposal of assets, as required by the Company Act or other Acts and regulations, it is subject to resolution or recognition by the shareholders' meeting, or reporting to the shareholders' meeting, and shall be handled in accordance with it.</p>	<p><u>contract of sale, it is permissible for the transaction to be proposed to the chairman of the board for approval first, but after the transaction is complete it shall be proposed at the next board of directors meeting for ratification.</u></p> <p>4. With respect to the acquisition or disposal of assets, as required by the Company Act or other Acts and regulations, it is subject to resolution or recognition by the shareholders' meeting, or reporting to the shareholders' meeting, and shall be handled in accordance with it.</p>	
<p>Article 8</p> <p>1. Evaluation procedure:</p> <p>(1) Skip</p> <p>(2) If the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. If a certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>2. Operating procedure:</p> <p>(1) Skip</p> <p>(2) Custody: All securities obtained by the Company shall be submitted to the finance department for custody or stored in safe deposit boxes.</p> <p>(3) Skip</p> <p>3. The determination procedure of transaction term and the authorized amount:</p> <p>(1) For the investments in government bonds, corporate bonds, financial bonds, securities representing interest in a fund, and asset-backed securities as stated in Section 1 of</p>	<p>Article 8</p> <p>1. Evaluation procedure:</p> <p>(1) Skip</p> <p>(2) If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. If a certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>2. Operating procedure:</p> <p>(1) Skip</p> <p>(2) Custody: All securities obtained by the Company shall be submitted to the finance department for custody or stored in safe deposit boxes.</p> <p>(3) Skip</p> <p>3. The determination procedure of transaction term and the authorized amount:</p> <p>(1) If the investment amount of bonds, corporate bonds, financial bonds, beneficiary certificates, asset-backed securitization as specified in Article 3, Section 1 of</p>	<p>1. Added short form of Financial Supervisory Commission.</p> <p>2. Department name change.</p> <p>3. Clearly define the degree of authority delegated, in accordance to related regulations, shall be submitted to the Audit Committee and board of directors for approval.</p> <p>4. In order, to clearly define domestic and foreign securities exchange and OTC venue, so that companies can follow, referenced the following regulations: Article 5 of Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities, and Article 2 of Regulations Governing Securities Trading on the Taipei Exchange. Added paragraph 9 and 10 to define the scope of domestic and foreign securities exchange and OTC venue.</p>

Proposed amendment	Current clauses	Reasons for amendment
<p>Article 3 in this procedure, if the investment amount is has not reached 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more, the authorization shall be approved by the chairman of the board of directors; If the amount reaches the above-mentioned amount, such transactions shall be submitted to the Audit Committee and board of directors for approval before entering into this transaction.</p> <p>(2) For the acquisition or disposal of <u>stocks that are listed on foreign or domestic stock exchange or stocks traded at over-the-counter venue</u>, transaction amount at NT\$30 million and less, the procedure shall be processed according to the Company's rule for Level of Authority; For transaction amount of NT\$30 million or more, such transactions shall be submitted to the board of directors for approval and processed within the limited amount.</p> <p>(3) With respect to the acquisition or disposal of securities that are <u>not listed on the stock exchange or stocks traded at over-the-counter venue, such transactions shall be submitted to the Audit Committee and board of directors for approval before entering into this transaction</u>.</p>	<p>these procedures has not reached 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, the chairman of the board of directors shall approve the authorization of the transaction; If the amount reaches the above-mentioned amount, it shall be submitted to board of directors for approval before completing the transaction.</p> <p>(2) For the acquisition or disposal of stocks that are listed on foreign or domestic stock exchange, transaction amount at NT\$30 million or less, the procedure shall be processed according to the Company's rule for Level of Authority; For transaction amount of NT\$30 million or more, such transactions shall be submitted to the board of directors for approval before entering into this transaction.</p> <p>(3) Trading in securities that is not in the centralized trading market or in the securities firm's business premises must be approved by the board of directors.</p>	
<p>Article 9</p> <p>1. Skip</p> <p>2. Operating procedure: With respect to the acquisition and disposal of intangible assets, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, shall prior to the date of occurrence of the event also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. <u>The certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation.</u></p> <p>3. The determination procedure of transaction terms and authorized amount: (1) If the transaction amount has not reached 20% of the Company's paid-in capital, 10% of the total assets, or NT\$300 million or more,</p>	<p>Article 9</p> <p>1. Skip</p> <p>2. Operating procedure: With respect to the acquisition or disposal of intangible assets, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transactions with government agencies, shall prior to the date of occurrence of the event also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price.</p> <p>3. Determination procedure of authorized amount: (1) If the transaction amount has not reached 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, the</p>	<p>1. Designated government agencies refer to the central and local government agencies in Taiwan. Considering transactions with the central and local government agencies in Taiwan, the procedures shall be in accordance to related regulations for sale by sealed tender or competitive bidding and so on. The price is less likely to be manipulated and obtaining expert opinion is exempted. Transactions with foreign government agencies, due to unclear related regulations and price negotiating mechanisms, are not within the scope of this article. The amendments only applies to government agencies in Taiwan.</p> <p>2. Newly added opinions of certified public</p>

Proposed amendment	Current clauses	Reasons for amendment
<p>the chairman of the board of directors is authorized to make decision, and should be reported in the next recent board of directors meeting; If the transaction amount reaches the above-mentioned amount, such transactions shall <u>be submitted to the Audit Committee and board of directors for approval</u> before entering into this transaction.</p> <p>(2) Skip</p>	<p>chairman of the board of directors is authorized to make decision, and should be reported in the next recent board of directors meeting; If the transaction amount reaches the above-mentioned amount, such transactions shall be submitted to the board of directors for approval before entering into this transaction. <u>In cases where time is of the essence or where business needs require entering into a contract of sale, it is permissible for the transaction to be proposed to the chairman of the board for approval first, but after the transaction is complete it shall be proposed at the next board of directors meeting for ratification.</u></p> <p>(2) Skip</p>	<p>accountants on reasonableness in accordance to regulations.</p> <p>3. Amendments to the wordings</p> <p>4. A clear description of the degree of authority shall be approved by the Audit Committee in accordance with relevant regulations, and submitted to the Board of Directors for resolution.</p> <p>5. Removed Section 3, paragraph 1, explanation on the requirement for chairman of the board of directors to make decision in prior.</p>
<p>Article 9-1</p> <p>The calculation of the transaction amount set forth in Article 7, Article 8, and Article 9, shall be handled in accordance with the provisions of Article 13, Section 2, paragraph 6, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which appraisal reports were obtained from a professional appraiser or CPA's opinion, according to <u>this procedure</u>, need not be counted toward the transaction amount.</p>	<p>Article 9-1</p> <p>The calculation of the transaction amount set forth in Article 7, Article 8, and Article 9, shall be handled in accordance with the provisions of Article 13, Section 2, paragraph 8, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which appraisal reports were obtained from a professional appraiser or CPA's opinion, according to this procedure, need not be counted toward the transaction amount.</p>	<p>Amendments in accordance with other terms and conditions</p>
<p>Article 10</p> <p>1. Evaluation procedure and operating procedure:</p> <p>(1) Skip.</p> <p>(2) When the Company intends to acquire or dispose of assets <u>or its right-of-use assets</u> from a related party, or when it intends to acquire or dispose of assets other than real property or other right-of-use assets from a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets, or NTS300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by securities investment trust enterprise, shall be evaluated and prepared following the requirement in this Article, Section 2, paragraph 1, the various materials shall <u>be submitted to the Audit Committee and board of directors for approval</u>.</p> <p>(3) The calculation of the preceding</p>	<p>Article 10</p> <p>1. Evaluation procedure and operating procedure:</p> <p>(1) Skip.</p> <p>(2) When the Company intends to acquire or dispose of assets from a related party, if it belongs to real property or assets other than real property, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets, or NTS300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by securities investment trust enterprise, shall be evaluated and prepared following the requirement in this Article, Section 2, paragraph 1, the various materials shall <u>be submitted to the Audit Committee and board of directors for approval</u>.</p> <p>(3) The calculation of the transaction</p>	<p>1. Amendments are made in accordance with the provisions of International Financial Reporting Standards (IFRS 16) Leases Bulletin.</p> <p>2. Government bonds as mentioned in Section one, refers to domestic government bonds, considering credit bonds of the central and local government agencies in Taiwan are clear and easy to inquire, the procedures to submit to audit members and board of directors is exempted. Credit bonds for foreign government is not the same, therefore, it is not within the scope of this article. The stipulation is only for domestic government bonds.</p> <p>3. Amendments in accordance with other terms and conditions</p> <p>4. A clear description of the degree of authority shall be approved by the Audit</p>

Proposed amendment	Current clauses	Reasons for amendment
<p>two transaction amounts shall be processed in accordance with the provisions of Article 13, Section 2, paragraph 6, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which appraisal reports were obtained from a professional appraiser or CPA's opinion, according to this procedure, need not be counted toward the transaction amount.</p> <p>(4) Skip.</p> <p>2. The determination procedure of transaction term and authorized amount:</p> <p>(1) When the Company intends to acquire or dispose of real property or <u>its right-of-use assets</u> from a related party, or when it intends to acquire or dispose of assets other than real property or other right-of-use assets from a related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets, or NT\$300 million or more, relevant materials listed below, shall <u>be submitted to the Audit Committee and board of directors for approval</u> before signing the transaction contract and making the payment. However, equipment or its right-of-use assets or real property right-of-use assets for business use are acquired or disposed of by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, and the transaction amount has not reached 20% of the Company's paid-in capital, it is permissible for the transaction to be proposed to the chairman of the board for approval first, but after the transaction is completed it shall be proposed at the next board of directors meeting for ratification.</p> <ol style="list-style-type: none"> 1. Skip 2. Skip 3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with 	<p>amounts referred to in the preceding two paragraphs shall be done in accordance with Article 13, Section 2, paragraph 5 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained or has been submitted to the board of directors and Audit Committee for approval according to this procedure, need not be counted toward the transaction amount.</p> <p>(4) Skip.</p> <p>2. Determination procedure of authorized amount:</p> <p>(1) When the Company intends to acquire or dispose of real property from a related party, or when it intends to acquire or dispose of assets other than real property from a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million or more, relevant materials shall <u>be submitted to the board of directors for approval</u> before signing the transaction contract and making the payment. However, equipment for business use are acquired or disposed of by the Company with its subsidiaries, and the transaction amount has not reached 20% of the Company's paid-in capital, it is permissible for the transaction to be proposed to the chairman of the board for approval first, but after the transaction is complete it shall be proposed at the next board of directors meeting for ratification.</p> <ol style="list-style-type: none"> 1. Skip 2. Skip 3. With respect to the acquisition of real property thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Section 3, 	<p>Committee in accordance with relevant regulations, and submitted to the Board of Directors for resolution.</p> <ol style="list-style-type: none"> 5. Amendments to the wordings 6. The degree of authority delegated for transactions with 100% subsidiaries 7. Amendments in accordance with other terms and conditions 8. Cooperate with the practical operation of real property leasing such as factory buildings, relax the acquisition of right-of-use assets of real property from related parties, and enable lease transactions with non-related parties in nearby regions as a reference case for calculating and estimating the reasonableness of the transaction prices within the preceding year. Consolidate current Section 3, paragraph 4, item 3 to item 2, and list leasing cases as transaction cases. <p>Adjustments of wordings and paragraphs</p>

Proposed amendment	Current clauses	Reasons for amendment
<p>Section 3 of this Article.</p> <p>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>5. Skip</p> <p>6. Skip</p> <p>7. Skip</p> <p>(2) The calculation of transaction amounts in the former items shall be performed according to the provisions of Section 2, paragraph 6 of Article 13, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items which has been submitted to the <u>Audit Committee and board of directors for approval</u> according to this procedure, need not be counted toward the transaction amount.</p> <p>(3) When the Company intends to acquire or dispose of assets other than of Paragraph 1 of this Section, it shall be processed according to <u>Article 7, Article 8, and Article 9</u> of this procedure.</p> <p>3. Evaluation of the reasonableness of the transaction costs</p> <p>(1) When the Company acquires real property <u>or its right-of-use assets</u> from a related party, it shall evaluate the reasonableness of the transaction costs according to the methods as below:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Skip</p> <p>(2) Skip.</p> <p>(3) When the Company acquires real property or right-of-use assets thereof from a related party, in accordance to Section 3, paragraph</p>	<p>paragraph 1, paragraph 2, paragraph 3, paragraph 4, and paragraph 5 of this Article.</p> <p>4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>5. Skip</p> <p>6. Skip</p> <p>7. Skip</p> <p>(2) The calculation of transaction amounts in the former items shall be performed according to the provisions of Section 2, paragraph 5 of Article 13, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which has been submitted to the board of directors and Audit Committee for approval according to this procedure, need not be counted toward the transaction amount.</p> <p>(3) With respect to the acquisition or disposal of assets other than of paragraph 1 thereof from a related party, shall be processed according to the preceding three Articles.</p> <p>3. Reasonableness evaluation of transaction costs</p> <p>(1) When the Company acquires real property from a related party, it shall evaluate the reasonableness of the transaction costs according to the methods as below:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The so-called necessary interest cost of capital is calculated based on the weighted average interest rate of the borrowings of the Company's assets purchased in the year, but it shall not be higher than maximum borrowing interest rate for the non-financial industry as announced by the Ministry of Finance.</p> <p>2. Skip</p> <p>(2) Skip.</p> <p>(3) When the Company acquires real property thereof from a related party, in accordance to Section 3, paragraph 1 and paragraph 2 of</p>	

Proposed amendment	Current clauses	Reasons for amendment
<p>1 and paragraph 2 of this article to evaluate the cost for the real property or right-of-use assets, a certified public accountant shall be engaged to review and render a specific opinion.</p> <p>(4) When the results of the Company's appraisal for the acquisition of real property from a related party, conducted in accordance with Section 3, paragraph 1 and paragraph 2 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Section 3, paragraph 5 of this article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on its reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <ol style="list-style-type: none"> 1. Skip: <ol style="list-style-type: none"> (1) Skip (2) The transaction of the other floors/levels on the same property or nearby region consummated in the preceding year by non-related parties, the area being similar and the transaction conditions being reasonable after reasonable appraisal of the price difference of floor/level or region in accordance with real property sale <u>or rental</u> transaction practice. 2. Where the Company acquiring real property, <u>or right-of-use assets</u> from a related party provides evidence that the terms of the transaction are similar to the terms of 	<p>this Article to evaluate the cost for the real property, and a certified public accountant shall be engaged to review and render a specific opinion.</p> <p>(4) When the results of the Company's appraisal for the acquisition of real property from a related party, conducted in accordance with Section 3, paragraph 1 and paragraph 2 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Section 3, paragraph 5 of this article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <ol style="list-style-type: none"> 1. Skip: <ol style="list-style-type: none"> (1) Skip (2) The transaction of the other floors/levels on the same property or nearby region consummated in the preceding year by non-related parties, the area being similar and the transaction conditions being reasonable after reasonable appraisal of the price difference of floor/level or region in accordance with real property sale transaction practice. (3) <u>The transaction of the other floors/levels on the same property consummated in the preceding year by leasing parties, and the transaction conditions being reasonable after reasonable appraisal of the price difference of floor/level or region in accordance with real property rental transaction practice.</u> 2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions 	

Proposed amendment	Current clauses	Reasons for amendment
<p>completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or</u> <u>obtainment of the right-of-use assets</u> thereof.</p> <p>(5) When the results of the Company's appraisal for the acquisition of real property <u>or right-of-use assets</u> from a related party, conducted in accordance with Section 3, paragraph 1 and paragraph 2 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with the following:</p> <p>1. A special reserve shall be set aside by the Company in accordance with Article 41, Section 1 of the Securities & Exchange Act against the difference between the real property <u>or right-of-use assets</u></p>	<p>involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; The above-mentioned “within the preceding year” refers to the year preceding the date of occurrence of the acquisition of the real property thereof.</p> <p>(5) When the results of the Company's appraisal for the acquisition of real property from a related party, conducted in accordance with Section 3, paragraph 1 and paragraph 2 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with the following: Moreover, if the Company uses the equity method to account for its investment in another company and sets aside a special reserve according to the above provision, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence to confirm there was nothing unreasonable in the transaction, and the Financial Supervisory Commission of the Executive Yuan has given its consent.</p> <p>1. In accordance with the provisions of Section 1 of Article 41 of the Securities and Exchange Act, a special reserve shall be set aside based on the difference between the transaction price and the</p>	

Proposed amendment	Current clauses	Reasons for amendment
<p>transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>2. Article 218 of the Company Act shall apply mutatis mutandis to the Company’s independent director members of the audit committee.</p> <p>3. Actions taken pursuant to the Section 3, paragraph 5, point1 and point 2 of this Article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p><u>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</u></p> <p>(6) Acquisition by the Company of real property <u>or right-of-use assets</u> from a related party, in one of the following situations, shall be performed in accordance with the provisions relating to appraisal procedures and operational procedures set forth in Section 2 of this Article; the provisions relating to the reasonableness evaluation of transaction costs in Sections 3, paragraph 1, paragraph 2 and paragraph 3 of this Article are not applicable.</p> <ol style="list-style-type: none"> 1. Skip 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real <u>property or right-of-use assets</u> thereof to the signing date for the current transaction. 3. Skip 	<p>appraised cost, which may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Section 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>2. The Audit Committee shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to the Section 3, paragraph 5, point1 and point 2 of this Article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(6) Acquisition by the Company of real property from a related party, in one of the following situations, shall be performed in accordance with the provisions relating to appraisal procedures and operational procedures set forth in Section 2 of this Article; the provisions relating to the reasonableness evaluation of transaction costs in Sections 3, paragraph 1, paragraph 2 and paragraph 3 of this Article are not applicable.</p> <ol style="list-style-type: none"> 1. Skip 2. More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 3. Skip <p>(7) When the Company acquires real</p>	

Proposed amendment	Current clauses	Reasons for amendment
(7) When the Company obtains real property <u>or right-of-use assets</u> thereof from a related party, it shall also comply with Section 3 paragraph 5 of this Article if there is other evidence indicating that the acquisition was not an arm's-length transaction.	property from a related party and any evidence indicates that the acquisition was not performed in accordance with operational conventions, then it shall comply with Section 3, paragraph 5 of this Article.	
Article 11	Article 11	No revision to this article.
Article 12	Article 12	No revision to this article.
<p>Article 13</p> <p>1. The Company shall report related information to the website designated by FSC for announcement and reporting within 2 days of the transaction date if the assets acquired or disposed of by the Company are within the scope stipulated in Section 2 of this Article and the transaction amount reaches the announcement standard.</p> <p>2. Projects that shall be declared or Report Standard</p> <p>(1) Real property or right-of-use assets that are acquired or disposed of from the related party, or assets other than real property <u>or other right-of-use assets</u> that are acquired or disposed of from a related party, and the transaction amount reaches 20% of the Company's paid-in capital, or 10% of the Company's total assets, or NT\$ 300 million or more. However, trading of <u>domestic</u> bonds or bonds with repurchase and resell conditions, purchasing or redemption domestic money market funds issued by securities investment trust enterprise, are not subject to this limit.</p> <p>(2) Merger, Division, Acquisitions or Share transfer</p> <p>(3) The loss in derivatives reaches upper loss limit, including in total or of an individual contract as regulated in the procedure.</p> <p>(4) Acquisition or disposal of such assets as equipment <u>or right-of-use assets</u> for business which does not involve the related party <u>and the transaction amount reaches NT\$500 million or more.</u></p>	<p>Article 13</p> <p>1. <u>Time Limit for Announcement and Reporting</u> The Company shall report related information to the website designated by FSC for announcement and reporting within 2 days of the transaction date if the assets acquired or disposed of by the Company are within the scope stipulated in Section 2 of this Article and the transaction amount reaches the announcement standard.</p> <p>2. Projects that shall be declared or Report Standard</p> <p>(1) When the Company intends to acquire or dispose of real property from a related party, or when it intends to acquire or dispose of assets other than real property from a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million or more. However, trading of bonds or bonds with repurchase and resell conditions, purchasing or redemption domestic money market funds issued by securities investment trust enterprises, are not subject to this limit.</p> <p>(2) Merger, Division, Acquisitions or Share transfer</p> <p>(3) The loss in derivatives reaches the upper loss limit, including in total or of an individual contract as regulated in the procedure.</p> <p>(4) Acquisition or disposal of such assets as equipment for business which does not involve the related party, and the transaction amount does not belong to any one of those mentioned in the following:</p> <ol style="list-style-type: none"> 1. Paid-in capital does not reach NT\$10 billion, and the transaction amount reaches NT\$500 million or more. 2. Paid-in capital reaches above NT\$10 billion, and the transaction amount reaches 	<ol style="list-style-type: none"> 1. Amendments to the wordings 2. Amendments are made in accordance with the provisions of International Financial Reporting Standards (IFRS 16) Leases Bulletin. 3. Government bonds as mentioned in Section two refers to domestic government bonds, considering credit bonds of the central and local government agencies in Taiwan are clear and easy to inquire about, the procedures to submit to audit members and board of directors is exempted. Credit bonds for foreign governments are not the same, therefore, they are not within the scope of this article. The stipulation is only for domestic government bonds. 4. Removed Section 2, paragraph 5 and 7, with numberings adjusted accordingly.

Proposed amendment	Current clauses	Reasons for amendment
<p>(5) Acquisition of real property in the methods of contracted construction on self-own land/leased land, co-construction & housing sharing, co-construction & profit sharing, and co-construction & housing distribution, which does not involve the related party; the Company predicts its invested transaction amount reaching NT\$ 500 million or more.</p> <p>(6) The aforementioned transaction amount is as follows, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items which are</p>	<p>NT\$1 billion or more.</p> <p>(5) Acquisition or disposal of real property for construction purposes by the Company which runs construction business without any involvement of the related party, and the transaction amount reaches NT\$500 million or more.</p> <p>(6) Acquisition of real property in the methods of contracted construction on self-own land/leased land, co-construction & housing sharing, co-construction & profit sharing, and co-construction & housing distribution; the Company predicts its invested transaction amount reaches NT\$500 million or more.</p> <p>(7) <u>Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent of paid-in capital or NT\$300 million or more. Provided, this shall not apply to the following circumstances:</u></p> <ol style="list-style-type: none"> 1. <u>Bond trade.</u> 2. <u>Where done by professional investors — securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</u> 3. <u>The trade of RP/RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises</u> <p>(8) The aforementioned transaction amount is as follows, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current</p>	

Proposed amendment	Current clauses	Reasons for amendment
<p>announced in accordance with this procedure need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. Transaction amounts for every transaction 2. The total accumulative amounts in transacting with the same counterpart within a year for acquisition or disposal of objects with same property. 3. The total accumulative amounts as results of acquisition or disposal (accumulating the acquisition and disposing real property respectively) of real property or right-of-use assets within same development plan within a year 4. The total accumulative amounts as results of acquisition or disposal (accumulating the acquisition and disposing securities respectively) of the same securities within a year 	<p>transaction. Items which are announced in accordance with this procedure need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. Transaction amounts for every transaction 2. The total accumulative amounts in transacting with the same counterpart within a year for acquisition or disposal of objects with same property. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year. 4. The total accumulative amounts as results of acquisition or disposal (accumulating the acquisition and disposing securities respectively) of the same securities within a year 	
<p>3. Skip</p> <p>Article 14</p> <ol style="list-style-type: none"> 1. Skip 2. Skip 3. In the subsidiary’s standards of announcement and report, the referred to “20% of the Company’s paid-in capital,” or “10% of the Company’s total assets” is based on the Company’s paid-in capital or total assets. 	<p>3. Skip</p> <p>Article 14</p> <ol style="list-style-type: none"> 1. Skip 2. Skip 3. In the subsidiary’s standards of announcement and report, the referred to “20% of the Company’s paid-in capital,” or “10% of the Company’s total assets” is based on the Company’s paid-in capital or total assets. 	Amendments to the wordings
<p>Article 15</p>	<p>Article 15</p>	No revision to this article.
<p>Article 16</p> <p><u>This procedure shall be submitted for approvals in the order of the following, to the Audit Committee, the board of directors, and the shareholders’ meeting; the same applies when the procedures are amended.</u></p>	<p>Article 16</p> <p>With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to this paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director agrees or objects to any matter, the comments or reasons therefor shall be recorded in the minutes of the board of directors meeting.</p> <p>Where any transaction involving major assets or derivatives is submitted for discussion by the board of directors pursuant to this procedure or decree, it shall be approved by more than half of all audit</p>	The Article 16 of the resolution of the board of directors and the implementation and revision of Article 17 shall be merged, and the relevant norms shall be clearly defined in accordance with the current practice of the company.

Proposed amendment	Current clauses	Reasons for amendment
	<p>committee members and submitted to the board of directors for a resolution.</p> <p>Any matter that requires the approval of the audit committee in accordance to this procedure, if it has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the directors meeting.</p> <p>All audit committee members and all directors, shall be counted as the actual number of persons currently holding those positions.</p> <p>Article 17</p> <p>After the procedures have been approved by the board of directors, they shall be submitted to each supervisor or the audit committee, and then to a shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor or the Audit Committee and then to a shareholders' meeting for discussion; the same applies when the procedures are amended.</p> <p>If the Company has independent directors in place and has submitted the procedures for discussion among the Board of Directors, the opinions of the independent directors shall be fully taken into consideration. Any opinions regarding the consents or objections made by independent directors shall be shown in board meeting minutes.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for lending funds to other parties are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	
Article 17	Article 18	Item amendment

Alexander Marine Co., Ltd.
Procedures for Acquisition or Disposal of Assets (before amendments)

Article 1: Purpose

For establishment of rules of institutional norms for Company asset acquisition and disposal, it is ensured that the acquisition or disposal of the assets of the Company has been properly evaluated and approved, information disclosure is implemented, and that it is in compliance with relevant laws and regulations.

Article 2: Basis of the Act

The decree is based on the relevant provisions of Article 36-1 of the Securities and Exchange Act (hereinafter referred to as this Act).

Article 3: Scope of assets

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (includes lands, housings and buildings, property investments) and equipment.
3. Membership card
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Financial derivatives.
6. Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares.
7. Other major assets.

Article 4: Terminology

1. Financial derivatives: used herein refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-8 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. For investments that are subject to the approval of the competent authorities, one of the dates of event referred to above or the date of approval by the competent authorities whichever is earlier or sooner shall prevail.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

7. The term “recent financial report” refers to the financial statements of the Company’s acquisition or disposal of assets that have been disclosed, and audited and signed off, or reviewed by certified public accountant.
8. The term "10% of total assets" refers to the calculation of the total assets in the most recent individual or individual financial report as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5: The limit of real property and securities for non-business use that are invested by the Company and its subsidiaries shall be in accordance with following provisions:

1. Limits of investment for the Company
 - (1) Properties investments for non-business use is limited at not more than 50% of the Company’s net value.
 - (2) The total amount for securities investments is limited at not more than 50% of the Company’s net value, and the total amount for individual securities is limited at not be more than 10% of the Company’s net value.
2. Subsidiary investment limit:
 - (1) Real properties investments for non-business use is limited at not more than 50% of the parent company’s net value.
 - (2) The total amount for securities investments is limited at not more than 50% of the parent company’s net value, and the total amount for individual securities is limited at not more than 10% of the parent company’s net value.

The calculation of the total amount of above-mentioned securities investments is based on the original investments cost.

Article 6: Appraisal Report or Opinions

1. Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom this Company has acquired appraisal reports and opinions from may not be a related party of any party to the transaction.
2. Where the Company acquires or disposes of assets (of Articles 7, 8, 9, and 10), through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 7: Procedures for acquisition or disposal of real property or equipment.

1. Appraisal procedure: The appraisal of real property and equipment that are acquired or disposed of by the Company shall be done after the feasibility evaluation report conducted by the assets sponsoring department, signed by the management department and with approval in accordance with approval authority regulations of the Company.
2. Operating procedure:
 - (1) With respect to the acquisition or disposal of real property or equipment, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
 2. The transaction amount that is more than NT\$1 billion shall be appraised by appraisers from more than two institutes.
 3. Except when the appraisal results of acquired assets are higher than the transaction

amount or when the appraisal results of disposed assets are lower than the transaction amount, accountant shall be required to solve this issue in accordance with Statement No. 20 of the Auditing Standards issued by the Accounting Research and Development Foundation, R.O.C. and give opinions on differential reasons and the fairness of transaction price, under such cases when:

(1) The difference between the appraised results and the transaction amount is more than 20% of the transaction amount.

(2) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

4. The period between the issued date of the appraisal report and the establishment of the contract shall be no more than 3 months. However, if the report applies to the reported current value of the same period with less than 6 months, it shall obtain the opinion from the original professional appraiser.

(2) After the acquisition of the assets, it shall register, administer, and use according to the Company's Fixed Asset Management Operating Procedure.

3. The determination procedure of transaction term and authorized amount

(1) With respect to the determination of price and references for acquisition or disposal of real property or equipment, the department which proposes such demands shall submit the reasons and explanation, the referred current assessed value, actual real estate transaction price nearby, and so on, for signing and approval, and the price shall be determined after price inquiring, price negotiation, or bidding.

(2) The degree of authority delegated

1. With respect to the acquisition or disposal of real property or equipments for business use, where the transaction amount is has not reach 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, the procedure shall be processed according to the Company's rule for Level of Authority; If the transaction amount reaches the above-mentioned amount, such transactions shall be submitted to the board of directors for approval before entering into this transaction.

2. With respect to the acquisition or disposal of real property or equipment for non-business use, where the transaction is NT\$30 million and less, the procedure shall be processed according to the Company's rule for Level of Authority; If the transaction amount is more than NT\$30 million, such transactions shall be submitted to the board of directors for approval before entering into this transaction.

3. In cases where time is of the essence or where business needs require entering into a contract of sale, it is permissible for the transaction to be proposed to the chairman of the board for approval first, but after the transaction is complete it shall be proposed at the next board of directors meeting for ratification.

4. With respect to the acquisition or disposal of assets, as required by the Company Act or other Acts and regulations, it is subject to resolution or recognition by the shareholders' meeting, or reporting to the shareholders' meeting, and shall be handled in accordance with it.

Article 8: Procedure for the acquisition or disposal of securities

1. Evaluation procedure:

(1) Before acquiring or disposing securities, the Company shall obtain the most recent audited or reviewed financial statements of the subject Company's securities as the evaluation of the transaction price.

(2) If the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, opinions from accountants shall be obtained on the rationality of the transaction price before the transaction; if the accountant adopts consultancy reports, it shall be treated in accordance with Statement No. 20 of the Auditing Standards issued by the Accounting Research and Development Foundation. This requirement does not apply,

however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

2. Operating procedure:
 - (1) Each organizer is in charge of valuation, trading, delivery, and tabulation (listing).
 - (2) Custody: All securities obtained by the Company shall be submitted to the finance department for custody or stored in safe deposit boxes.
 - (3) Evaluation: In accordance with the provisions of the relevant Accounting Standards, the finance department shall collect relevant data, which shall be submitted to the accountants for regular follow-up and evaluation.
3. The determination procedure of transaction term and the authorized amount:
 - (1) If the investment amount of bonds, corporate bonds, financial bonds, beneficiary certificates, asset-backed securitization as specified in Article 3, Section 1 of these procedures has not reached 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, the chairman of the board of directors shall approve the authorization of the transaction; If the amount reaches the above-mentioned amount, it shall be submitted to board of directors for approval before completing the transaction.
 - (2) For the acquisition or disposal of stocks that are listed on foreign or domestic stock exchange, transaction amount at NT\$30 million or less, the procedure shall be processed according to the Company's rule for Level of Authority; For transaction amount of NT\$30 million or more, such transactions shall be submitted to the board of directors for approval before entering into this transaction.
 - (3) Trading in securities that is not in the centralized trading market or in the securities firm's business premises must be approved by the board of directors.

Article 9: Procedure for Acquisition or Disposal of Intangible Assets

1. Appraisal procedure: The appraisal of intangible assets that are acquired or disposed of by the Company shall be done in the form of a feasibility report conducted by the requesting department, and submitted for approval.
2. Operating procedure: With respect to the acquisition or disposal of intangible assets, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transactions with government agencies, shall prior to the date of occurrence of the event also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price.
3. Determination procedure of authorized amount:
 - (1) If the transaction amount has not reached 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more, the chairman of the board of directors is authorized to make decision, and should be reported in the next recent board of directors meeting; If the transaction amount reaches the above-mentioned amount, such transactions shall be submitted to the board of directors for approval before entering into this transaction. In cases where time is of the essence or where business needs require entering into a contract of sale, it is permissible for the transaction to be proposed to the chairman of the board for approval first, but after the transaction is complete it shall be proposed at the next board of directors meeting for ratification.
 - (2) Any procedure for the acquisition or disposal of intangible assets shall be completed in accordance with the Company Act or other regulations, and shall be approved at or reported to the shareholders' meeting as necessary.

Article 9-1: Calculation of transaction amount

The calculation of the transaction amount set forth in Article 7, Article 8, and Article 9, shall be handled in accordance with the provisions of Article 13, Section 2, paragraph 8, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which appraisal reports were obtained from a professional appraiser or CPA's

opinion, according to this procedure, need not be counted toward the transaction amount.

Article 10: Procedure for related party transactions

1. Evaluation procedure and operating procedure:

- (1) Appraisal procedures and operation procedures by which the Company acquires or disposes of assets from a related party shall be in accordance with Articles 7, 8 or 9 respectively, based on the nature of the assets. Furthermore, if the transaction amount is more than 10% of the paid-in capital of the Company, appraisal reports shall be obtained from professional appraisers or opinions from accountants in accordance with Articles 7, 8, or 9 respectively.
- (2) If the assets disposed of or acquired by the Company from a related party are real property or assets other than real property and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets, or NT\$300 million or more, trading of bonds or bonds with repurchase and resell conditions, purchasing or redemption domestic money market funds issued by securities investment trust enterprise are not subject to this amount, it is necessary to make appraisals for them and prepare all data according to Section 2, paragraph 1 of this Article and submit them to the board for approval and the Audit Committee for recognition
- (3) The calculation of transaction amounts in the two former items shall be performed according to the provisions of Section 2, paragraph 5 of Article 13. The referred to "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. The part calculated in the appraisal report from professional appraisers or the opinion of the accountant performed in accordance with the provisions of these procedures or submitted to the board for approval and the Audit Committee for recognition is excluded.
- (4) To judge if the transaction counterpart is within the range of related party or not, substantial relationship shall be considered in addition to the legal form.

2. Determination procedure of authorized amount:

- (1) If the real property or assets other than real property transaction amount up to 20% of the Company's paid-in capital, 10% of the total assets, or NT\$300 million or more is acquired from or disposed of with a related party, it shall submit following data to the board for approval before signing any transaction contract and making any payment. However, for equipment acquired or disposed of between the Company and its subsidiaries of less than 20% of the paid-in capital, it is permissible to be approved first by the chairman and then ratified at the next board of directors meeting by submitting the proposal:
 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 2. Reasons for choosing the related party as the transaction counterpart.
 3. With respect to the acquisition of real property thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Section 3, paragraph 1, paragraph 2, paragraph 3, paragraph 4, and paragraph 5 of this Article.
 4. The date and price at which the related party originally acquired the real property, the original transaction counterpart, and that transaction counterpart's relationship to the company and the related party.
 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 6. The appraisal report from professional appraisers or the opinion from a CPA's opinion shall be performed accordance with Section 1 of this Article.
 7. Restrictive covenants and other important stipulations associated with the transaction.
- (2) The calculation of the transaction amounts referred to in the preceding paragraph shall be

made in accordance with Article 13, Section 2, paragraph 5 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the Audit Committee in accordance with this procedure need not be counted toward the transaction amount.

- (3) With respect to acquisition or disposal of assets other than paragraph 1 thereof from a related party, shall be processed according to the preceding three provisions.

3. Reasonableness evaluation of transaction costs

- (1) When the Company acquires real property from a related party, it shall evaluate the reasonableness of the transaction costs according to the methods as below:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The so-called necessary interest cost of capital is calculated based on the weighted average interest rate of the borrowings of the Company's assets purchased in the year, but it shall not be higher than maximum borrowing interest rate for the non-financial industry as announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

- (2) Where land and houses thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the houses may be separately appraised in accordance with either of the means listed in the preceding Section.

- (3) In the case that the real property is acquired from a related party, the cost shall be appraised in accordance with Sections 3, paragraph 1 and paragraph 2 of this Article and accountants shall be invited to review and issue specific opinions.

- (4) When the appraised values of real property acquired by the Company from the related party according Sections 3, paragraph 1 and paragraph 2 of this Article are all relatively lower, it shall be handled according to Section 3, paragraph 5 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

- (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and houses according to the related party's construction costs plus reasonable construction profits are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or purchase practices.

- (3) Lease cases by unrelated parties within the preceding year involving other floors of the same property where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor prices in accordance with standard property market leasing practices.

2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; The above-mentioned “within the preceding year” refers to the year preceding the date of occurrence of the acquisition of the real property thereof.
- (5) When the results of the Company's appraisal for the acquisition of real property from a related party, conducted in accordance with Section 3, paragraph 1 and paragraph 2 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with the following: Moreover, if the Company uses the equity method to account for its investment in another company and sets aside a special reserve according to the above provision, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence to confirm there was nothing unreasonable in the transaction, and the Financial Supervisory Commission of the Executive Yuan has given its consent.
 1. In accordance with the provisions of Section 1 of Article 41 of the Securities and Exchange Act, a special reserve shall be set aside based on the difference between the transaction price and the appraised cost, which may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Section 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
 2. The Audit Committee shall comply with Article 218 of the Company Act.
 3. Actions taken pursuant to the Section 3, paragraph 5, point 1 and point 2 of this Article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
 - (6) Acquisition by the Company of real property from a related party, in one of the following situations, shall be performed in accordance with the provisions relating to appraisal procedures and operational procedures set forth in Section 2 of this Article; the provisions relating to the reasonableness evaluation of transaction costs in Sections 3, paragraph 1, paragraph 2 and paragraph 3 of this Article are not applicable.
 1. The related party acquired the real property thereof through inheritance or as a gift.
 2. More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
 - (7) When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with Section 3, paragraph 5 of this article if there is other evidence indicating that the acquisition was not an arm's-length transaction.

Article 11: Procedures for the acquisition or disposal of derivatives:

This shall be done according to the procedures for transacting in derivatives.

Article 12: Procedures for Merger, Division, Acquisitions or Share Transfer

1. Procedure of Evaluation and Operation

- (1) In conducting a merger, division, acquisitions or share transfer, the Company shall engage an attorney, accountant and securities underwriter to jointly discuss and establish the schedule for the legal procedures which the project group shall implement. Prior to convening the board meeting, the opinions regarding the rationality of the exchange ratio, purchase price or cash dividend shall be obtained from the attorney, accountant and the security underwriter and then submitted to the board of directors for approval. However, the requirement of obtaining an aforesaid opinion on the reasonableness of the transaction issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (2) The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in Section 1 paragraph 1 of this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2. Other Matters Requiring Attention

- (1) Date of board Meeting: The companies involved in a merger, division or acquisition shall hold board meetings and shareholders' meetings on the same day to decide on the merger, division or acquisition, unless another law provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The companies involved in share transfer shall hold board meetings and shareholders' meetings on the same day, unless another law provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- (2) Prior Confidentiality Commitment: All persons involved in the merger, division, acquisition or share transfer shall provide written confidentiality commitments to guarantee neither to disclose the plan to others before the information disclosed to the public, nor to sell or buy the shares of the companies or other equities in his/her own, or other, names.
- (3) Change principles for share exchange ratio or acquisition price: In principle, the share exchange ratio or acquisition price is not allowed to change in case of merger, division, acquisitions or share transfer; however, the limit is excluded in the case that change conditions have been agreed on in the contract and made public. Conditions for changing the share exchange ratio or acquisition price are restricted as follows:
 1. Cash capital increase, convertible bonds issuance, stock grants, issuing bonds with attached warrants, preferred shares with attached warrants, stock purchase warrants and other equity-based securities.
 2. An action, such as a disposal of material assets, which affects the Company's finances or business.
 3. An event, such as a major disaster or major change in technology that affects

- shareholder equity or share price.
4. An adjustment where any of the companies involved in the merger, division, acquisition or transfer of shares from another company duly repurchases treasury stock.
 5. A change in the entities or number of entities involved in a merger, division, acquisition or share transfer.
 6. Any other conditions for changes that have been agreed upon in the contract and have been publicly disclosed.
- (4) Matters that shall be noted in the contract: The following matters shall be noted in the contract for handling a merger, division, acquisitions or transfer of shares of the participating companies, in addition to the regulations of Article 317-1 of the Company Act and Article 22 of the Mergers and Acquisitions Act:
1. Handling of breach of contract.
 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 3. Principles for the amount and handling of buying back treasury stock according to law by participating companies after the record date of calculation of the share exchange ratio.
 4. Handling method for changes in the participating entities or the number of them.
 5. Preliminary progress schedule for plan execution, and anticipated completion date.
 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (5) In the case that the companies involved in merger, division, acquisition or transfer of shares change: If any party involved in merger, division, acquisition or transfer of shares plans to merge, divide, acquire or transfer shares with other companies after information is disclosed publicly, except in the case where the number of parties decreases and the board has been authorized to adapt to these changes by resolutions at the shareholder meeting, all the implementing and/or completed procedures or legal actions for the original merger, acquisition, division or share shall be resumed by all the companies involved.
- (6) If any of the companies involved in a merger, division, acquisition or share transfer is a non-public company, the Company shall sign a contract with it/them and the transaction shall be completed according to related regulations.
- (7) In the case that the company/companies involved in a merger, division, acquisition or share transfer goes/go public or has/have the stocks traded in securities, the following materials shall be prepared into written records and conserved for five years for check latter.
1. Basic personnel information: including titles, names and ID (passport number in case of foreigner) of all people involved in the plan or the execution of plan of merger, division, acquisition or share transfer prior to public disclosure of the plan.
 2. Dates of material events: including the date of signing of the letter of intent or memos, the hiring of financial or legal advisors, the signing of contracts, and the convening of a meeting of the board of directors.
 3. Important documents and minutes: including the plan, letter of intent or memos, important contract and minutes of board meetings on the merger, division, acquisition or share transfer.
- (8) If the companies involved in merger, division, acquisitions or share transfer go public or are traded in a securities market, the information stipulated in (1) and (2) of preceding section shall be submitted in defined format through the internet information system to FSC for reference check within 2 days of the resolution being adopted by the board of directors.

Article 13: Procedures for public disclosure of information

1. The Company shall report related information to the website designated by FSC for announcement and reporting within 2 days of the transaction date if the assets acquired or disposed of by the Company are within the scope stipulated in Section 2 of this Article and the transaction amount reaches the announcement standard.
2. Projects that shall be declared or Report Standard
 - (1) With respect to real property or assets other than real property that is acquired or disposed of from the related party, and transaction amount reaches 20% of the Company's paid-in capital, 10% of total assets, or NT\$300 million or more. However, trading of bonds or bonds with repurchase and resell conditions, purchasing or redemption domestic money market funds issued by securities investment trust enterprises, are not subject to this limit.
 - (2) Mergers, divisions, acquisitions or transfer of shares.
 - (3) The loss in derivatives reaches upper loss limit, including in total or of an individual contract as regulated in the procedure.
 - (4) Acquisition or disposal of such assets as equipment for business use which does not involve the related party, and the transaction amount does not belong to any one of those mentioned in the following:
 1. Paid-in capital does not reach NT\$10 billion, and the transaction amount reaches NT\$500 million or more.
 2. Paid-in capital reaches above NT\$10 billion, and the transaction amount reaches NT\$1 billion or more.
 - (5) Acquisition or disposal of real property for construction purposes by a Company which runs construction business without any involvement of the related party, and the transaction amount reaches NT\$500 million or more.
 - (6) Acquisition of real property in the methods of contracted construction on self-own land/leased land, co-construction & housing sharing, co-construction & profit sharing, and co-construction & housing distribution; the Company predicts its invested transaction amount reaches NT\$500 million or more.
 - (7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent of the Company's paid-in capital or NT\$300 million or more; Provided, this shall not apply to the following circumstances:
 1. Bond trade.
 2. Where done by professional investors — securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 3. The trade of RP/RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises
 - (8) The aforementioned transaction amount is as follows, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items which are announced in accordance with this procedure need not be counted toward the transaction amount.
 1. Transaction amounts for every transaction
 2. The total accumulative amounts in transacting with the same counterpart within a year for acquisition or disposal of objects with same property.
 3. The cumulative transaction amount of acquisitions and disposals (cumulative

acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year.

4. The total accumulative amounts as results of acquisition or disposal (accumulating the acquisition and disposing securities respectively) of the same securities within a year

3. Reporting procedures

- (1) The Company shall report related information to the website designated by FSC for announcement and reporting.
- (2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
- (3) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
- (4) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for at least 5 years except where another act provides otherwise.
- (5) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
 1. Change, termination, or rescission of a contract signed in regard to the original transaction.
 2. A merger, demerger, acquisition, or transfer of shares which is not completed by the scheduled date set forth in the contract.
 3. Change to the originally publicly announced and reported information.

Article 14: Subsidiaries of the Company shall adhere accordingly to following regulations:

1. Subsidiaries shall be in accordance with Standards for Public Company Acquisition or Disposal of Assets in establishing and implementing "Procedures for Acquiring or Disposal of Assets." If the subsidiary is not a public company, the formation of a procedure and its amendment shall be passed by the board of directors of the subsidiary; If the subsidiary is a public company, the formation of these procedures shall be in accordance with Standards for Public Company Acquisition or Disposal of Assets.
2. If the subsidiary is not a public company but reaches the standards of announcement and reporting regulated in Article 12 of "Standards for Public Company Acquisition or Disposal of Assets," the Company shall make an announcement for the subsidiary.
3. In the subsidiary's standards of announcement and report, the referred to "20% of the Company's paid-in capital," or "10% of the Company's total assets" is based on the Company's paid-in capital or total assets.

Article 15: Penalties

Any employee who undertakes responsibilities for acquisition or disposal of assets in violation of these procedures will be reported for assessment according to the Company's personnel management and employee handbook, and he/she will be subject to penalty accordingly.

Article 16: Board of directors resolutions

With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director

expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to this paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director agrees or objects to any matter, the comments or reasons therefor shall be recorded in the minutes of the board of directors meeting.

Where any transaction involving major assets or derivatives is submitted for discussion by the board of directors pursuant to this procedure or decree, it shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

Any matter that requires the approval of the audit committee in accordance to this procedure, if it has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the directors meeting.

All audit committee members and all directors, shall be counted as the actual number of persons currently holding those positions.

Article 17: Implementation and revision

After the procedures have been approved by the board of directors, they shall be submitted to each supervisor or the audit committee, and then to a shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor or the Audit Committee and then to a shareholders' meeting for discussion; the same applies when the procedures are amended.

If the Company has independent directors in place and has submitted the procedures for discussion among the Board of Directors, the opinions of the independent directors shall be fully taken into consideration. Any opinions regarding the consents or objections made by independent directors shall be shown in board meeting minutes.

Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for lending funds to other parties are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 18: Supplementary Articles

Any matters that are not contained in these procedures shall be handled according to related regulations and laws, as well as regulations of the Company.

List of Director Candidate

Serial No.	Name	Shareholding	Experience (Education)	Current position
1	Yen Sung Chen	-	<p><u>Education:</u> Bachelor in Economics, National Taiwan University MBA, Wharton School, University of Pennsylvania</p> <p><u>Experiences:</u> Chief Financial Officer, Chimei Innolux Corporation Chief Financial Officer, E Ink Holdings Inc. Chief Financial Officer, China Development Financial Chief Financial Officer, Fubon Financial Holdings</p>	KHL Capital, Managing Director

[Attachment 9]

Alexander Marine Co., Ltd.
Concurrent Positions of the New Director

Identity	Name	Concurrent positions in other companies
Director	Chen Yen Sung	KHL Capital, Managing Director

Articles of Incorporation of Alexander Marine Co., Ltd.

Chapter 1 General

- Article 1: The Company is organized in accordance with the Company Act of the Republic of China and is named 東哥企業股份有限公司 in Chinese and Alexander Marine Co., Ltd. in English.
- Article 2: The Company operates the businesses below:
1. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import.
 2. CA02060 Metal Containers Manufacturing.
 3. CB01010 Machinery and Equipment Manufacturing.
 4. CD01010 Ship and Parts Manufacturing.
 5. CN01010 Furniture and Fixtures Manufacturing.
 6. E801010 Building Maintenance and Upholstery.
 7. I501010 Product Designing
 8. I503010 Landscape and Interior Designing.
 9. F114060 Wholesale of Ship Machinery and Parts.
 10. F199990 Other Wholesale Trade.
 11. F401010 International Trade
 12. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company has its headquarters in Kaohsiung City and may, as required through board resolution, establish domestic or overseas branches, representatives offices or business places.
- Article 4: The Company makes public announcements in accordance with Article 28 of the Company Act and may also make public announcements in the manner provided by the securities management authority.

Chapter 2 Shares

- Article 5: The total capital of the Company is NT\$1 Billion, divided into 100,000,000 shares, at NT\$10 per share. The board of directors is authorized to issue shares that are not yet issued through several issuances as required.
- The Company may issue employee stock purchase warrants, retaining one million shares from the total amount of shares in the preceding paragraph as the shares of the employees' stock purchase warrants, and authorize the board of directors to issue the shares at separate times.
- Article 6: All of the Company's shares are registered shares and shall be affixed with the signatures and seals of 3 or more directors. Shares shall be issued following certification in accordance with the law. After the Company issues shares publicly, it may be released of the obligation to print share certificates in accordance with Article 162-2 of the Company Act, provided that registration shall be made with a centralized securities depository organization.
- Article 7: Share transfer registration shall be suspended during a period of 60 days before any general shareholders meeting, 30 days before any extraordinary shareholders meeting or 5 days before any record date for the Company's decision to distribute dividend, bonus or other benefit. The handling of shareholder service matters of the Company shall be in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 7-1: The cancellation of the public issuance of the Company's shares shall be submitted to the shareholders meeting for resolution.

Chapter 3 Shareholders Meeting

Article 8: Shareholders meetings are divided into general meetings and extraordinary meetings. General meetings shall be called by the board of directors in accordance with the law once a year within 6 months from the closing of each accounting year. Extraordinary meetings are called in accordance with the law as required. The procedure for the calling of general shareholders meetings shall be in accordance with the Company Act, the Securities and Exchange Act and applicable laws.

Article 9: If a shareholder cannot attend a shareholders meeting, it may issue a proxy printed by the Company, specifying the scope of authorization and affixed with its signature and seal, to appoint a representative to attend the meeting on its behalf. In addition to Article 177 of the Company Act, the use of proxies shall be in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 10: Each shareholder of the Company is entitled to one voting right per share held, except shares with no voting right as provided by the Company Act.

Article 11: Unless otherwise provided by the Company Act, shareholder resolutions shall be approved by the majority of voting rights represented by the shareholders attending a meeting that is attended by shareholders representing the majority of all outstanding shares. In accordance with the rules of the competent authority, the shareholders of the Company may exercise voting rights in an electronic manner. Shareholders exercising their voting rights in an electronic manner shall be deemed to have attended the meetings personally. Relevant matters shall be in accordance with the law.

Shareholder resolutions shall be recorded in minutes and affixed with the signatures or seals of the chairman of the shareholders meeting. The minutes shall be distributed to each shareholder within 20 days from the meeting.

The distribution of the minutes under the previous paragraph may be done through public announcement.

Article 12: When a shareholders meeting is called by the board of directors, the chairman of the board of directors shall chair the meeting. If the chairman is on leave or cannot perform his duties due to any reason, the provisions of the Company Act shall apply. If the shareholders meeting is called by any other person entitled to call the meeting other than the board of directors and if there are two or more persons that have called the meeting, one person shall be elected from among themselves to chair the meeting.

Chapter 4 Directors and Audit Committee

Article 13: The Company has 7 to 9 directors, serving terms of 3 years. The directors shall be elected by the shareholders meeting from among persons with legal capacities. The same person may be re-elected upon expiry of the term. In electing the directors, Article 198 of the Company Act and applicable provisions shall apply. The percentage of shares held by all directors shall be in accordance with the regulations of the securities management authority.

The board of directors may purchase liability insurance for all directors during their terms based on actual requirements.

The above number of directors includes the number of independent directors. There shall be at least 2 independent directors and at least 1/5 of all directors shall be

independent directors. Directors (including independent directors) of the Company shall be elected through the candidate nomination system under Article 192-1 of the Company Act. Directors shall be elected by the shareholders meeting from a list of director candidates.

The relevant qualifications, nomination manner and other matters of compliance about independent directors under the previous paragraph shall be in accordance with the regulations of the securities management authority. When the Company elects directors under the previous paragraph, independent directors and non-independent directors shall be elected at the same time and the number of elected directors/independent directors shall be calculated separately. Those receiving the most votes shall be elected.

Article 13-1: In accordance with Article 14-4 of the Securities and Exchange Act, the Company has an audit committee or the members of the audit committee to be responsible for performing the duties of the supervisors in accordance with the Company Act, the Securities and Exchange Act and other laws. The exercise of the duties by the audit committee and other compliance matters shall be in accordance with applicable regulations.

The audit committee shall be composed of all independent directors. There shall be at least 3 members, one of whom shall be the chairman and at least one person shall have accounting or financial expertise.

Article 14: The board of directors is composed of directors. One director shall be elected by the majority of directors attending a meeting that is attended by 2/3 or more directors as the chairman. One vice chairman may also be elected in the same manner. The chairman shall chair shareholders meetings and board meetings and shall represent the Company.

Article 15: When the chairman is on leave or cannot exercise his duties due to any reason, the representation shall be in accordance with Article 208 of the Company Act. If a director cannot attend a board meeting, another director maybe appointed as a representative to attend the meeting in accordance with Article 205 of the Company Act, provided that each director shall represent no more than one other director. If a board meeting is held through video conference, any director participating in the meeting through video conference shall be deemed to have attended the meeting in person. Board meetings shall be called in accordance with Article 204 of the Company Act. Notice for board meetings may be sent in writing, by fax or by email. However, in case of emergency, a meeting may be called at any time.

Article 16: The board of directors is authorized to determine the remuneration for all directors. Such remuneration may be paid at the common standard of the same industry, regardless of whether there is profit or loss.

Chapter 5 Managers

Article 17: The Company shall have manager, whose title, appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 18: The board of directors of the Company shall at the close of each fiscal year, prepare the following statements and records: (1) Business report, (2) Financial Statement, (3) Various reports on distribution plan or loss make-up proposal submitted to the Annual General Meeting in accordance with the law, for ratification.

Article 19: If the Company has any profit in the year, at least 1% shall be provided as employee remuneration. A decision shall be made by board resolution to distribute such

remuneration in stock or in cash. Such remuneration may also be received by employees of subsidiaries that meet certain conditions. A decision may be made by board resolution to use the above profit of the Company to provide no more than 5% as director remuneration. Employee remuneration and director remuneration proposals shall be reported to the shareholders meeting.

However, if the Company has accumulated losses, the compensation amount shall be provided first before provision for employee remuneration and director remuneration in accordance with the percentages under the previous paragraph.

Article 20: If the Company's yearly closing shows profit, taxes shall be paid in accordance with the law and accumulated losses be compensated. Then 10% shall be provided as legal reserve, unless the amount of legal reserve has reached the paid-in capital of the Company. The rest shall be used to provide or recycle special reserve in accordance with the law. The remaining amount, if any, together with the accumulated undistributed profit, shall be subject to a profit distribution proposal to be established by the board of directors. Such proposal shall be submitted to the shareholders meeting for resolution to distribute shareholder dividend and bonus.

The Company's dividend policy is in accordance with the current and future development plans. Consideration is given to the investment environment, funding needs and domestic and overseas competition status. Shareholder interest is also taken into consideration. A balanced dividend policy is adopted. At least 10% of the dividend distributed in the current year shall be in cash.

Chapter 7 Miscellaneous

Article 21: The total amount of investment by the Company is not limited by Article 13 of the Company Act and the board of directors is authorized to engage in such investment.

Article 22: The Company makes endorsements/guarantees based on needs arising from business dealings, such operations should follow the Company's management regulations for endorsements/guarantees.

Article 23: Anything that is not fully stipulated in these Articles of Association shall be in accordance with the Company and applicable laws.

Article 24: These Articles of Association were established on December 29, 1977.

The first amendment was made on December 20, 1979.

The second amendment was made on April 10, 1981.

The third amendment was made on May 5, 1983.

The fourth amendment was made on December 16, 1985.

The fifth amendment was made on November 16, 1986.

The sixth amendment was made on June 26, 1988.

The seventh amendment was made on August 7, 1988.

The eighth amendment was made on June 9, 1991.

The ninth amendment was made on June 20, 1994.

The tenth amendment was made on June 9, 1996

The eleventh amendment was made on July 1, 1997.

The twelfth amendment was made on January 5, 1999.

The thirteenth amendment was made on March 18, 2002.

The fourteenth amendment was made on July 4, 2004.

The fifteenth amendment was made on June 28, 2008.

The sixteenth amendment was made on August 26, 2012.

The seventeenth amendment was made on July 18, 2013.

The eighteenth amendment was made on June 9, 2014.

The nineteenth amendment was made on June 9, 2015.

The twentieth amendment was made on December 21, 2015.

The twenty-first amendment was made on April 22, 2016.

The twenty-second amendment was made on April 28, 2017.

[Appendix 2]

Alexander Marine Co., Ltd.
Rules of Procedure for Shareholders' Meetings

Article 1

Shareholders meetings of the Company shall be carried out in accordance with these Rules, unless otherwise provided by law or the Articles of Association.

Article 2

The Company shall put in place an attendance sheet for attending shareholders to sign-in for the meetings. Attending shareholders may also submit attendance cards in lieu of sign-in.

The number of shares represented by attendance shall be calculated based on the attendance sheets or the attendance cards submitted.

Article 2-1

Shareholders meetings of the Company shall be called by the board of directors, unless otherwise provided by law.

30 days before a general shareholders meeting, or 15 days before an extraordinary shareholders meeting, the Company shall prepare electronic files of the shareholder meeting notice, proxy, agenda showing relevant proposals for approval, discussion, election or dismissal of directors and explanatory materials and upload them to the Market Observation Post System. 21 days before a general shareholders meeting, or 15 days before an extraordinary shareholders meeting, the shareholders meeting manual and supplemental meeting materials shall be prepared as electronic files and uploaded to the Market Observation Post System. 15 days before the shareholders meeting, the shareholders meeting manual and supplemental meeting materials shall be put at the shareholders' disposal for review at any time and displayed in the Company or the professional shareholder services organization mandated by the Company. Such manual and materials shall also be distributed on site at the shareholders meeting.

The notice and public announcement shall specify the agenda of the meeting. With the consent of the counterparty, the notice may be given in an electronic manner.

Election or dismissal of directors, amendment to Articles of Association, dissolution, merger or split of the Company, any matter under the first paragraph, Article 185 of the Company Act, Articles 26-1 or 43-6 of the Securities and Exchange Act or Articles 56-1 or 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed in the agenda and shall not be proposed through extraordinary motions.

Shareholders holding 1% or more of all outstanding shares may submit a proposal to the general shareholders meeting in writing, provided that there shall be no more than one proposal. If there is more than one proposal, none will be included in the agenda. If the proposal made by a shareholder has an event under the fourth paragraph, Article 172-1 of the Company Act, the board of directors may exclude the proposal from the agenda.

The Company shall make public announcements about the acceptance of shareholder proposals, where the proposals will be accepted and the period of acceptance before the cutoff date for share transfer registration before a general shareholders meeting. The period of acceptance shall not be less than 10 days.

Shareholder proposals shall be limited to 300 words. Any proposal over 300 words shall be excluded from the agenda. The proposing shareholder shall attend the general shareholders meeting in person or through a representative and shall participate in the discussion of the proposal.

The Company shall give notice to the proposing shareholders about the results of handling before the date of the shareholder meeting notice and shall include in the meeting notice the proposals that are consistent with the requirements under this Article. For the shareholder proposals excluded from the agenda, the board of directors shall provide the reasons for such exclusion in the shareholders meeting.

Article 2-2

In each shareholder meeting, shareholders may issue proxies printed by the Company, specifying the scope of authorization, for a representative to attend the shareholder meeting on its behalf.

Each shareholder shall issue no more than one proxy and appoint no more than one representative. The proxy shall be delivered to the Company 5 days before the shareholders meeting. In case of duplicate proxies, the one that arrives the earliest shall prevail, except if a statement has been made to revoke a prior proxy.

After a proxy is delivered to the Company, if the shareholder wishes to attend the shareholders meeting in person or exercise its voting right in the written or electronic manner, it shall revoke the proxy in writing to the Company 2 days before the shareholders meeting. If the revocation is delivered after such period, the vote exercised by the representative under proxy shall prevail.

Article 3

Attendance and votes in shareholder meetings shall be calculated based on shares. The number of shares of attendance shall be based on the attendant sheet or the attendance cards submitted, plus the number of shares for which votes have been cast in written or electronic manners.

Article 4

Shareholder meetings shall be held in locations within the county/city where the Company is located or places suitable for shareholder meetings. The start time of the meeting shall not be earlier than 9 a.m. or later than 3 p.m. The opinions of the independent directors about the location and time of the meeting shall be fully taken into consideration.

Article 5

If the shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board of directors. If the chairman is on leave or cannot exercise his duties due to any reason, the vice chairman shall act on behalf of the chairman. If there is no vice chairman or if the vice chairman cannot perform his duties due to any reason, the chairman shall appoint one managing director to act on his behalf. If there is no managing director, one director shall be appointed. If the chairman does not appoint any person to act on his behalf, the managing directors or the directors shall elect one person from among themselves to act on behalf of the chairman.

If the shareholders meeting is convened by any person entitled to convene the meeting other than the board of directors, the meeting shall be chaired by such person. If the meeting is convened by two or more persons, one person shall be elected from among themselves to chair the meeting.

It is advisable for shareholder meetings convened by the board of directors to be chaired by the chairman of the board of directors in person. It is advisable for the majority members of the board of directors and at least one member of each functional committee to attend the meeting. The attendance shall be recorded in the minutes of the shareholders meeting.

If the shareholders meeting is convened by any person entitled to convene the meeting other than the board of directors, such person shall chair the meeting.

Article 6

The Company may assign its attorney, accountant or relevant staff to attend the shareholders meeting. The working staff of the shareholders meeting shall wear identification badges or armbands.

Article 7

Proceedings of shareholders meetings of the Company shall be recorded in audio or video in their entirety. Such recordings shall be maintained for at least 1 year. However, if any shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be kept until the completion of the lawsuit.

Article 8

The chairman shall call the shareholders meeting to order at the designated meeting time. However, if the meeting is attended by shareholders representing less than the majority of all outstanding shares, the chairman may postpone the time of the meeting. A meeting may be postponed no more than twice and for no more than one hour in total. If less than 1/3 of all outstanding shares is represented in a meeting postponed twice, the chairman shall declare the meeting failed.

If a meeting is attended by shareholders representing less than 1/3 of all outstanding shares after two postponements under the previous paragraph, a provisional resolution may be passed by the majority of voting rights held by the attending shareholders in accordance with the first paragraph, Article 175 of the Company Act. A notice about the provisional resolution shall be given to each shareholder for the shareholders meeting to be re-convened within one month.

After a provisional resolution is passed under the previous paragraph and before the current meeting is closed, if the number of shares represented by the attending shareholders reaches the majority of all outstanding shares, the chairman may submit the provisional resolution to the shareholders meeting for voting in accordance with Article 174 of the Company Act.

Article 9

If the shareholders meeting is convened by the board of directors, the board of directors shall establish the agenda. Such agenda shall not be changed without shareholders resolution.

If the shareholders meeting is convened by any person entitled to convene the meeting other than the board of directors, the previous paragraph shall apply mutatis mutandis.

Before the agenda scheduled under the previous two paragraphs (including motions) is completed, the chairman shall not declare the meeting closed without resolution.

After the meeting is closed, the shareholders shall not elect another chairman to continue the meeting in the same place or in a different place.

Article 10

Before a shareholder attending the meeting speaks, it shall first complete a speaking form to specify the main aspect of its statement, its shareholder number (or number of its attendance card) and shareholder name for the chairman to determine the order for the shareholder to speak.

When an attending shareholder submits a speaking form but does not speak, it shall be deemed that the shareholder has not spoken. If the statement given by the shareholder when it speaks is inconsistent with the specifications in the speaking form, the statement given shall prevail.

When an attending shareholder speaks, the other shareholders shall not speak to interfere unless with the consent of the chairman or the speaking shareholders. In case of breach, the chairman shall stop such interference.

When a shareholder limits the authority of its representative under the proxy or otherwise, regardless of whether the Company has knowledge thereof, the statement given or the vote cast by the representative shall prevail.

Article 11

Each shareholder shall speak no more than twice in relation to the same proposal unless allowed by the chairman. The shareholder shall not speak for more than 5 minutes each time.

When a shareholder speaks in violation of the previous paragraph or speaks beyond the scope of the proposal, the chairman may stop the shareholder.

Article 12

When a corporation attends a shareholders meeting, such corporation shall assign no more than one representative to attend the meeting.

When a corporate shareholder assigns two or more representatives to attend a shareholders meeting, only one representative shall speak in relation to the same proposal.

Article 13

After an attending shareholder speaks, the chairman may respond or designate the relevant person to respond.

Article 14

When the chairman deems that a proposal has been sufficiently discussed to put to vote, he may declare the discussion closed and put the proposal to vote.

Article 15

The vote monitors and vote counters for a proposal shall be designated by the chairman. However, the vote monitors shall be shareholders. The result of the vote shall be announced on site and recorded.

Any vote with any of the below events shall be invalid and the weight of such vote shall be excluded from the calculation:

1. Votes by the Company that are unused.
2. Votes not put into the ballot box.
3. Blank votes without any written words or expression of opinions regarding the proposal.
4. Votes should have other written text in addition to the necessary items.
5. Votes with writing that is unclear and indecipherable or has been altered.

Article 16

When a shareholder has an interest in a matter in the meeting, which may jeopardize the Company's interest, the shareholder shall not participate in the voting and shall not act on behalf of any other shareholder to exercise the voting right.

Article 17

During the course of the meeting, the chairman may announce breaks. In case of any event of force majeure, the chairman may suspend the meeting and announce the time at which the meeting shall resume depending on the situation.

Before the agenda scheduled for the shareholders meeting (including extraordinary motions) is completed, if the location of the meeting cannot continue to be used, the shareholders may resolve to continue the meeting in a different location.

Shareholders may resolve to adjourn or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 18

The chairman may direct picketers (or security guards) to assist in maintaining the order of the meeting place. Pickets (or security guards) shall wear armbands or identification badges showing "picketeer".

If there is sound amplification equipment in the meeting place and if a shareholder uses any other equipment to speak, the chairman may stop the shareholder.

When a shareholder breaches the meeting rules and disobeys the correction by the chairman, interfering with the proceeding of the meeting and refusing to follow orders, the chairman may direct the pickers or security guards to remove the shareholder.

Article 19

Each shareholder is entitled to one vote per share, except restricted shares or shares without voting rights under the second paragraph, Article 179 of the Company Act.

When the Company holds a shareholders meeting, voting rights may be exercised in writing or in electronic manners (if the company adopts electronic voting in accordance with the proviso of the first paragraph, Article 177-1 of the Company Act: When the Company holds a shareholders meeting, voting rights shall be exercised in the electronic manner and voting in writing may also be adopted). If voting rights are exercised in writing or in electronic manners, specifications about the methods shall be made in the notice of shareholders meeting. Shareholders exercising their voting rights in writing or in electronic manners shall be deemed

to have attended the meeting in person. However, any amendment to any motion and original proposal in the shareholders meeting shall be deemed a waiver. Thus, it is advisable that the Company avoids amendment to any motion or original proposal.

When voting rights are exercised in writing or in electronic manners under the previous paragraph, the expression of intention shall be delivered to the Company 2 days before the shareholders meeting. In case of duplicate expressions, the one that is delivered first shall prevail, except when a statement is made to revoke the prior expression.

After a shareholder has exercised the voting right in writing or in an electronic manner, if the shareholder wishes to attend the shareholders meeting in person, it shall revoke the expression of intention in the exercise of voting right in the same manner used to exercise the voting right 2 days before the shareholders meeting. If the revocation is not made in time, the voting rights exercised in writing or in the electronic manner shall prevail. If the voting right is exercised in writing or in an electronic manner and a proxy is given to a representative to attend the shareholders meeting, the voting right exercised by the representative shall prevail.

Unless otherwise provided by the Company Act or the Articles of Association of the Company, resolutions shall be approved by the majority of voting rights represented by attending shareholders. At the time of vote, the chairman or the person designated thereby shall announce the total number of voting rights that may be casted per proposal and the shareholders shall vote by proposal. On the same day as the shareholders meeting, the results of shareholders' consent, objection or waiver shall be uploaded to the Market Observation Post System.

If there is an amendment or alternative to the same proposal, the chairman shall determine the order of votes, including the original proposal. If either proposal has been voted, the other proposal shall be deemed rejected and no further voting shall take place.

The vote monitors and vote counters for a proposal shall be designated by the chairman. However, the vote monitors shall be shareholders.

The votes or election ballots in a shareholders meeting shall be counted in a public manner inside the meeting location. The results of the votes, including the weights represented, shall be reported on site and recorded.

Article 20

When the shareholders meeting elect directors, the election shall take place in accordance with the applicable election rules established by the Company and the result of the election shall be announced on site, including the list of elected directors and the weights received.

The ballots for the election under the previous paragraph shall be sealed and signed by the vote monitors and kept in due custody for at least one year. However, if any shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be kept until the completion of the lawsuit.

Article 21

Matters resolved by shareholders meetings shall be recorded in minutes, which shall be affixed with the chairman's signature or seal and distributed to each shareholder within 20 days from the meeting. The minutes may be prepared and distributed in an electronic manner.

For shareholders holding less than 1,000 registered shares, the company may distribute the minutes under the previous paragraph by public announcement on the Market Observation Post System.

The minutes of the meetings shall record the year, month, date, location of the meeting, the chairman's name, manner of resolution, main proceedings of the meeting and the results thereof.

Shareholder meeting minutes shall be kept permanently during the period of existence of the Company. Attendance sheets and proxies shall be kept for at least one year. However, if any shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall

be kept until the completion of the lawsuit.

Article 22

Any matter that is not stipulated in these Rules shall be governed by the Company Act, applicable laws and the Articles of Association of the Company.

Article 23

These Rules, including any amendment hereto, shall be implemented following the approval by the shareholders meeting.

[Appendix 3]

Alexander Marine Co., Ltd.
Shareholdings of All Directors

1. According to Article 26 of the S&E 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 NT\$300 million or more but NT\$1 billion or less, the total registered shares owned by all directors shall not be less than ten percent of the total issued shares; If more than two independent directors are elected, the number of shares held by all directors other than the independent directors will be reduced to 80% according to the proportional calculation in the preceding paragraph. If the audit committee is set up, the requirement that the supervisor shall hold no more than a certain percentage of shares shall not apply.
2. The total paid-in capital of the Company as of the closing date of this shareholders Annual General Meeting, April 7th, 2019, was NT\$930,452,760 and the number of issued shares was NT\$93,045,276 shares. Therefore, all directors should hold a minimum of 7,443,622 shares (93,045,276 shares*10%*80%).
3. As of the date of the suspension of the shareholder's regular meeting (April 7, 2019), the individual and all directors' shareholdings recorded in the shareholders' list are listed in the following table:

Title	Account Name	Shares	%
Chairman	Johnny Chueh	15,348,097	16.50%
Vice Chairman	Kevin Tseng	143,384	0.15%
Director	Chung Hui Cheng	2,228,276	2.39%
Independent director	Neng Mou Tu	44,088	0.05%
Independent director	Hung Wen Lin	-	-
Independent director	Ming Cheng Chang	-	-
Holding of all directors		17,763,845	19.09%

Note: I-Chun Wu resigned as director on August 6, 2018.

[Appendix 4]

Alexander Marine Co., Ltd.
Rules for Election of Directors

Article 1: To ensure a just, fair, and open election of directors, the Company has established these measures, and the directors election are handled in accordance with the provisions of these measures.

Article 2: The overall composition of the board of directors shall be taken into consideration in the selection of this Company's directors. Board members shall be diversified in a manner that supports the Company's operations, business activities and growth. The diversification shall be based on, but is not limited to, the following two principles:

1. Basic conditions and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: Professional background (such as, law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

Board members should possess the necessary knowledge, skills, and literacy for performing duties, which include:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

The majority of the board directors may not be with a relationship of spouse or second cousin.

The Board of Directors shall base on the results of the performance evaluation to consider the adjustment of the Board members.

Article 3: The qualifications for the independent directors of this Company shall comply with Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”

The election of independent directors of this Company shall comply with Articles 5, 6, 7, 8, and 9 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” and shall be conducted in accordance with Article 24 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.”

Elections of directors at this Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

Article 4: The cumulative voting method shall be used for election of the directors at this Company. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. Each share will have voting rights in number equal to the number of persons to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 5: The Company’s directors shall be elected by shareholders with the legal capacity in accordance with the provisions of this procedure and shall elect for the number of directors as specified in the Company’s Memorandum and Articles of Association, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will

be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

- Article 6: Board of directors shall prepare and print the ballots. When necessary, the shareholder account number should be filled out on the ballot, in addition to the Company stamp, the attendance card numbers and number of voting rights. Ballots will not be printed for those who exercise their voting rights via electronic method.
- Article 7: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
- Article 8: The ballot boxes shall be prepared by the Company and publicly checked by the vote monitoring personnel before voting commences.
- Article 9: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. If the candidate is a government agency or institution shareholder, the candidate column on the ballot must be detailed with the name of the government agency or institution shareholder, or it can be the name of the government agency or institution shareholder and their representatives. If there is more than one representative appointed, the name of all the representatives must be listed separately.
- Article 10: A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by the board of directors.
 2. A blank ballot is placed in the ballot box.
 3. The writing is unclear and indecipherable or has been altered.
 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
 5. The candidate whose name is the same as other shareholder, and the shareholder account number or identity number is not filled in to identify the person.
 6. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
 7. Two or more candidates were marked on the same ballot.
- Article 11: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair or other designated person on the site.
- The ballots for the election under the previous paragraph shall be sealed and signed by the vote monitors and kept in due custody for at least one year. However, if any shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be kept until the completion of the lawsuit.
- Article 12: The board of directors of the Company shall issue notifications to the persons elected as directors.
- Article 13: The matters not specified in these regulations shall be handled in accordance with the provisions of the Company Act and relevant laws and regulations.
- Article 14: These regulations, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

[Appendix 5]

The Impact of these Stock Dividend Issuance on Operating Performance, Earnings per Share, and Shareholders' Return on Investments: the Company does not have stock grants for this year, therefore, it is not applicable.

[Appendix 6]

Other matters

Situation for acceptance of shareholder proposal and nomination in 2019 Annual General Meeting:

1. According to Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal (300-word limit). Such application filings for acceptance by the Company was from March 29, 2019 to April 8, 2019, and the Company did not receive any shareholder proposal.
2. In accordance with the provisions of Article 192-1 of the Company Act, the application for nomination of candidates for directors is accepted from March 29, 2019 to April 8, 2019. During this period of acceptance, there are no shareholders with more than 1% of shares, exercised their nominating rights other than the nomination list proposed by the Company's board of directors.