

**Asia Pacific Telecom Co., Ltd.**  
**2020 Annual General Shareholders' Meeting**

**Meeting Handbook**

Date: June 17, 2020

Venue: 2F., No. 12, Zhouzi St., Neihu Dist., Taipei City  
(Neihu International Meeting Room)

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**Asia Pacific Telecom Co., Ltd.**  
**Meeting Procedure for the 2020 Annual General**  
**Shareholders' Meeting**

- I. Calling the Meeting to Order
- II. Chairperson's Remarks
- III. Management Presentations
- IV. Proposals
- V. Discussions
- VI. Election Matters
- VII. Other Matters
- VIII. Questions and Motions
- IX. Adjournment

# **Asia Pacific Telecom Co., Ltd.**

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

Meeting Time: 9:00 a.m., Wednesday, June 17, 2020

Venue: 2F., No. 12, Zhouzi St., Neihu Dist., Taipei City (Neihu International Meeting Room)

- I. Calling the Meeting to Order
- II. Chairperson's Remarks
- III. Management Presentations:
  - (I) The 2019 Business Report.
  - (II) The 2019 Audit Committee's Review Report.
  - (III) The amendment to the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct."
  - (IV) The Progress and results of the Company's business operation plan by carrying out capital reduction for deficit compensations in 2019.
  - (V) The implementation of the Company's 2019 private issuance of ordinary shares for capital increase.
- IV. Proposals:
  - (I) The Company's 2019 Business Report and Financial Statements.
  - (II) The Company's 2019 Deficit Compensation Statement.
- V. Discussions:
  - (I) The proposal to amend the Company's "Articles of Association."
  - (II) The proposal to amend the Company's "Rules of Procedure for Shareholder Meetings."
  - (III) The proposal to amend the Company's "Regulations Governing Making of Endorsements/Guarantees."
  - (IV) The proposal to amend the Company's "Regulations Governing Loaning of Funds."
- VI. Election Matters:

By-election of one Independent Director.

\* The voting for each aforementioned proposal will take place cumulatively after discussions for each proposal have been held separately after the elections. Votes will be counted separately for each proposal.
- VII. Other Matters:

To release non-compete clauses for the Company's Directors.
- VIII. Questions and Motions
- IX. Adjournment

# Management Presentations

- I. The 2019 Business Report.  
(Please see Page 12-15 in this Handbook)
- II. The 2019 Audit Committee's Review Report.  
(Please see page 16 in this Handbook)
- III. The amendment to the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct."

Explanation:

- (I) The Company proposes to amend some Articles in its "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" in line with Directive Letters No. 1080008378 and No. 1090002299 dated May 23, 2019 and February 13, 2020 respectively from the Taiwan Stock Exchange Corporation. Please see Pages 42-49 in this Handbook for table of comparisons before and after such amendments. For current Articles, please see Page 101-112 in this Handbook.
  - (II) The proposal has been approved by the 8th Board of Directors in the 8th and 10th Board of Directors Meetings held on November 7, 2019 and March 19, 2020 respectively, and is submitted to the 2020 Annual General Shareholders' Meeting for adoption pursuant to the law.
  - (III) Please proceed to review.
- IV. The progress and results of the Company's business operation plan by carrying out capital reduction for deficit compensations in 2019.

Explanation:

- (I) The resolution to implement capital reduction for deficit compensations in the period was approved by an Interim Shareholders' Meeting convened on October 2, 2019. The capital reduction was approved by Letter No. 1080333597 from the Financial Supervisory Commission (FSC) on October 28, 2019, and the updated registration was approved by Letter No. 10801175410 from the Department of Commerce, Ministry of Economic Affairs (MOEA) on December 9, 2019. New shares issued after the capital reduction have also been listed and traded as of January 20, 2020.
  - (II) Pursuant to regulations from the approval letter from FSC, quarterly business operation plan shall be submitted to the Board of Directors for management and control, and also reported to the Shareholders' Meeting. Please see Page 50-52 in this Handbook for progress and results of the Company's 2019 business operation plan.
  - (III) Please proceed to review.
- V. The implementation of the Company's 2019 private issuance of ordinary

shares for capital increase.

Explanation:

- (I) For strengthening the operating capital, pay off bank loans, acquire machinery and equipment, or to pay expenses related to 5G development, the Company's Interim Shareholders' Meeting has reached a resolution on October 2, 2019, to increase capital by issuing no more than 1,500,000,000 ordinary shares through private offering. Par value of each share would be NT\$10, and the shares can be separately issued in one to three batches within one year.
- (II) The Company has completed the private issuance of 1,000,000,000 shares, with par value of NT\$10 each share, for a cumulative amount of NT\$10,000,000,000 in 2019. The Company has also received authorization for updated registration Letter No. 10801175410 from the Department of Commerce, Ministry of Economic Affairs (MOEA) on December 9, 2019.
- (III) Pursuant to regulations from Article 5 of the "Directions for Public Companies Conducting Private Placements of Securities," please see Page 53-54 in this Handbook for the Company's capital increase from private issuance of ordinary shares in 2019.
- (IV) Please review accordingly.

# Proposals

## Proposal 1

Proposed by the Board of Directors

Proposal: Please ratify the Company's 2019 Business Report and Financial Statements.

Explanation:

- I. The Company has prepared the 2019 Financial Statements (including Consolidated and Stand-alone Financial Statements), which have been audited by Certified Public Accountants (CPA) Yu-Lung Wu and Shih-Chun Huang from PwC, and Audit Reports with unqualified opinions have been issued, which have been submitted to the Company's Audit Committee for review along with the Business Report. The Review Report has also been issued as attached.
- II. For the Business Report, CPA Audit Report and various financial statements, please see Page 12-15 and Page 17-41 in this Handbook.

Resolution:

## Proposal 2

Proposed by the Board of Directors

Proposal: Please ratify the Company's 2019 Deficit Compensation Statement.

Explanation: The Company proposes the following 2019 Deficit Compensation Statement for ratification.

### Asia Pacific Telecom Co., Ltd. 2019 Deficit Compensation Statement

		Unit: NTD
Item		Amount
Beginning accumulated deficit as of June 30, 2019 (Note 1)	\$	(3)
Net losses for the period (Note 2)	(	2,608,358,233)
Other comprehensive income (loss)		3,894,960
Ending accumulated deficit as of December 31, 2019	\$ (	2,604,463,276)

Note 1: The First Extraordinary Shareholders' Meeting held on October 2, 2019 has approved by using legal surplus and capital surplus (premium from issuance of ordinary shares, employee share options, and others), amounting to NT\$7,337,060,304, as well as reducing paid-in capital, amounting to NT\$14,810,357,700, to compensate the deficit. After the deficit compensation, as of June 30, 2019, the Company's accumulated deficit is NT\$3.

Note 2: The number was resulted by deducting the after-tax net loss from January 1, 2019 to June 30, 2019 of NT\$2,591,713,295 from the 2019 after-tax net loss of NT\$5,200,071,528.

Chairman:

Manager:

Accounting Manager:

Resolution:

# Discussions

## Proposal 1

Proposed by the Board of Directors

Proposal: Please vote on the Company's proposal to amend its "Articles of Association."

Explanation:

- I. The Company has proposed to amend the Articles of Association in order to add the types of business registration for business expansion needs and to cooperate with the amendment of laws and regulations.
- II. Please see Page 55-61 in this Handbook for Table of Comparisons Before and After Amendments of Articles of Association. Please see Page 86-92 for the current Articles of Association.
- III. Please vote for the proposal.

Resolution:

## Proposal 2

Proposed by the Board of Directors

Proposal: Please discuss the proposal to amend the Company's 'Rules of Procedure for Shareholders Meeting'.

Explanation:

- I. The Company plans to amend its Rules of Procedure for Shareholders Meeting pursuant to Announcement No. 1080024221 from the Taiwan Stock Exchange Corporation on January 2, 2010 to amend some Articles in the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" in accordance with amendments in relevant laws.
- II. Please see Page 62-69 in this Handbook for Table of Comparisons Before and After Amendments of "Rules of Procedure for Shareholder Meetings". Please see Page 93-98 for the current Rules.
- III. Please vote for the proposal.

Resolution:



Proposal 3

Proposed by the Board of Directors

Proposal: Please vote for the Company's proposal to amend some Articles in its "Regulations Governing Making of Endorsements/Guarantees."

Explanation:

- I. The Company plans to amend its Regulations Governing Making of Endorsements/Guarantees pursuant to Directive Letter No. 1080304826 from the Financial Supervisory Commission on March 7, 2019 to amend some Articles in the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" in accordance with amendments in relevant laws.
- II. Please see Page 70-75 in this Handbook for Table of Comparisons Before and After Amendments of "Regulations Governing Making of Endorsements/Guarantees". Please see Page 113-117 for the current Rules.
- III. Please vote for the proposal.

Resolution:

Proposal 4

Proposed by the Board of Directors

Proposal: Please vote for the Company's proposal to amend some Articles in its "Regulations Governing Loaning of Funds."

Explanation:

- I. The Company plans to amend its Regulations Governing Loaning of Funds pursuant to Directive Letter No. 1080304826 from the Financial Supervisory Commission on March 7, 2019 to amend some Articles in the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" in accordance with amendments in relevant laws.
- II. Please see Page 76-82 in this Handbook for Table of Comparisons Before and After Amendments of "Regulations Governing Loaning of Funds". Please see Page 118-121 for the current Rules.
- III. Please vote for the proposal.

Resolution:

# Election Matters

Proposal 1

Proposed by the Board of Directors

Proposal: Please proceed with by-election of one Independent Director for the Company.

Explanation:

- I. Independent Director Mr. Ting-Wong Cheng from the Company's 8th Board of Directors, has resigned on February 1, 2020 due to private concerns.
- II. By-election for one seat of Independent Director will be held pursuant to Article 14-2 of the Securities and Exchange Act.
- III. Independent Director will immediately assume his/her position upon election in this Shareholders' Meeting, and his/her term will begin on June 17, 2020 and terminate on June 19, 2021. The Independent Director shall be eligible for re-election.
- IV. Pursuant to regulations from the Company Act, the election of the Company's Independent Directors will adopt a candidate nomination system, and shareholders shall elect Independent Directors from among a roster of nominees. Please see Page 81 in this Handbook for a list of Independent Director nominees.
- V. Please see Page 99-100 in this Handbook for the Company's "Procedures for Election of Directors."
- VI. Submitted for election.

Election Results:

# Other Matters

Proposal 1

Proposed by the Board of Directors

Proposal: Please discuss the proposal to release the Company's Directors from the non-compete clause.

Explanation:

- I. According to Article 209 of the Company Act, "A director who does anything within the scope of the company's business for oneself or on behalf of another person shall explain to the shareholders at the shareholders meeting on the essential contents of such an act and secure their approval."
- II. The Company proposes to release the new Directors and newly-increased positions of directors from non-compete clause pursuant to the preceding regulations.
- III. Please see Page 84 in this Handbook for the Directors' (including Independent Directors') duties proposed to be released from non-compete clause.
- IV. Please vote for the proposal.

Resolution:

# **Questions and Motions**

## **Adjournment**

# Attachments

- I. 2019 Business Report/ Page 12-15
- II. 2019 Audit Committee's Review Report/ Page 16
- III. CPA Audit Report and 2019 Financial Statements/ Page 17-41
- IV. Table of Comparisons Before and After Amendments of "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct"/ Page 42-49
- V. Business Operation Plan Progress Report: 2019 Capital Reduction for Deficit Compensation/ Page 50-52
- VI. Implementation Report on 2019 Capital Increase from Private Issuance of Ordinary Shares/ Page 53-54
- VII. Table of Comparisons Before and After Amendments of "Articles of Association"/ Page 55-61
- VIII. Table of Comparisons Before and After Amendments of "Rules of Procedure for Shareholder Meetings"/ Page 62-69
- IX. Table of Comparisons Before and After Amendments of "Regulations Governing Making of Endorsements/Guarantees"/ Page 70-75
- X. Table of Comparisons Before and After Amendments of "Regulations Governing Loaning of Funds"/ Page 76-82
- XI. Roster of Independent Director Nominees/ Page 83
- XII. Essential Contents of the Company's Directors (including Independent Directors) Proposed to be Released from Non-Compete Clause/ Page 84

## Asia Pacific Telecom Co., Ltd. 2019 Business Report

### 【Industry Trends】

#### **Pressure in 4G Development Continues While 5G Business Opportunities Take Off**

In recent years, faced with intense price competition and the popularity of OTT (over-the-top) social messengers, which have replaced traditional voice calls and changed the users' telecom behavior, the overall revenue from voice calls in Taiwan's telecommunications market has declined. The average revenue per user (ARPU) for 4G also shows a continuing downward trend. According to the Mobile Telecommunications Market Report from National Communications Commission (NCC), as of the fourth quarter (Q4) in 2019, the number of domestic mobile telecom users have reached 29.208 million, showing a slight 0.04% decrease from that of 2018. Total mobile telecom revenue has shown a larger 7.9% from YoY comparison. Such data has indicated that overall growth of market users has slowed, and the pressure in revenue growth from traditional telecom services continues to remain.

\*Source of aforementioned data comes from Q4 2019 Mobile Telecommunications Statistics Report

As Taiwan gets ready to embrace the age of 5G, a major turning point in the telecom market, 5G will be the critical communications technology in rapid urbanization and digitization engineering throughout the world in the era of digital transitions. The Enhanced Mobile Broadband (eMBB), Ultra-Reliable and Low Latency Communications (URLLC), and Massive Machine Type Communications (mMTC) characteristics of 5G will integrate new technologies including artificial intelligence (AI), the Internet of Things (IoT), big data, and edge computing to accelerate the vertical applications in various industries, and bring diverse business opportunities through connecting the IoT ecology.

A research report from Research And Markets has indicated that 5G will lead to social digital transition, and the scale of global 5G market is estimated to be worth US\$251 billion by 2025. The "HIS 5G Economic Impact Study 2019" from global wireless telecommunications technology corporation Qualcomm also indicated that, 5G will create US\$12 trillion of economic benefits by 2035, and in particular, it will bring US\$134 billion of total product and service value to Taiwan, leading to 510,000 job opportunities. 5G will lead to massive business opportunities. In the future, business models from telecom service providers will no longer be limited to a giant B2C network, but rather, would be more focused on the revenues from digital economy from B2B applications. APTG needs to seize the business opportunities in enterprises' digital transitions and to expand our market scale.

#### **Breaking Away from Traditional Telecom and Pioneers Brand Identity of "Intelligent Life"**

Having launched "Gt Intelligent Life" brand identity in as early as 2014, APTG is ahead of the game in accelerating the industry transition. By focusing on developing mobile, broadband, and digital services, the Company has left the comfort zone of traditional telecom industry and developed diverse smart applications. APTG launched multiple pioneering, innovative services and industry changes in Taiwan's telecom market and yielded significant growth in revenues from digital economy services including ICT, IoT, and Digital Services. In the brand asset monitoring survey conducted in the first half of 2019, APTG leads the industry in terms of brand awareness for "Intelligent Life," showing that APTG's brand image of digital transition has been very memorable to the consumers.

## 【2019 Operating Performance】

### Growth in Digital Commerce Revenue Yields Positive Annual EBITDA

A comprehensive view of the 2019 operating performance has shown that APTG has successfully completed capital reduction and capital increase, leading to a more robust financial structure. The Company has performed well in revenues from digital economy services, as ICT revenue grew 255% YoY, IoT revenue grew 191%, and the number of effective users in direct digital stores grew by 98% YoY. The Company has also turned a positive EBITDA (earnings before interest, taxes, depreciation, and amortization) in 2019.

2019 Operating Performance Report Unit:			NT\$1,000
	2019	2018	Differences
Operating Revenue	14,246,066	14,565,959	-319,893
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	842,901	-631,842	1,474,743
Profit (Loss) After Tax Profit	-5,161,873	-3,267,732	-1,894,141
Earnings Per Share After Tax (EPS)	-1.78	-1.17	-0.61

\*The aforementioned After Tax Profit refers to Profit before comprehensive gains and loss.

### Develop Mid and High Frequency & Provide 5G Services via Strategic Partnership

APTG continues to plan 5G business blueprints and has achieved various records ahead of the industry, including getting the first permit for 5G experimental network in Taiwan, building the first GSMA Open Lab certification laboratory in Taiwan, and APTG was also the first service provider to use 5G to live stream 8K video and to fly a drone. Concurrently, APTG is working with the Ministry of Economic Affairs to promote the "5G Accelerator Program", which aims to join the government, the industry, startup teams, and international partners to collectively cultivate innovative 5G developments.

Having received the 400MHz frequency on the 28GHz frequency band during the first round of bids for 5G permit, APTG can achieve synergies in 28GHz enhanced mobile broadband (eMBB), ultra-reliable and low latency communications (URLLC), and massive machine type communications (mMTC) to build applications for specific areas and dedicated enterprise networks, offering exclusive 5G vertical applications for businesses. The Company has also planned to partner with other telecom service providers for the 3.5GHz bandwidth to provide 5G services in the most economic means by co-creating networks, thus allowing APTG to achieve greater flexibility and competitiveness in 5G services and network framework.

### Building Customized and Diverse Vertical Applications for Enterprises

By relying on the Company's rich marketing and selling experiences, APTG has launched various vertical value chain smart application solutions based on the specific characteristics of industries. In terms of "smart facial recognition," APTG was the first service provider to launch face recognition service in the industry. The Company's AI visual recognition integrated application has already been introduced to fields including schools, retail, banks, and manufacturing. In terms of "smart air quality," APTG has assisted nearly half of all Taiwanese cities and counties to build smart air quality monitoring platforms to facilitate the government in air pollution prevention via big data and IoT. As for "smart grid," the Company has built a smart grid network and is the largest smart grid telecom solution provider throughout Taiwan. In terms of "smart agriculture," the Company conducts farming and breeding monitoring, analysis and smart control through IoT to build a one-stop-shop service for farming production and sales. In terms of "smart flood prevention," APTG has built a remote monitoring and smart flood prevention network to achieve real-time control over water levels and locations of disaster. The network has already been adopted by flood prevention and sewage programs in many cities. Finally, in terms of "smart manufacturing," APTG has launched various smart production solutions including automated guided vehicle (AGV), the

Internet of Vehicles (IoV), object detection, and occupational safety and health (OSH) to assist in industry upgrade for Industry 4.0.

### **Integrate Digital Technology, Optimize Consumer Experience & Interdisciplinary Partnership to Create Synergies**

By integrating digital technology applications, APTG has successfully optimized the service experience of consumers. In addition, by collaborating with strategic partners, the Company has launched diverse products, creating synergistic growth. APTG has yielded many positive feats in the personal user market, such as being the first in the industry to introduce Optical Character Recognition (OCR) technology in the digital store, and partnering with Family Mart and Hi-Life convenience stores to launch the "Link" personal identification service at the convenience stores. This new service is a one-stop shop service for identification, phone card purchase and activation, allowing for faster and more convenient online phone number registration. In addition, APTG has partnered with famous suppliers including Aeon and JARVISH to launch diversified phone plans that include smart electric vehicles and smart helmets, thereby giving more diverse choices to consumers when they apply for phone numbers.

### **【2020 Operating Outlook】**

#### **Enhance Network Quality, Launch 5G and Related Applications**

In keeping up with the age of 5G, one of the key technical tasks for APTG in 2020 is to enhance the network quality of 4G and 5G. Besides continuing to offer diverse solutions in the 4G era to optimize network signal and reduce the number of customer complaints, APTG has also conducted detailed planning to correspond based on various types of applications in response with the characteristics and service needs of 5G technology. Moreover, to satisfy the customers' diverse application and service needs, APTG has also built high-quality, high-reliability and flexible 5G network framework for specific types of equipment and 5G frequencies to be used in various settings and environments, thereby ensuring that both personal and enterprise users will achieve the best user experience.

Vertical application developments in industries have led to a demand for dedicated 5G enterprise network. In the future, APTG will strive to develop dedicated enterprise network application services to help enterprises develop their dedicated frequency, network facilities and applications. An overview of domestic and overseas developments show that Japan and Germany have also developed dedicated enterprise network policies and are seeing dedicated enterprise networks as one of the critical services in 5G development, and specific bandwidths have been planned for enterprises to apply for their own applications. Additionally, the Executive Yuan in Taiwan has also announced plans related to dedicated 5G network frequency at the end of 2019. APTG is highly experienced in network design, construction, and maintenance, and will build comprehensive, terminal-to-terminal application services in the future to provide high-quality 5G network. The Company will conduct wireless networking via 5G's technical characteristics of high-speed data transmission and low latency to make system integrations more flexible. Enterprise users can enjoy highly secure and highly functional services in a dedicated enterprise network environment, thus making APTG the most reliable and trustworthy partner to enterprises.

#### **New Partners, Organizations, and Talents: Three Directions to Strategically Plan Six Vertical Fields**

Looking to the future, APTG will act as a conscientious smart life solution provider rather than just a vendor. The Company will continue to strive toward developing three major directions: new partners, new organizations, and new talent, and launch its journey toward digital transition. By incorporating Honhai Group's manufacturing, platform, and terminal resources, APTG will continue to strengthen its four core competencies in technical R&D, build network infrastructure, integrate application services, and develop customers and operations through strategic partnership to drive



for growth in both B2C and B2B fields. APTG will also work with more strategic partners to develop applications in six vertical fields, including smart manufacturing, agriculture, transportation, medical and healthcare, retail, and entertainment. In terms of organizational and talent development, APTG has established "Digital Services Division," a dedicated unit that externally recruits more digital technology talents to promote new organizational and human resources changes to drive for digital transition.

### **Existing Telecom & Digital Economy Business Strategies; B2C and B2B to Drive for Digital Transition**

In terms of promoting existing telecommunication services, faced with a highly saturated mobile telecom market, APTG has strengthened the digital experiences in-store to meet digitization trends. APTG has expanded its retail channels through forming cross-industry alliances and achieving synergies through sharing loyalty program members and resources. Concurrently, APTG has focused on driving for family and small and medium enterprise (SME) customers by achieving more competitive product pricing through joint procurement with partners. In terms of fixed network and Internet Service Provider (ISP), APTG has strove to meet the need for backbone networks from domestic and foreign telecom service providers and the Internet and the demand for intranet from large-scale enterprises and campuses. For the fiber-optic coverage services, APTG has focused on promoting broadband fiber optic networking to the data circuits in government entities and enterprises as well as broadband networking customers.

APTG offers both B2C and B2B services in terms of digital economy. In the future, 90% of the 5G Internet traffic in B2C applications will be used toward video streaming. There will also be significant increases in the traffic from augmented reality (AR) and virtual reality (VR). APTG will focus on the developments of AR, VR, and cloud gaming, and continue to promote OTT video streaming services.

As for B2B applications, APTG will collaborate with service providers based on its telecom network framework to build vertical field applications. The Company also plans to develop "software management platform" and "vertical field and telecom system integrations" via linking more network software, hardware, and service solutions as a platform interface. From connection management, data transmission, edge computing, application programming interface (API), data analytics, AI analytics and decision-making, APTG will form an industry ecosystem, and provide smart enterprise application solutions and create new service opportunities in the new age of 5G.

In the future, APTG will co-develop 5G IoT application market with value-added resellers (VAR) based on their specific industries. The Company will also integrate various types of sensors and smart terminal-end partners to build vertical field applications. As for models of partnership, APTG will undertake strategic partnerships that include strategic investments, revenue distribution and sharing, co-develop products, and joint marketing with ecosystem partners by utilizing their strengths in product, technical, and channels. These partnerships will allow APTG and partners to expand the reach of its 5G vertical application fields and achieve synergistic growth.

Persisting in the philosophy of "taking the most innovative path to provide better service value to customers" is APTG's unwavering mission. The 5G digital transition path is full of opportunities and challenges, and besides continuing to strengthen the digital consumer market, we will also actively seize opportunities in the digital transition of enterprises and expand service applications for business users. In addition, we will also integrate our Group's strengths and continue to create more and better Intellectual Life services in the applications of 5G, IoT, AI, and robotics. Finally, we would like to thank all our shareholders again for their support. All the staff at APTG will work even harder and continue to improve our services to meet the needs and expectations of all our shareholders

Chairman:

Manager:

Accounting Manager:

**Asia Pacific Telecom Co., Ltd.  
Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and Proposal of Deficit Compensation. The CPAs of PricewaterhouseCoopers, Mr. Wu, Yu-Lung and Mr. Huang, Shih-Chun, have audited the Financial Statements, including Consolidated and Stand-alone Financial Statements, and issued the auditors reports. The above-mentioned Business Report, Financial Statements, and Proposal of Deficit Compensation have been reviewed and found no discrepancies by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this Report to the 2020 Annual General Meeting of the Company for ratifications.

Asia Pacific Telecom Co., Ltd.

Yi-Wen Chen  
Convener of the Audit Committee  
March 19, 2020

<b>Attachment III</b>
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**Independent Auditors' Report Translated from Chinese**

PWCR19003379

To the Board of Directors and Shareholders of Asia Pacific Telecom Co., Ltd.

***Opinion***

We have audited the accompanying consolidated balance sheets of Asia Pacific TelecomCo., Ltd. and its subsidiaries (the “Group”) as at December 31, 2019 and 2018, and therelated consolidated statements of comprehensive income of changes in equity, and of cashflows for the years then ended, and notes to the consolidated financial statements,including a summary of significant accounting policies.

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

***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the year ended December 31, 2019 are stated as follows:

#### ***Key audit matter – Accuracy of revenue calculation on telecommunication service***

##### Description

For accounting policies applied to revenue recognition, please refer to Note 4(27). For details of revenue, please refer to Note 6(20).

The Group's revenue are mainly generated from providing telecommunication services and selling mobile phones, etc. Telecommunication services revenue consist of voice/text and mobile data service. Revenue recognition on telecommunication service is calculated based on contractual rate and actual usage. Due to the high transaction volume and the diversification of the telecommunication contracts, the Group's revenue recognition highly relies on the system calculation. Thus, the accuracy of telecommunication service revenue calculation was identified as a key audit matter.

##### How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding and tested the control activities which management has put in place in regard to the calculation accuracy of telecommunication services.
2. Obtained an understanding of the reasonableness of revenue calculation logic on telecommunication services and tested the key control activities in relating to traffic volume and contractual rate.
3. Sampled system generated calculation reports of telecommunication services revenue and agreed to customers' bills.

4. Agreed system generated calculation reports of telecommunication services revenue to journal entry vouchers.
5. Agreed the information in customers' contracts to the information in the system.

### ***Key audit matter – Impairment assessment of operating assets***

#### Description

For accounting policies applied to property, plant and equipment and intangible assets, please refer to Notes 4(14) and (16). For accounting policies applied to impairment assessment of non-financial assets, please refer to Note 4(17). For critical accounting estimates and key sources of assumption uncertainty applied to property, plant and equipment, intangible assets and other operating assets, please refer to Note 5(2). For details of account items, please refer to Notes 6(6), (8) and (9).

The Group's operating assets represents a significant percentage of total assets, and the valuation of these assets is affected by the overall industry developments and the Group's operation. The Group used the value in use to estimate the recoverable amount which involves management's judgements, such as the estimation of future cash flows and the determination of discount rate, etc. Management's judgements mentioned above involve future years' forecast which are highly uncertain and have a material impact to the estimation of value in use. Therefore, the impairment assessment of operating assets was identified as a key audit matter.

#### How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

(1) We obtained and assessed the information provided by the Group and the valuation report prepared by external professional valuers engaged by the Group.

1. Compared the parameters used in predicting future cash flows with historical experience, economic and industrial forecasts.
2. Compared the parameters used in determining discount rate with the assumptions on capital cost of cash generating units, and with returns rate on similar assets.
3. Verified the valuation model calculation.

4. Assessed the future cash flow sensitivity analysis based on the alternative hypothesis using different discount rates, and considered the possible impact on the estimation uncertainty of impairment assessment.

***Other matter – Parent company only financial statements***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Asia Pacific Telecom Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

***Responsibilities of management and those charged with governance for the financial statements***

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

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

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

### ***Auditor's responsibilities for the audit of the 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 ROC GAAS 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 ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 disclosures, 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 the consolidated financial statements of the current period 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.

Wu, Yu-Lung

Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 19, 2020

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The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying 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, PricewaterhouseCoopers, Taiwan 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.

**ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			<b>December 31, 2019</b>		<b>December 31, 2018</b>	
	<b>ASSETS</b>	<b>Notes</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
	<b>Current assets</b>					
1100	Cash and cash equivalents	6(1)	\$ 8,204,093	18	\$ 1,002,049	3
1110	Current financial assets at fair value through profit or loss	6(2)	16,021	-	-	-
1140	Current contract assets	6(20)	261,748	1	261,427	1
1150	Notes receivable, net	6(3)	3,846	-	11,886	-
1170	Accounts receivable, net	6(3)	1,474,871	3	1,416,905	4
1180	Accounts receivable due from related parties, net	6(3) and 7(3)	66,526	-	144,561	-
1200	Other receivables	7(3)	67,447	-	126,884	-
1220	Current tax assets	6(26)	17,109	-	18,353	-
130X	Inventories	6(4)	384,718	1	653,329	2
1410	Prepayments	7(3)	309,315	1	350,471	1
1470	Other current assets	6(5) and 8	133,411	-	132,780	-
11XX	<b>Total current assets</b>		<u>10,939,105</u>	<u>24</u>	<u>4,118,645</u>	<u>11</u>
	<b>Non-current assets</b>	6(2)				
1560	Non-current contract assets	6(20)	113,839	-	166,239	-
1600	Property, plant and equipment	6(6) and 7(3)	10,766,263	24	12,104,127	32
1755	Right-of-use assets	6(7) and 7(3)	3,638,738	8	-	-
1780	Intangible assets	6(8) and 7(3)	11,171,564	24	12,128,141	32
1840	Deferred tax assets	6(26)	4,256,393	9	4,418,515	12
1900	Other non-current assets	6(9)(10), 7(3) and 8	4,865,055	11	4,788,091	13
15XX	<b>Total non-current assets</b>		<u>34,811,852</u>	<u>76</u>	<u>33,605,113</u>	<u>89</u>
1XXX	<b>Total Assets</b>		<u>\$ 45,750,957</u>	<u>100</u>	<u>\$ 37,723,758</u>	<u>100</u>

(Continued)

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2019		December 31, 2018					
LIABILITIES AND EQUITY			Notes	Amount	%	Amount	%			
Current liabilities										
2100	Short-term borrowings	6(11)	\$	1,550,000	3	\$	1,130,000	3		
2110	Short-term notes and bills payable			750,000	2		-	-		
2130	Current contract liabilities	6(20) and 7(3)		300,897	1		268,668	1		
2150	Notes payable			20,983	-		20,651			
2170	Accounts payable			980,208	2		1,315,207	4		
2180	Accounts payable to related parties	7(3)		31,374	-		55,195	-		
2200	Other payables	6(12) and 7(3)		2,413,775	5		3,173,395	8		
2230	Current tax liabilities	6(26)		25,015	-		1,739			
2250	Current provisions	6(13) and 9(1)		18,750	-		37,620	-		
2280	Current lease liabilities	7(3)		1,217,416	3		-	-		
2300	Other current liabilities			11,249	-		51,993	-		
21XX	Total current liabilities			7,319,667	16		6,054,468	16		
Non-current liabilities										
2550	Non-current provisions	6(13)		369,953	1		322,100	1		
2570	Deferred tax liabilities	6(26)		23,548	-		195,498	-		
2580	Non-current lease liabilities	7(3)		1,994,753	4		-	-		
2600	Other non-current liabilities	6(16)		287,143	1		288,241	1		
25XX	Total non-current liabilities			2,675,397	6		805,839	2		
2XXX	Total Liabilities			9,995,064	22		6,860,307	18		
Equity attributable to owners of parent										
Share capital										
		6(17)								
3110	Common shares			38,171,964	84		42,982,322	114		
Capital surplus										
		6(18)								
3200	Capital surplus			-	-		6,786,827	18		
Retained earnings										
		6(19)								
3310	Legal reserve			-	-		535,041	2		
3350	Accumulated deficit		(	2,604,463)	(	6)	(	19,555,705)	(	52)
3400	Other equity									
	Other equity			-	-		21	-		
31XX	Total equity attributable to owners of the parent			35,567,501	78		30,748,506	82		
36XX	Non-controlling interests			188,392	-		114,945	-		
3XXX	Total Equity			35,755,893	78		30,863,451	82		
Significant contingent liabilities and unrecognized contract 9 commitments										
Significant events after the balance sheet date										
		10								
3X2X	Total Liabilities and Equity		\$	45,750,957	100	\$	37,723,758	100		

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

**ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSSES PER SHARE AMOUNT)

		For the years ended December 31,			
		2019		2018	
	Notes	Amount	%	Amount	%
4000	<b>Operating revenue</b>	6(20) and 7(3)	\$ 14,246,066 100	\$ 14,565,959 100	
5000	<b>Operating costs</b>	6(4)(24) and 7(3)	( 13,675,272) ( 96)	( 13,200,355) ( 91)	
5900	<b>Gross profit</b>		<u>570,794</u> 4	<u>1,365,604</u> 9	
	<b>Operating expenses</b>	6(24), 7(3)(4)			
6100	Selling expenses		( 4,266,536) ( 30)	( 4,650,048) ( 32)	
6200	Administrative expenses		( 1,369,915) ( 9)	( 1,484,204) ( 10)	
6450	Expected credit loss	12(2)	( 103,995) ( 1)	( 158,516) ( 1)	
6000	<b>Total operating expenses</b>		( 5,740,446) ( 40)	( 6,292,768) ( 43)	
6900	<b>Operating loss</b>		( 5,169,652) ( 36)	( 4,927,164) ( 34)	
	<b>Non-operating income and expenses</b>				
7010	Other income	6(21) and 7(3)	103,213 1	228,278 2	
7020	Other gains and losses	6(22)	422 -	( 53,357) -	
7050	Finance costs	6(23) and 7(3)	( 78,965) ( 1)	( 2,103) -	
7000	<b>Total non-operating income and expenses</b>		<u>24,670</u> -	<u>172,818</u> 2	
7900	<b>Loss before tax</b>		( 5,144,982) ( 36)	( 4,754,346) ( 32)	
7950	Income tax (expense) benefit	6(26)	( 16,891) -	1,486,614 10	
8200	<b>Loss</b>		<u>(\$ 5,161,873) ( 36)</u>	<u>(\$ 3,267,732) ( 22)</u>	
	<b>Other comprehensive income (loss), net</b>				
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains on remeasurements of defined benefit plans	6(14)	\$ 4,869 -	\$ 8,710 -	
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(26)	( 973) -	682 -	
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>		<u>3,896</u> -	<u>9,392</u> -	
	<b>Components of other comprehensive income that may be reclassified to profit or loss</b>				
8361	Exchange differences on translation		( 49) -	38 -	
8360	<b>Components of other comprehensive income that may be reclassified to profit or loss</b>		<u>( 49) -</u>	<u>38 -</u>	
8500	<b>Total comprehensive loss</b>		<u>(\$ 5,158,026) ( 36)</u>	<u>(\$ 3,258,302) ( 22)</u>	
	<b>Profit (loss), attributable to:</b>				
8610	Owners of the parent		<u>(\$ 5,200,072) ( 36)</u>	<u>(\$ 3,293,990) ( 22)</u>	
8620	Non-controlling interests		<u>\$ 38,199 -</u>	<u>\$ 26,258 -</u>	
	<b>Comprehensive income (loss) attributable to:</b>				
8710	Owners of the parent		<u>(\$ 5,196,197) ( 36)</u>	<u>(\$ 3,284,577) ( 22)</u>	
8720	Non-controlling interests		<u>\$ 38,171 -</u>	<u>\$ 26,275 -</u>	
9750	<b>Basic losses per share</b>	6(27)	<u>(\$ 1.78)</u>	<u>(\$ 1.17)</u>	
9850	<b>Diluted losses per share</b>	6(27)	<u>(\$ 1.78)</u>	<u>(\$ 1.17)</u>	

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

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of the parent										
Notes	Capital surplus				Retained earnings		Other equity		Total	Non-controlling interests
	Common shares	Share premium	Employee stock options	Others	Legal reserve	Accumulated deficit	Exchange difference on translation of foreign financial statements			
Year 2018										
Balance at January 1, 2018	\$ 42,982,322	\$ 6,622,960	\$ 130,219	\$ 1,747	\$ 535,041	(\$ 19,286,100)	\$ -	\$ 30,986,189	\$ 87,833	\$ 31,074,022
Effects of retrospective application and retrospective restatement	-	-	-	-	-	3,014,993	-	3,014,993	-	3,014,993
Balance at January 1, 2018 after adjustments	42,982,322	6,622,960	130,219	1,747	535,041	( 16,271,107)	-	34,001,182	87,833	34,089,015
(Loss) profit	-	-	-	-	-	( 3,293,990)	-	( 3,293,990)	26,258	( 3,267,732)
Other comprehensive income	-	-	-	-	-	9,392	21	9,413	17	9,430
Total comprehensive income (loss)	-	-	-	-	-	( 3,284,598)	21	( 3,284,577)	26,275	( 3,258,302)
Compensation cost of employee stock options	6(15)	-	-	30,880	1,021	-	-	31,901	837	32,738
Employee stock options forfeited	-	-	( 6,048)	6,048	-	-	-	-	-	-
Balance at December 31, 2018	\$ 42,982,322	\$ 6,622,960	\$ 155,051	\$ 8,816	\$ 535,041	(\$ 19,555,705)	\$ 21	\$ 30,748,506	\$ 114,945	\$ 30,863,451
Year 2019										
Balance at January 1, 2019	\$ 42,982,322	\$ 6,622,960	\$ 155,051	\$ 8,816	\$ 535,041	(\$ 19,555,705)	\$ 21	\$ 30,748,506	\$ 114,945	\$ 30,863,451
(Loss) profit	-	-	-	-	-	( 5,200,072)	-	( 5,200,072)	38,199	( 5,161,873)
Other comprehensive income (loss)	-	-	-	-	-	3,896	( 21)	3,875	( 28)	3,847
Total comprehensive income (loss)	-	-	-	-	-	( 5,196,176)	( 21)	( 5,196,197)	38,171	( 5,158,026)
Compensation cost of employee stock options	6(15)	-	-	4,731	7,335	-	-	12,066	6,007	18,073
Employee stock options forfeited	-	-	( 12,728)	12,728	-	-	-	-	-	-
Exercise of employee stock options	-	-	-	-	-	-	-	-	32,395	32,395
Changes in ownership interests in subsidiaries	-	-	-	3,126	-	-	-	3,126	( 3,126)	-
Legal reserve used to offset accumulated deficit	6(19)	-	-	-	( 535,041)	535,041	-	-	-	-
Capital surplus used to offset accumulated deficit	6(18)	( 6,622,960)	( 147,054)	( 32,005)	-	6,802,019	-	-	-	-
Capital reduction to offset accumulated deficit	6(17)	( 14,810,358)	-	-	-	14,810,358	-	-	-	-
Issuance of shares	6(17)	10,000,000	-	-	-	-	-	10,000,000	-	10,000,000
Balance at December 31, 2019	\$ 38,171,964	\$ -	\$ -	\$ -	\$ -	(\$ 2,604,463)	\$ -	\$ 35,567,501	\$ 188,392	\$ 35,755,893

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

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the years ended December 31,	
	Notes	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(\$ 5,144,982)	(\$ 4,754,346)
Adjustment to reconcile loss before tax to net cash (used in) provided by operating activities:			
Depreciation	6(24)	4,313,475	2,768,096
Amortization	6(24)	1,699,078	1,527,226
Amortization on assets recognized as incremental costs to obtain contract with customers	6(9)	2,308,836	2,858,657
Expected credit loss	12(2)	103,995	158,516
Net (gain) loss on financial assets at fair value through profit or loss	6(22)	( 21)	3,005
Interest expense	6(23)	78,965	2,103
Interest income	6(21)	( 8,303)	( 11,396)
Compensation cost of employee stock options	6(15)	18,073	32,738
(Gain) loss on disposal of property, plant and equipment	6(22)	( 15,123)	42,255
Property, plant, equipment transferred to costs and expenses		229	9,456
Gain on disposal of intangible assets	6(22)	- (	559)
Provision for litigation loss	6(22)	11,681	7,528
Reversal of provision	6(13)	( 11,520)	( 144,446)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 16,000)	411,686
Contract assets		54,288	41,929
Notes receivable		8,040	251,994
Accounts receivable		( 155,670)	( 168,688)
Accounts receivable due from related parties		76,550	( 69,108)
Other receivables		56,038	( 2,770)
Inventories		274,799	( 386,081)
Prepayments		( 2,018)	( 34,831)
Assets recognized as incremental costs to obtain contract with customers		( 1,621,859)	( 2,446,062)
Changes in operating liabilities			
Contract liabilities		32,229	73,379
Notes payable		332	6,541
Accounts payable		( 334,999)	258,681
Accounts payable to related parties		( 23,821)	23,656
Other payables		( 163,475)	( 125,574)
Other current liabilities		( 40,744)	29,649
Provisions		( 19,031)	( 36,000)
Net defined benefit liabilities		( 16,521)	( 25,441)
Other non-current liabilities		27,578	13,593
Cash provided by operations		1,490,099	315,386
Income tax paid		( 5,250)	( 987)
Income tax refund		2,078	5,301
Net cash provided by operating activities		1,486,927	319,700

(Continued)

**ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the years ended December 31,	
	Notes	2019	2018
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of property, plant and equipment	6(29)	(\$ 2,637,441)	(\$ 2,441,421)
Proceeds from disposal of property, plant and equipment		32,418	1,630
Increase in refundable deposits		( 1,193,043)	( 140,425)
Decrease in refundable deposits		191,343	91,932
Acquisition of intangible assets	6(8)	( 110,259)	( 411,847)
Proceeds from disposal of intangible assets		-	1,118
Decrease (increase) in other current assets - restricted deposits		37,333	( 1,267)
Increase in other non-current assets		( 271,011)	( 311,335)
Decrease (increase) in other non-current assets - restricted deposits		( 8,577)	( 18,855)
Interest received		4,687	12,016
Net cash used in investing activities		( 3,954,550)	( 3,218,454)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(30)	420,000	1,130,000
Increase in short-term notes and bills payable	6(30)	750,000	-
Increase in guarantee deposits received	6(30)	66,588	95,783
Decrease in guarantee deposits received	6(30)	( 73,874)	( 74,075)
Repayments of principal portion of lease liabilities	6(30)	( 1,446,957)	-
Proceeds from issuance of shares	6(17)	10,000,000	-
Exercise of employee stock options		32,395	
Interest paid		( 78,436)	( 1,892)
Net cash provided by financing activities		9,669,716	1,149,816
Effect of exchange rate		( 49)	38
Increase (decrease) in cash and cash equivalents		7,202,044	( 1,748,900)
Cash and cash equivalents at beginning of the year		1,002,049	2,750,949
Cash and cash equivalents at end of the year		\$ 8,204,093	\$ 1,002,049

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

## **Independent Auditors' Report Translated from Chinese**

PWCR19002919

To the Board of Directors and Shareholders of Asia Pacific Telecom Co., Ltd.

### ***Opinion***

We have audited the accompanying balance sheets of Asia Pacific Telecom Co., Ltd. (the “Company”) as at December 31, 2019 and 2018, and the related statements of comprehensive income, of changes in equity, and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with 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 generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.



Key audit matters for the Company's financial statements of the year ended December 31, 2019 are stated as follows:

***Key audit matter – Accuracy of revenue calculation on telecommunication service***

Description

For accounting policies applied to revenue recognition, please refer to Note 4(27). For details of revenue, please refer to Note 6(21).

The Company's revenue is mainly generated from providing telecommunication services and selling mobile phones, etc. Telecommunication services revenue consist of voice/text and mobile data service. Revenue recognition on telecommunication service is calculated based on contractual rate and actual usage. Due to the high transaction volume and the diversification of the telecommunication contracts, the Company's revenue recognition highly relies on the system calculation. Thus, the accuracy of telecommunication service revenue calculation was identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding and tested the control activities which management has put in place regarding the calculation accuracy of telecommunication services.
2. Obtained an understanding of the reasonableness of revenue calculation logic on telecommunication services and tested the key control activities relating to traffic volume and contractual rate.
3. Sampled system generated calculation reports of telecommunication services revenue and agreed to customers' bills.
4. Agreed system generated calculation reports of telecommunication services revenue to journal entry vouchers.
5. Agreed the information in customers' contracts to the information in the system.

## ***Key audit matter – Impairment assessment of operating assets***

### Description

For accounting policies applied to property, plant and equipment and intangible assets, please refer to Notes 4(14) and (16). For accounting policies applied to impairment assessment of non-financial assets, please refer to Note 4(17). For critical accounting estimates and key sources of assumption uncertainty applied to property, plant and equipment, intangible assets and other operating assets, please refer to Note 5(2). For details of account items, please refer to Notes 6(7), (9) and (10).

The Company's operating assets represents a significant percentage of total assets, and the valuation of these assets is affected by the overall industry developments and the Company's operation. The Company used the value in use to estimate the recoverable amount which involves management's judgements, such as the estimation of future cash flows and the determination of discount rate, etc. Management's judgements mentioned above involve future years' forecast which are highly uncertain and have a material impact on estimation of value in use. Therefore, the impairment assessment of operating assets was identified as a key audit matter.

### How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

We obtained and assessed the information provided by the Company and the valuation report prepared by external professional valuers engaged by the Company.

1. Compared the parameters used in predicting future cash flows with historical experience, economic and industrial forecasts.
2. Compared the parameters used in determining discount rate with the assumptions on capital cost of cash generating units, and with returns rate on similar assets.
3. Verified the valuation model calculation.
4. Assessed the future cash flow sensitivity analysis based on the alternative hypothesis using different discount rates and considered the possible impact on the estimation uncertainty of impairment assessment.

### ***Responsibilities of management and those charged with governance for the financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with 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 Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor’s responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the 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 ROC GAAS 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 parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 financial statements, including the disclosures, and whether the 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 financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period 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.

Wu, Yu-Lung

Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 19, 2020

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The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying 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, PricewaterhouseCoopers, Taiwan 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.

**ASIA PACIFIC TELECOM CO., LTD.**

PARENT COMPANY ONLY BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			<u>December 31, 2019</u>		<u>December 31, 2018</u>	
<u>ASSETS</u>		<u>Notes</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 7,881,810	17	\$ 774,223	2
1140	Current contract assets	6(21)	261,748	1	261,427	1
1150	Notes receivable, net	6(3)	3,017	-	8,987	-
1170	Accounts receivable, net	6(3)	1,375,523	3	1,372,632	4
1180	Accounts receivable due from related parties, net	6(3) and 7(3)	20,955	-	120,938	-
1200	Other receivables		67,406	-	126,085	-
1220	Current tax assets	6(27)	16,584	-	18,350	-
130X	Inventories	6(4)	346,664	1	293,838	1
1410	Prepayments	7(3)	359,307	1	335,906	1
1470	Other current assets	6(5) and 8	<u>129,001</u>	<u>-</u>	<u>132,780</u>	<u>-</u>
11XX	<b>Total current assets</b>		<u>10,462,015</u>	<u>23</u>	<u>3,445,166</u>	<u>9</u>
<b>Non-current assets</b>		6(2)				
1560	Non-current contract assets	6(21)	113,839	-	166,239	-
1550	Investments accounted for using equity method	6(6)	192,538	-	150,929	-
1600	Property, plant and equipment	6(7) and 7(3)	10,737,022	24	12,100,437	33
1755	Right-of-use assets	6(8) and 7(3)	3,632,386	8	-	-
1780	Intangible assets	6(9) and 7(3)	11,168,612	25	12,124,636	33
1840	Deferred tax assets	6(27)	4,245,592	9	4,418,515	12
1900	Other non-current assets	6(10)(11), 7(3) and 8	<u>4,850,885</u>	<u>11</u>	<u>4,775,143</u>	<u>13</u>
15XX	<b>Total non-current assets</b>		<u>34,940,874</u>	<u>77</u>	<u>33,735,899</u>	<u>91</u>
1XXX	<b>Total Assets</b>		\$ 45,402,889	100	\$ 37,181,065	100

(Continued)

**ASIA PACIFIC TELECOM CO., LTD.**
**PARENT COMPANY ONLY BALANCE SHEETS**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY			December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 1,545,000	3	\$ 1,100,000	3
2110	Short-term notes and bills payable		750,000	2	-	-
2130	Current contract liabilities	6(21) and 7(3)	298,891	1	192,176	1
2150	Notes payable		20,358	-	20,651	-
2170	Accounts payable		500,066	1	801,428	2
2180	Accounts payable to related parties	7(3)	39,167	-	51,843	-
2200	Other payables	6(13) and 7(3)	2,780,896	6	3,382,354	9
2250	Current provisions	6(14) and 9(1)	17,481	-	37,620	-
2280	Current lease liabilities	7(3)	1,214,381	3	-	-
2300	Other current liabilities		11,249	-	51,993	-
21XX	Total current liabilities		7,177,489	16	5,638,065	15
Non-current liabilities						
2550	Non-current provisions	6(14)	369,953	1	322,100	1
2570	Deferred tax liabilities	6(27)	23,548	-	195,498	-
2580	Non-current lease liabilities	7(3)	1,991,285	4	-	-
2600	Other non-current liabilities	6(17)	273,113	1	276,896	1
25XX	Total non-current liabilities		2,657,899	6	794,494	2
2XXX	Total Liabilities		9,835,388	22	6,432,559	17
Share capital		6(18)				
3110	Common shares		38,171,964	84	42,982,322	116
Capital surplus		6(19)				
3200	Capital surplus		-	-	6,786,827	18
Retained earnings		6(20)				
3310	Legal reserve		-	-	535,041	2
3350	Accumulated deficit		( 2,604,463) (	6) (	19,555,705) (	53)
Other equity						
3400	Other equity		-	-	21	-
3XXX	Total Equity		35,567,501	78	30,748,506	83
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date		11				
3X2X	Total Liabilities and Equity		\$ 45,402,889	100	\$ 37,181,065	100

The accompanying notes are an integral part of these parent company only financial statements.

**ASIA PACIFIC TELECOM CO., LTD.**
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSSES PER SHARE AMOUNT)

		For the years ended December 31,			
		2019		2018	
	Notes	Amount	%	Amount	%
4000	<b>Operating revenue</b>	6(21) and 7(3)	\$ 13,499,710 100	\$ 14,291,467 100	
5000	<b>Operating costs</b>	6(4)(25) and 7(3)	( 13,102,023) ( 97)	( 13,021,381) ( 91)	
5900	<b>Gross profit</b>		<u>397,687</u> <u>3</u>	<u>1,270,086</u> <u>9</u>	
	<b>Operating expenses</b>	6(25), 7(3)(4)			
6100	Selling expenses		( 4,248,898) ( 31)	( 4,639,271) ( 33)	
6200	Administrative expenses		( 1,312,722) ( 10)	( 1,462,089) ( 10)	
6450	Expected credit loss	12(2)	( 94,969) ( 1)	( 158,530) ( 1)	
6000	<b>Total operating expenses</b>		<u>( 5,656,589) ( 42)</u>	<u>( 6,259,890) ( 44)</u>	
6900	<b>Operating loss</b>		<u>( 5,258,902) ( 39)</u>	<u>( 4,989,804) ( 35)</u>	
	<b>Non-operating income and expenses</b>				
7010	Other income	6(22) and 7(3)	105,177 1	228,905 2	
7020	Other gains and losses	6(23)	614 -	( 53,193) -	
7050	Finance costs	6(24) and 7(3)	( 78,556) -	( 1,998) -	
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	6(6)	<u>31,595</u> -	<u>33,142</u> -	
7000	<b>Total non-operating income and expenses</b>		<u>58,830</u> <u>1</u>	<u>206,856</u> <u>2</u>	
7900	<b>Loss before tax</b>		<u>( 5,200,072) ( 38)</u>	<u>( 4,782,948) ( 33)</u>	
7950	Income tax benefit	6(27)	- -	1,488,958 10	
8200	<b>Loss</b>		<u>(\$ 5,200,072) ( 38)</u>	<u>(\$ 3,293,990) ( 23)</u>	
	<b>Other comprehensive income, net</b>				
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains on remeasurements of defined benefit plans	6(15)	\$ 4,869 -	\$ 8,710 -	
8349	(loss) income that will not be reclassified to profit or loss	6(27)	<u>( 973)</u> -	<u>682</u> -	
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>		<u>3,896</u> -	<u>9,392</u> -	
	<b>Components of other comprehensive income that may be reclassified to profit or loss</b>				
8361	Exchange differences on translation		<u>( 21)</u> -	<u>21</u> -	
8360	<b>Components of other comprehensive income that may be reclassified to profit or loss</b>		<u>( 21)</u> -	<u>21</u> -	
8300	<b>Other comprehensive income, net</b>		<u>\$ 3,875</u> -	<u>\$ 9,413</u> -	
8500	<b>Total comprehensive loss</b>		<u>(\$ 5,196,197) ( 38)</u>	<u>(\$ 3,284,577) ( 23)</u>	
9750	<b>Basic losses per share</b>	6(28)	<u>(\$ 1.78)</u>	<u>(\$ 1.17)</u>	
9850	<b>Diluted losses per share</b>	6(28)	<u>(\$ 1.78)</u>	<u>(\$ 1.17)</u>	

The accompanying notes are an integral part of these parent company only financial statements.



**ASIA PACIFIC TELECOM CO., LTD.**
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Capital surplus				Retained earnings		Other equity	Total equity
		Common shares	Share premium	Employee stock options	Others	Legal reserve	Accumulated deficit	Exchange difference on translation of foreign financial statements	
<b>Year 2018</b>									
Balance at January 1, 2018		\$ 42,982,322	\$ 6,622,960	\$ 130,219	\$ 1,747	\$ 535,041	(\$ 19,286,100)	\$ -	\$ 30,986,189
Effects of retrospective application and retrospective restatement		-	-	-	-	-	3,014,993	-	3,014,993
Balance at January 1, 2018 after adjustments		<u>42,982,322</u>	<u>6,622,960</u>	<u>130,219</u>	<u>1,747</u>	<u>535,041</u>	<u>( 16,271,107)</u>	<u>-</u>	<u>34,001,182</u>
Loss		-	-	-	-	-	( 3,293,990)	-	( 3,293,990)
Other comprehensive income		-	-	-	-	-	9,392	21	9,413
Total comprehensive income (loss)		-	-	-	-	-	( 3,284,598)	21	( 3,284,577)
Compensation cost of employee stock options	6(16)	-	-	30,880	1,021	-	-	-	31,901
Options for employee stock options forfeited		-	-	( 6,048)	6,048	-	-	-	-
Balance at December 31, 2018		<u>\$ 42,982,322</u>	<u>\$ 6,622,960</u>	<u>\$ 155,051</u>	<u>\$ 8,816</u>	<u>\$ 535,041</u>	<u>(\$ 19,555,705)</u>	<u>\$ 21</u>	<u>\$ 30,748,506</u>
<b>Year 2019</b>									
Balance at January 1, 2019		<u>\$ 42,982,322</u>	<u>\$ 6,622,960</u>	<u>\$ 155,051</u>	<u>\$ 8,816</u>	<u>\$ 535,041</u>	<u>(\$ 19,555,705)</u>	<u>\$ 21</u>	<u>\$ 30,748,506</u>
Loss		-	-	-	-	-	( 5,200,072)	-	( 5,200,072)
Other comprehensive income (loss)		-	-	-	-	-	3,896	( 21)	3,875
Total comprehensive income (loss)		-	-	-	-	-	( 5,196,176)	( 21)	( 5,196,197)
Compensation cost of employee stock options	6(16)	-	-	4,731	7,335	-	-	-	12,066
Options for employee stock options forfeited		-	-	( 12,728)	12,728	-	-	-	-
Changes in ownership interests in subsidiaries		-	-	-	3,126	-	-	-	3,126
Legal reserve used to offset accumulated deficit	6(20)	-	-	-	-	( 535,041)	535,041	-	-
Capital surplus used to offset accumulated deficit	6(19)	-	( 6,622,960)	( 147,054)	( 32,005)	-	6,802,019	-	-
Capital reduction to offset accumulated deficit	6(18)	( 14,810,358)	-	-	-	-	14,810,358	-	-
Issuance of shares	6(18)	<u>10,000,000</u>	-	-	-	-	-	-	<u>10,000,000</u>
Balance at December 31, 2019		<u>\$ 38,171,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,604,463)</u>	<u>\$ -</u>	<u>\$ 35,567,501</u>

The accompanying notes are an integral part of these parent company only financial statements.

**ASIA PACIFIC TELECOM CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the years ended December 31,	
	Notes	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(\$ 5,200,072)	(\$ 4,782,948)
Adjustments			
Adjustment to reconcile loss before tax to net cash (used in) provided by operating activities:			
Depreciation	6(25)	4,307,859	2,763,775
Amortization	6(25)	1,697,714	1,525,893
Amortization on assets recognized as incremental costs to obtain contract with customers	6(10)	2,308,836	2,858,657
Expected credit loss	12(2)	94,969	158,530
Net loss on financial assets at fair value through profit or loss	6(23)	-	3,005
Interest expense	6(24)	78,556	1,998
Interest income	6(22)	( 7,689)	( 11,231)
Compensation cost of employee stock options	6(16)	4,490	30,217
Subsidiaries issuing employee stock options to the parent company's employees		667	92
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	( 31,595)	( 33,142)
Loss (gain) on disposal of property, plant and equipment	6(23)	( 15,123)	42,255
Property, plant, equipment transferred to costs and expenses		-	8,495
Gain on disposal of intangible assets	6(23)	-	( 559)
Provision for litigation loss	6(23)	11,681	7,528
Reversal of provision	6(14)	( 11,520)	( 144,446)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	411,686
Contract assets		54,287	41,929
Notes receivable		5,970	254,893
Accounts receivable	(	100,068)	( 144,111)
Accounts receivable due from related parties		99,983	( 58,148)
Other receivables		62,350	( 2,459)
Inventories	(	47,073)	( 66,985)
Prepayments	(	66,575)	( 24,583)
Assets recognized as incremental costs to obtain contract with customers	(	1,621,859)	( 2,446,062)
Changes in operating liabilities			
Contract liabilities		106,715	( 2,804)
Notes payable	(	293)	6,541
Accounts payable	(	301,362)	( 38,168)
Accounts payable to related parties	(	12,676)	24,112
Other payables	(	205,411)	( 128,778)
Provisions	(	20,300)	( 36,000)
Other current liabilities	(	40,744)	33,402
Net defined benefit liabilities	(	16,521)	( 25,441)
Other non-current liabilities		27,578	13,593
Cash provided by operations		1,162,774	240,736
Income tax paid	(	309)	( 383)
Income tax refund		2,075	5,285
Net cash provided by operating activities		1,164,540	245,638

(Continued)

**ASIA PACIFIC TELECOM CO., LTD.**

**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		<b>For the years ended December 31,</b>	
		<b>2019</b>	<b>2018</b>
<b>Notes</b>			
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of property, plant and equipment	6(30)	(\$ 2,408,305)	(\$ 2,373,852)
Proceeds from disposal of property, plant and equipment		32,415	1,630
Increase in refundable deposits		( 1,166,388)	( 105,979)
Decrease in refundable deposits		165,909	67,641
Acquisition of intangible assets	6(9)	( 109,448)	( 411,847)
Proceeds from disposal of intangible assets		-	1,118
Decrease (increase) in other current assets - restricted deposits		41,743	( 1,267)
Increase in other non-current assets		( 271,010)	( 311,338)
Decrease (increase) in other non-current assets - restricted deposits		( 8,577)	( 18,855)
Interest received		<u>4,018</u>	<u>11,851</u>
Net cash used in investing activities		<u>( 3,719,643)</u>	<u>( 3,140,898)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(31)	445,000	1,100,000
Increase in short-term notes and bills payable	6(31)	750,000	-
Increase in guarantee deposits received	6(31)	56,201	85,538
Decrease in guarantee deposits received	6(31)	( 66,172)	( 73,211)
Repayments of principal portion of lease liabilities	6(31)	( 1,444,313)	-
Proceeds from issuance of shares	6(18)	10,000,000	-
Interest paid		<u>( 78,026)</u>	<u>( 1,787)</u>
Net cash provided by financing activities		<u>9,662,690</u>	<u>1,110,540</u>
Increase (decrease) in cash and cash equivalents		7,107,587	( 1,784,720)
Cash and cash equivalents at beginning of the year		<u>774,223</u>	<u>2,558,943</u>
Cash and cash equivalents at end of the year		<u>\$ 7,881,810</u>	<u>\$ 774,223</u>

The accompanying notes are an integral part of these parent company only financial statements.

## Attachment IV

### Asia Pacific Telecom Co., Ltd.

#### Table of Comparisons Before and After Amendments of "Ethical Corporate Management Best Practice Principles"

Article After Amendment	Original articles	Reason for amendments
<p>Article 8 (Commitment and implementation)</p> <p>The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</p> <p>The Company shall clearly specify in its rules and Annual Report and on the company website the ethical corporate management policies and the commitment by the Board of Directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p>Article 8 (Commitment and implementation)</p> <p>The Company shall clearly specify in its rules and Annual Report the ethical corporate management policies and the commitment by the Board of Directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p>※</p> <p>Amended pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". Current Article 1 is moved to the second paragraph, and Paragraph 1 has been added.</p>
<p>Article 17 (Organization and responsibilities)</p> <p>The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, the</p>	<p>Article 17 (Organization and responsibilities)</p> <p>The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, the Human Resources Department and the</p>	<p>※</p> <p>Pursuant to standards from the corporate governance evaluation, the dedicated units have been amended and Paragraph 3 of the current Article has been deleted. Clause 1 to Clause 3 in the current Paragraph 3 have been moved to Clauses 3 to 5 in Paragraph 2.</p>

Article After Amendment	Original articles	Reason for amendments
<p>Human Resources Department and the Legal Department are jointly in charge of the following matters, and shall report to the Board of Directors at least once a year:</p> <p>I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>II. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>III. Setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>IV. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>V. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the</p>	<p>Legal Department is in charge of the following matters:</p> <p>I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>II. Promoting and coordinating awareness and educational activities with respect to ethics policy. And the Audit Department will be responsible of implementing the following matters and shall report to the Board of Directors on a regular basis.</p> <p>I. Setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>II. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>III. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the</p>	

Article After Amendment	Original articles	Reason for amendments
regular assessment of compliance with ethical management in operating procedures.	regular assessment of compliance with ethical management in operating procedures.	
<p>Article 27 Implementation</p> <p>The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after being reviewed by the Audit Committee and approved by the Board of Directors, and reported at a Shareholders' Meeting. The same procedure shall be followed when the Principles have been amended.</p> <p>When the Company submits its Ethical Corporate Management Best Practice Principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Board shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the Board meeting in person to express objections or reservations shall provide a written opinion before the Board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.</p>	<p>Article 27 Implementation</p> <p>The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after being reviewed by the Audit Committee and approved by the Board of Directors, and reported at a Shareholders' Meeting. The same procedure shall be followed when the Principles have been amended. When the Company has established seats of independent director, when the Company submits its Ethical Corporate Management Best Practice Principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Board shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the Board meeting in person to express objections or reservations shall provide a written opinion before the Board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.</p>	<p>※</p> <p>Wording from Paragraph 2 of the Article deleted pursuant to amendments in the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p>

**Asia Pacific Telecom Co., Ltd.**

**Table of Comparisons Before and After Amendments of "Procedures for Ethical Management and Guidelines for Conduct"**

Article After Amendment	Original articles	Reason for amendments
<p>Article 5 (Responsible unit) The Company shall designate the Human Resources Department as the solely responsible unit (hereinafter, "responsible unit") in charge of the following matters and also submit regular reports to the Board of Directors at least once per year:</p> <p>I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>II. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>III. Setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>IV. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>V. Assisting the Board of Directors and management</p>	<p>Article 5: (Designated unit) The Company shall designate the Human Resources Department to be responsible of revisions of these Procedures and Guidelines and related training, and the Audit Department shall be in charge of the following matters and also submit regular reports to the Board of Directors at least once per year:</p> <p>I. Setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>II. Developing a whistle-blowing system and receiving whistle-blowing reports to ensure its operating effectiveness.</p> <p>III. Assisting the Board of Directors and management</p>	<p>※</p> <p>(1) Title, responsible unit, and content of the Article have been amended in line with the amendment of Article 17 of the Company's Ethical Corporate Management Best Practice Principles.</p> <p>(2) Clauses 1 and 2 in Paragraph 1 of the Article are added in line with the amendment of Article 17 of the Company's Ethical Corporate Management Best Practice Principles.</p> <p>(3) Clauses 1 to 3 of the existing Paragraph 1 are moved to Clauses 3 to 5, with contents unchanged.</p>

Article After Amendment	Original articles	Reason for amendments
in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.	in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.	
<p>Article 11: (Recusal)</p> <p>When a Company director , officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter at the meeting , that director, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>Where the spouse, a relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, the director shall be deemed to have a personal interest in the matter.</p> <p>If in the course of conducting</p>	<p>Article 11: (Recusal)</p> <p>When a Company director , officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting , that director, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>If in the course of conducting</p>	<p>※</p> <p>(1) Slight wording adjustment in Paragraph 1 of the Article to comply with Paragraph 1, Article 16 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies.</p> <p>(2) In line with Paragraph 3, Article 206 of the Company Act, Paragraph 2 of the Article has been added to specify that where the spouse, a relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion, the director shall be deemed to have a personal interest in the matter.</p> <p>(3) Current Paragraph 2</p>



Article After Amendment	Original articles	Reason for amendments
company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.	company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.	is moved to Paragraph 3, with contents unchanged. (4) Current Paragraph 3 is moved to Paragraph 4, with contents unchanged.
Article 13 (Prohibition of unfair competition)	Article 13 (Prohibition of unfair competition)	※This article is formulated in accordance with Article 15 of the Company's Ethical Corporate Management Best Practice Principles regarding the prohibition of unfair competition, and the title of this article is amended.
Article 15 (Prohibition of insider trading and non-disclosure agreement)	Article 15(Non-disclosure agreement)	※The first item of this article is related to the prohibition of insider trading, and the title of this article is amended.
Article 16 (Following and announcement of policy of ethical management to outside parties) The company shall require the	Article 16(Announcement of policy of ethical management to outside parties)	※(1) In accordance with Article 8 of the Company's Ethical Corporate Management Best Practice Principles.,

Article After Amendment	Original articles	Reason for amendments
<p>directors and senior management to issue a statement of compliance with the integrity management policy, and require the employees to abide by the integrity management policy under the employment conditions.</p> <p>The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	<p>The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	<p>the company shall require directors and senior management to issue a statement of compliance with the integrity management policy, and require employees to abide by the integrity management policy in terms of employment conditions. So, added the first item of this article. And cooperate to amend the title of this article.</p> <p>(2) The current provision is moved to the second item, and the content is not amended.</p>
<p>Article 21 (Handling of unethical conduct by personnel of the Company)</p> <p>This Corporation shall encourage insiders and outsiders to submit reports. Depending the seriousness of the circumstance concerned, incentives and disciplinary measures will be given based on the Company's guidelines on employee incentive/disciplinary measures. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p>	<p>Article 21 (Handling of unethical conduct by personnel of the Company)</p> <p>This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. Depending the seriousness of the circumstance concerned, incentives and disciplinary measures will be given based on the Company's guidelines on employee incentive/disciplinary measures. Insiders having made a false report or malicious</p>	<p>※</p> <p>(1) In accordance with the provisions of Article 21 of the "Guidelines for Integrity Management Operation Procedures and Conduct of ○○ Co., Ltd.", the text of the first item of the table shall be revised, and the second item of this article shall be updated that the informer should be allowed anonymous provide informaiton.</p> <p>(2) The current second item is moved to the third item, and the content is not amended.</p>

Article After Amendment	Original articles	Reason for amendments
<p>The company establishes and announces a complaint mailbox on the company's website and internal website. The informer should provide at least the following information:</p> <p>1. The name and ID number of the whistleblower may also be reported anonymously, and the address, telephone number, or e-mail address of the whistleblower may be contacted.</p> <p>2. The name of the accused person or other sufficient information to identify the identity characteristics of the accused person.</p> <p>3. Specific evidence available for investigation.</p> <p>Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.</p>	<p>accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p> <p>Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.</p>	
Article 23 (Internal publicity, Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)	Article 23 (Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)	※The first item of this article is related to internal publicity, and the title of this article is amended.

## Progress and Results of the Company's 2019 Business Operation Plan

### I. Implementation

- (I) The Company's Interim Shareholders' Meeting approved the resolution to implement capital reduction for deficit compensations in the period on October 2, 2019. Capital reduction of NT\$14,810,357,700 was implemented and 1,481,035,770 issued shares were terminated. The ratio of capital reduction was approximately 34.456858%.
- (II) The capital reduction was approved by Letter No. 1080333597 from the Financial Supervisory Commission (FSC) on October 28, 2019, and the updated registration was approved by Letter No. 10801175410 from the Department of Commerce, Ministry of Economic Affairs (MOEA) on December 9, 2019. New shares issued after the capital reduction have also been listed and traded as of January 20, 2020.

### II. Progress and Results of the Company's 2019 Business Operation Plan:

#### (I) Status of Implementation

##### 1. Operations:

The following matters have been carried out step-by-step to increase the number of users and average revenue per user (ARPU) and to increase sources of operating revenue:

##### Action Plans:

- (1) Continue to optimize network infrastructure building and increase in-house network coverage ratio to reduce the ratio of cancellations and to expand the number of new users.
- (2) Attract consumers to opt for end-user phone plan contracts with higher fees with iPhones and other quality end-user products.
- (3) Encourage users to purchase value-added services through contract renewal incentives and telemarketing.
- (4) Expand product lineup available at existing online stores.
- (5) Establish customer service telemarketing team to develop new users.
- (6) Continue to cultivate physical franchise and wholesale channels and launched e-retail channels (MoMo, Pchome, ETmall, Shopee, Yahoo, and udn) to expand the retail of terminal end products.
- (7) Develop ICT/IoT/smart products and offer applications of the eight "intelligent living" sectors including daily life, education, entertainment, family/social, security, healthcare/medical, financial transaction and purchasing, circular environmental protection, and transportation safety such as B2B/B2G applications, telecommunication services (NaaS/DDoS),

enterprise telecom applications, BOSS++/UC++, smart energy management, B2G smart transportation service, B2B IoT connection value-added applications, B2G IoT application tender projects, facial recognition applications, SAFE++ smart security prevention solutions, SHOP++ smart enterprise market data and smart robots and more. We aspire to fulfill APTG's brand philosophy of "Gt Intelligent Life" by breaking away from the traditional telecom mind-set.

2. Financial Planning:

- (1) Pursuant to the Interim Shareholders' Meeting's resolution for cash capital increase via private placement of ordinary shares, the Company has completed the private issuance of 1,000,000,000 shares, with par value of NT\$10 each share, for a cumulative amount of NT\$10,000,000,000 in 2019. The Company has also received authorization for updated registration via Letter No. 10801175410 from the Department of Commerce, Ministry of Economic Affairs (MOEA) on December 9, 2019.
- (2) The capital increase has helped to strengthen the Company's overall financial structure and the flexibility of fund utilization. It is expected to create direct or indirect benefits to the Company's operations, and will also bring positive benefits to shareholders' rights and interests.

(II) Results:

Below is the Company's 2019 Consolidated Income and Financial Analysis

Presented in NT\$1,000

Item	2019	2018	Increase/decrease	Increase/decrease Ratio
Operating revenue	14,246,066	14,565,959	(319,893)	(2.20%)
Operating costs	13,675,272	13,200,355	474,917	3.60%
Gross profit	570,794	1,365,604	(794,810)	(58.20%)
Operating expenses	5,740,446	6,292,768	(552,322)	(8.78%)
Net Operating Income (Loss)	(5,169,652)	(4,927,164)	(242,488)	4.92%
Profit (Loss) before tax	(5,144,982)	(4,754,346)	(390,636)	8.22%
Net income (loss) for the period	(5,161,873)	(3,267,732)	(1,894,141)	57.97%

Explanation:

1. Decreases in total operating revenue and operating margin from the previous period are mostly attributable to decline in average revenue per user (ARPU) and the increase in operating cost from the Company's continued establishment of mobile broadband network and cell sites to optimize telecommunication quality.
2. The decrease in operating expenses from the previous period is mostly attributable to the Company's efforts in cutting down commissions and advertising expenses.

3. The increase in net loss for the period is mostly attributable to recognition of tax benefits in the same period YoY.
4. After completing the capital increase from private placement of NT\$10 billion of ordinary shares in November 2019, current ratio and quick ratio have increased from 68.02% and 51.44% to 149.45% and 139.97% respectively, showing significant improvement in the Company's debt-paying ability.

## Attachment VI

### Implementation Report on 2019 Capital Increase from Private Issuance of Ordinary Shares

Item	First private issuance of ordinary shares in 2019
Type of securities in private issuance	Ordinary shares
Date and amount of approval by the Shareholders' Meeting	The Company's Interim Shareholders' Meeting has reached a resolution on October 2, 2019, to increase capital by issuing no more than 1,500,000,000 ordinary shares through private offering. The shares can be separately issued in one to three batches within one year.
Basis for and reasonableness of pricing	<ol style="list-style-type: none"> <li>1. Pursuant to Directions for Public Companies Conducting Private Placements of Securities, the Company will use a reference price of the higher of the following, "(A) The simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction; and (B) the simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction." The price for the private offering shall be no less than 80% of the reference price.</li> <li>2. Pursuant to the pricing principle stated in the preceding paragraph, the reference price of NT\$9.55 was set at the simple average closing price of the common shares on 3 business days before the price determination date on November 7, 2019, after adjustment for capital reduction. The private offering price was set at NT\$10.00, or 104.71% of the reference price, which complies with the resolution from the Interim Shareholders' Meeting.</li> </ol>
The method to determine specific investor(s)	Carried out pursuant to regulations from Article 43-6 of the Securities and Exchange Act and the Directive Letter No. 0910003455 from Securities and Futures Bureau Directive, FSC, issued on June 13, 2002.
Reasons for the necessity of private offering	The Company has been in deficit for two consecutive years. According to Article 270 of the Company Act and Article 4 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, no public offering or issuance of new shares is allowed, therefore the Company proposed to raise capital from specific individuals at the appropriate time through private offering for the purpose of injecting the required capital.
Date of full payment for shares	November 21, 2019

Placee Profile	Target of private placement	Qualifications	Number of stock subscribed (thousand shares)	Relationship with the Company	Participation in the operations of the Company
	HON HAI PRECISION INDUSTRY CO., LTD.	Clause 2, Article 43-6, Securities and Exchange Act	700,000	Substantial shareholder with shareholding of more than 10%	None
	Hyield Venture Capital Co., Ltd.		300,000	Corporate shareholder of the Company	None
Actual subscription price	NT\$10.00 per share.				
Price variance between actual subscription price and reference price	Actual subscription price was NT\$10.00 per share, or 104.71% of the reference price of NT\$9.55.				
Impact on shareholders' equity for conducting private placement	The Securities and Exchange Act has a three-year transfer restriction on private securities placement, as well as restrictions on the qualification of placee(s). Therefore, the shareholders' equity is more protected.				
Use of capital raised through private placement and progress of the plan	Bank loans of NT\$2 billion has been repaid in fourth quarter (Q4) 2019. The remainder will be used toward strengthening the operating capital, machinery acquisition, or to pay expenses related to 5G development.				
Realization of benefits of the private placement plan	The capital increase has helped to strengthen the Company's overall financial structure and the flexibility of fund utilization. It is expected to create direct or indirect benefits to the Company's operations, and will also bring positive benefits to shareholders' rights and interests.				



# Attachment VII

## Asia Pacific Telecom Co., Ltd. Table of Comparisons Before and After Amendments of "Articles of Association"

Article After Amendment	Original Articles	Reason for amendments
<p>Article 2: The scope of the Company's business activities includes:</p> <ol style="list-style-type: none"> <li>1. G901011 Type I Telecommunications Enterprise.</li> <li>2. G902011 Type II Telecommunications Enterprise.</li> <li>3. CC01060 Wired Communication Equipment and Apparatus Manufacturing.</li> <li>4. CC01070 Telecommunication Equipment and Apparatus Manufacturing.</li> <li>5. CC01080 Electronic Parts and Components Manufacturing.</li> <li>6. CC01110 Computers and Computing Peripheral Equipments Manufacturing.</li> <li>7. CC01120 Data Storage Media Manufacturing and Duplicating.</li> <li>8. CD01020 Tramway cars and components manufacturing</li> <li>9. E601010 Electric Appliance Construction.</li> <li>10. E603050 - Cybernation Equipments Construction</li> <li>11. E603080 Traffic Signals Construction</li> <li>12. E603090 Illumination Equipments Construction.</li> <li>13. E701010 Telecommunications Construction.</li> <li>14. E701020 Channel KU and C of Satellite TV Equipments and Materials Construction.</li> <li>15. E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction.</li> <li>16. EZ06010 Traffic Labels Construction.</li> <li>17. F108031 Wholesale of Drugs, Medical Goods.</li> <li>18. F113010 Wholesale of Machinery.</li> </ol>	<p>Article 2: The scope of the Company's business activities includes:</p> <ol style="list-style-type: none"> <li>1. G901011 Type I Telecommunications Enterprise.</li> <li>2. G902011 Type II Telecommunications Enterprise.</li> <li>3. CC01060 Wired Communication Equipment and Apparatus Manufacturing.</li> <li>4. CC01070 Telecommunication Equipment and Apparatus Manufacturing.</li> <li>5. CC01080 Electronic Parts and Components Manufacturing.</li> <li>6. CC01110 Computers and Computing Peripheral Equipments Manufacturing.</li> <li>7. CC01120 Data Storage Media Manufacturing and Duplicating.</li> <li>8. E601010 Electric Appliance Construction.</li> <li>9. E603090 Illumination Equipments Construction.</li> <li>10. E701010 Telecommunications Construction.</li> <li>11. E701020 Channel KU and C of Satellite TV Equipments and Materials Construction.</li> <li>12. E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction.</li> <li>13. F108031 Wholesale of Drugs, Medical Goods.</li> <li>14. F113010 Wholesale of Machinery.</li> </ol>	<p>※ (1) Business registrations have been added to meet business expansion needs. (2) Serial number of business registration adjustments.</p>

Article After Amendment	Original Articles	Reason for amendments
19. F113020 Wholesale of Household Appliance. 20. F113030 Wholesale of Precision Instruments. 21. F113070 Wholesale of Telecom Instruments. 22. F113110 Wholesale of Batteries. 23. F114080 Wholesale of Tramway Cars and Parts 24. F118010 Wholesale of Computer Software. 25. F119010 Wholesale of Electronic Materials. 26. F208031 Retail sale of Medical Equipments. 27. F213010 Retail Sale of Household Appliance. 28. F213040 Retail Sale of Precision Instruments. 29. F213060 Retail Sale of Telecom Instruments. 30. F214080 Retail Sale of Tramway Cars and Parts. 31. F214990 Retail Sale of Other Transport Equipment and Parts 32. F218010 Retail Sale of Computer Software. 33. F219010 Retail Sale of Electronic Materials. 34. F401010 International Trade. 35. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import. 36. F401181 Meter/Gauge Input Industry. 37. H701040 Specialized Field Construction and Development. 38. I103060 Management Consulting Services. 39. I301040 The Third Party Payment. 40. IG03010 Energy Technical Services. 41. I301010 Software Design Services. 42. 42. I301020 Data Processing Services. 43. I301030 Digital Information Supply Services. 44. IE01010 Telecommunications	15. F113020 Wholesale of Household Appliance. 16. F113030 Wholesale of Precision Instruments. 17. F113070 Wholesale of Telecom Instruments. 18. F113110 Wholesale of Batteries.  19. F118010 Wholesale of Computer Software. 20. F119010 Wholesale of Electronic Materials. 21. F208031 Retail sale of Medical Equipments. 22. F213010 Retail Sale of Household Appliance. 23. F213040 Retail Sale of Precision Instruments. 24. F213060 Retail Sale of Telecom Instruments.  25. F218010 Retail Sale of Computer Software. 26. F219010 Retail Sale of Electronic Materials. 27. F401010 International Trade. 28. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.  29. I103060 Management Consulting Services. 30. I301040 The third party payment. 31. IG03010 Energy Technical Services. 32. I301010 Software Design Services. 33. I301020 Data Processing Services. 34. I301030 Digital Information Supply Services. 35. IE01010 Telecommunications	

Article After Amendment	Original Articles	Reason for amendments
<p>Number Agencies.</p> <p>45. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified.</p> <p>46. J101050 Sanitary and Pollution Controlling Services.</p> <p>47. JE01010 Rental and Leasing Business.</p> <p>48. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>Number Agencies.</p> <p>36. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified.</p> <p>37. JE01010 Rental and Leasing Business.</p> <p>38. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	
<p>Article 7:</p> <p>The share certificate of the Company shall all be name-bearing share certificates and shall be affixed with the seals or by signature of at least three Directors of the Company, and issued after being duly authenticated by the competent authority or its authorized registration institutes. The Company may issue shares without printing share certificate(s), but they should be registered at centralized securities depository enterprise.</p> <p>After public issuance of its shares, the Company may apply for an approval of ceasing its status as a public company by approval of the Board of Directors and resolution adopted at a Shareholders' Meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at a Shareholders' Meeting of a company whose shares have been issued in public is less than the percentage of the total shareholdings required in the preceding Paragraph, the resolution may be adopted by two-third of the voting rights exercised by the shareholders present at the Shareholders' Meeting who represent</p>	<p>Article 7:</p> <p>The share certificate of the Company shall all be name-bearing share certificates and shall be affixed with the seals or by signature of at least three Directors of the Company, and issued after being duly authenticated pursuant to the law.</p> <p>The Company may issue shares without printing share certificate(s) in accordance with Article 162-2 of the Company Act, but shall have the shares registered with a centralized securities depository enterprise.</p> <p>After public issuance of its shares, the Company may apply for an approval of ceasing its status as a public company by approval of the Board of Directors and resolution adopted at a Shareholders' Meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at a Shareholders' Meeting of a company whose shares have been issued in public is less than the percentage of the total shareholdings required in the preceding Paragraph, the resolution may be adopted by two-third of the voting rights exercised by the shareholders present at the Shareholders' Meeting who represent a</p>	<p>※</p> <p>(1) Wording of Paragraph 1 in the Article has been amended</p> <p>(2) in line with amendments of Article 162 of the Company Act.</p> <p>(3) Wording of Paragraph 2 in the Article has been amended in line with amendments of Article 162 of the Company Act.</p>

Article After Amendment	Original Articles	Reason for amendments
a majority of the outstanding shares of the Company.	majority of the outstanding shares of the Company.	
<p><b>Chapter IV Board of Directors</b>  Article 15:  The Company shall have eleven Directors, who shall be persons with legal capacity and shall be elected by the shareholders at the Shareholders' Meeting. The tenure of the offices of the Directors shall be three years and may be re-elected. The election of Directors is adopted by candidate nomination system per Article 192-1 of the Company Act.</p> <p>The Company may purchase liability insurance for Directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.</p> <p>The Board of Directors may establish an Audit Committee, Remuneration Committee, and relevant functional committees as the basis of reference during the Board's decision-making.</p>	<p><b>Chapter IV Board of Directors</b>  Article 15 :  Beginning from the 8th Board of Director, the Company shall have eleven Directors, who shall be persons with legal capacity and shall be elected by the shareholders at the Shareholders' Meeting. The tenure of the offices of the Directors shall be three years and may be re-elected. The election of Directors is adopted by candidate nomination system per Article 192-1 of the Company Act.</p> <p>The Company may purchase liability insurance for Directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.</p> <p>The Board of Directors may establish an Audit Committee, Remuneration Committee, and relevant functional committees as the basis of reference during the Board's decision-making.</p>	<p>※  The Company has had eleven Directors since the 8th Board of Directors and no longer needs to reiterate this point in the Articles of Association. Therefore, the wording of Paragraph 1 has been amended.</p>
<p>Article 18:  The following matters shall be submitted to the Board of Directors for discussion:</p> <p>I. The Company's Business Plan.  II. Annual financial statements signed or sealed by the Chairman, managers, and accounting manager.</p> <p>III. Establishment or amendment of internal control system and evaluation of its effectiveness.  IV. Establishment or amendment of "Regulations Governing the Acquisition and Disposal</p>	<p>Article 18 :  The following matters shall be submitted to the Board of Directors for discussion:</p> <p>I. The Company's Business Plan.  II. Annual financial statements and six-month financial statements. However, the six-month financial statements may be exempted in case they are not required to be audited by a certified public accountant (CPA).  III. Establishment or amendment of internal control system and evaluation of its effectiveness.  IV. Establishment or amendment of "Regulations Governing the Acquisition and Disposal of</p>	<p>※  (1) Clause 2 in Paragraph 1 of the Article has been amended in line with the amendment of Article 14-5 of the Securities and Exchange Act in 2018, pursuant to regulations in Article 36-1 of the Securities and</p>

Article After Amendment	Original Articles	Reason for amendments
<p>of Assets," "Guidelines for Derivatives Trading," and "Regulations Governing Material Financial Business Behaviors of Making of Endorsements/Guarantees."</p> <p>V. Fundraising, issuance or private offering of securities with equity rights.</p> <p>VI. Performance evaluation and compensation standards of managerial officers.</p> <p>VII. Compensation structure and system of directors.</p> <p>VIII. Appointment or dismissal of the General Manager, Deputy General Managers, Finance, Accounting, or Audit Managers.</p> <p>IX. Matters related to the directors' own interests.</p> <p>X. Loaning of funds or making of endorsements/guarantees.</p> <p>XI. Appointment, dismissal, and compensation of CPAs.</p> <p>XII. Set up, terminal, or alternations of branch organizations.</p> <p>XIII. Approval of budget and decisions.</p> <p>XIV. Proposal of surplus allocations.</p> <p>XV. Approval of reinvestments.</p> <p>XVI. Approval of acquisition or transfer of specialized technology and patents, and technical partnership contracts.</p> <p>XVII. Approval of amendment to the Company's Articles of Association and changes to paid-in capital.</p> <p>XVIII. Approval of the Company's dissolution or merger.</p> <p>XIX. Approval of external loans.</p> <p>XX. Approval of setting asset as pledge.</p> <p>XXI. Approval of the annual Audit</p>	<p>Assets," "Guidelines for Derivatives Trading," and "Regulations Governing Material Financial Business Behaviors of Making of Endorsements/Guarantees."</p> <p>V. Fundraising, issuance or private offering of securities with equity rights.</p> <p>VI. Performance evaluation and compensation standards of managerial officers.</p> <p>VII. Compensation structure and system of directors.</p> <p>VIII. Appointment or dismissal of the General Manager, Deputy General Managers, Finance, Accounting, or Audit Managers.</p> <p>IX. Matters related to the directors' own interests.</p> <p>X. Loaning of capital or making of endorsements/guarantees.</p> <p>XI. Appointment, dismissal, and compensation of CPAs.</p> <p>XII. Set up, terminal, or alternations of branch organizations.</p> <p>XIII. Approval of budget and decisions.</p> <p>XIV. Proposal of surplus allocations.</p> <p>XV. Approval of reinvestments.</p> <p>XVI. Approval of acquisition or transfer of specialized technology and patents, and technical partnership contracts.</p> <p>XVII. Approval of amendment to the Company's Articles of Association and changes to paid-in capital.</p> <p>XVIII. Approval of the Company's dissolution or merger.</p> <p>XIX. Approval of external loans.</p> <p>XX. Approval of setting asset as pledge.</p> <p>XXI. Approval of the annual Audit</p>	<p>Exchange Act, which states that the second quarter (Q2) financial statement does not need to be audited by CPA or verified by a supervisor for publicly listed companies that are non-financial institutions. Also in line with amendment of Article 14-5 of the Securities and Exchange Act in 2019, which specifies that to strengthen the internal management procedures over financial reporting, financial statements approved by the Audit Committee shall be signed or sealed by the Chairman, manager and accounting</p>

Article After Amendment	Original Articles	Reason for amendments
Plan. XXII. Approval of various Company procedures and regulations. XXIII. Carry out resolutions from Shareholders' Meetings. XXIV. Establishment and amendments to the organizational charter of the Board of Directors and functional committees. XXV. Major assets or derivative trading. XXVI. Donation to related parties or major donations to non-related parties. However, charity donations as relief for major natural disasters may be subsequently submitted to and ratified by the next Board meeting. XXVII. Other matters requiring resolution from the Shareholders' Meeting pursuant to Article 14-3 of the Securities and Exchange Act or other applicable laws and regulations, or other material matters that shall be submitted to the Board or required by competent authority.	Plan. XXII. Approval of various Company procedures and regulations. XXIII. Carry out resolutions from Shareholders' Meetings. XXIV. Proposals recommended by the Remuneration Committee. XXV. Major assets or derivative trading. XXVI. Donation to related parties or major donations to non-related parties. However, charity donations as relief for major natural disasters may be subsequently submitted to and ratified by the next Board meeting. XXVII. Other matters requiring resolution from the Shareholders' Meeting pursuant to Article 14-3 of the Securities and Exchange Act or other applicable laws and regulations, or other material matters that shall be submitted to the Board or required by competent authority.	manager, in order to implement corporate governance in practice. (2) Clause 24 in Paragraph 1 of the Article was amended in line with the Company's practical operational needs.
Article 31: The Articles of Association was established on May 3, 2000. The first amendment of the Articles was made on May 14, 2001; the second amendment was made on June 24, 2002; the third amendment was made on June 25, 2004; the fourth amendment was made on October 26, 2007; the fifth amendment was made on June 23, 2010; the sixth amendment was made on June 24, 2011; the seventh amendment was made on June 20, 2012; the eighth amendment was made on June 20, 2014; the ninth amendment was made	Article 31: The Articles of Association was established on May 3, 2000. The first amendment of the Articles was made on May 14, 2001; the second amendment was made on June 24, 2002; the third amendment was made on June 25, 2004; the fourth amendment was made on October 26, 2007; the fifth amendment was made on June 23, 2010; the sixth amendment was made on June 24, 2011; the seventh amendment was made on June 20, 2012; the eighth amendment was made on June 20, 2014; the ninth amendment was made on June 25,	※ Added the date and number of the current amendment.

Article After Amendment	Original Articles	Reason for amendments
on June 25, 2015; the tenth amendment was made on June 22, 2016; the eleventh amendment was made on June 20, 2018 ; the twelfth amendment was made on June 19, 2019; and the thirteenth amendment is to be made on June 17, 2020.	2015; the tenth amendment was made on June 22, 2016; the eleventh amendment was made on June 20, 2018. ; the twelfth amendment was made on June 19, 2019 . The Articles will be enforced upon approval from the Shareholders' Meeting.	

## Attachment VIII

### Asia Pacific Telecom Co., Ltd.

#### Table of Comparisons Before and After Amendments of "Rules of Procedure for Shareholder Meetings"

Article After Amendment	Original Articles	Reason for amendments
<p>Article 2</p> <p>Unless otherwise provided by law or regulation, the Company's Shareholders' Meetings shall be convened by the Board of Directors.</p> <p>The Company shall prepare electronic versions of the Shareholders' Meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a General Shareholders' Meeting or before 15 days before the date of an Extraordinary Shareholders' Meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplementary meeting materials and upload them to the MOPS before 21 days before the date of the annual shareholders' meeting or before 15 days before the date of the extraordinary shareholders meeting. In addition, the Company shall also have prepared the shareholders' meeting agenda and supplementary meeting materials and made them available for review by shareholders at any time. The aforementioned materials shall also be displayed at The Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting</p>	<p>Article 2:</p> <p>Unless otherwise provided by law or regulation, the Company's Shareholders' Meetings shall be convened by the Board of Directors.</p> <p>The Company shall prepare electronic versions of the Shareholders' Meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a General Shareholders' Meeting or before 15 days before the date of an Extraordinary Shareholders' Meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplementary meeting materials and upload them to the MOPS before 21 days before the date of the annual shareholders' meeting or before 15 days before the date of the extraordinary shareholders' meeting. In addition, the Company shall also have prepared the shareholders' meeting agenda and supplementary meeting materials and made them available for review by shareholders at any time. The aforementioned materials shall also be displayed at The Company and the professional shareholder services agent designated thereby as well</p>	<p>※</p> <p>(1) Paragraph 4 of the Article has been amended in line with amendment of Paragraph 5, Article 172 of the Company Act and Article 3 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p> <p>(2) Paragraph 5 of the Article has been amended in line with Directive Letter No. 10702417500 issued on August 6, 2018.</p> <p>(3) Existing Paragraph 5 moved to Paragraph 6, and Paragraph 1 was amended and Paragraph 5 was added in line with Paragraph 1, Article 172-1 of the Company Act.</p> <p>(4) Existing Paragraph 6 is moved to Paragraph 6, and wording was revised in line with Paragraph 2, Article 172 of the Company Act.</p> <p>(5) Existing Paragraph 7 is moved to Paragraph 8.</p> <p>(6) Existing Paragraph 8 is moved to Paragraph 9.</p>



Article After Amendment	Original Articles	Reason for amendments
<p>place. The reasons for convening a Shareholders' Meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors or supervisors, amendments to the Articles of Association, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the Shareholders' Meeting. None of the above matters may be raised by an extraordinary motion. The major contents of which shall be uploaded to a website appointed by the Financial Supervisory Commission or the Company, and the website shall be specified on the meeting notice.</p> <p>When general re-elections of directors and the terms of their appointment have been specified on the meeting notice, the terms of directors' appointment may not be altered through raising an extraordinary motion or other methods after the elections have been held at the Shareholders' Meeting.</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular Shareholders' Meeting.</p>	<p>as being distributed on-site at the meeting place. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at an annual general</p>	

Article After Amendment	Original Articles	Reason for amendments
<p>Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, when a proposal put forth by a shareholder contains suggestions or recommendations aimed to improve the public interest of the Company or to enhance the Company's corporate social responsibility, the Board of Directors may include such a proposal in the meeting agenda. (merge)</p> <p>In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p> <p>Prior to the book closure date before an annual general shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general shareholders' meeting and take part in the discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening</p>	<p>shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p> <p>Prior to the book closure date before an annual general shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general shareholders' meeting and take part in the discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal</p>	

Article After Amendment	Original Articles	Reason for amendments
results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.	screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.	
<p>Article 9</p> <p>If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The relevant proposals (including motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p>	<p>Article 9:</p> <p>If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue</p>	<p>※</p> <p>(1) Paragraph 1 of the Article has been amended in line with the full adoption of voting by electronic means and to implement voting on a case-by-case basis in all companies listed on the TWSE/TPEX starting in 2018, and in reference to Article 10 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings decreed by the Financial Supervisory Committee (FSC).</p> <p>(2) Paragraph 4 of the Article is amended to prevent the chair of the meeting from restraining the voting time, leading to infringements of shareholders' voting rights from not having sufficient time to vote.</p>

Article After Amendment	Original Articles	Reason for amendments
<p>The chair shall give the opportunity to fully explain and discuss the proposals, as well as the amendments or motions proposed by the shareholders.</p> <p>When the chair is of the opinion that a proposal has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the proposal to vote. The chairperson shall also allocate sufficient time for voting.</p>	<p>the meeting. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders.</p> <p>When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p>	
<p>Article 12 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.</p> <p>When a director owns 50% more of the number of shares in terms of pledge of stock rights than he/she did at the time of appointment, the number of excess shares shall not be used toward voting rights and will not be included in the voting rights of shares in attendance.</p> <p>When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be regarded as having personally attended the</p>	<p>Article 12: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.</p> <p>When a director owns 50% more of the number of shares in terms of pledge of stock rights than he/she did at the time of appointment, the number of excess shares shall not be used toward voting rights and will not be included in the voting rights of shares in attendance.</p> <p>When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When shareholders exercise voting rights via written or electronic</p>	<p>※ (I) The Article was amended in line with the full adoption of voting by electronic means in all companies listed on the TWSE/TPEX starting in 2018, and in reference to Article 13 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings decreed by the Financial Supervisory Committee (FSC).</p>

Article After Amendment	Original Articles	Reason for amendments
<p>meeting. But will be deemed to have waived the rights to interim proposals and amendments to the meeting; Therefore, it is recommended that the company avoid making extraordinary motions and amendments to the original proposal.</p> <p>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, this restriction does not apply when a declaration is made to cancel the earlier declaration of intent.</p> <p>If a shareholder (who has exercised his/her voting rights in correspondence or electronically) intends to attend the meeting in person, he/she shall cancel the voting rights in the same manner stated in the preceding paragraph 2 days before the date of a shareholders' meeting. If the deadline is not met, the voting right exercised by correspondence or electronically shall prevail.</p> <p>When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the</p>	<p>means and no votes against the passing of a proposal or abstention is found, and no attending shareholder has expressed a vote against the passing after the chair consults them, the proposal will be deemed as passed with the same effect and voting rights. When there is dissent, the proposal shall be put to a vote.</p>	

Article After Amendment	Original Articles	Reason for amendments
<p>attending shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>Scrutineers and vote counting personnel for the voting on a proposal shall be appointed by the chair, provided that all scrutineers shall be shareholders of the Company.</p> <p>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p>	<p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>Scrutineers and vote counting personnel for the voting on a proposal shall be appointed by the chair, provided that all scrutineers shall be shareholders of the Company.</p> <p>Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p>	
<p>Article 14: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes.</p>	<p>Article 14: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting</p>	<p>※ Article amended to implement voting on a case-by-case basis in all</p>

Article After Amendment	Original Articles	Reason for amendments
<p>The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the termination of the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>The distribution of the meeting minutes as described in the preceding paragraph can be done through a public announcement on the Market Observation Post System.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, methods by which resolutions were adopted (and the weighted number of votes), and a summary of the deliberations and their results. In case elections were held, the weighted number of votes received by each nominee shall be disclosed. The minutes shall be retained for the duration of the existence of this Corporation.</p>	<p>minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.</p>	<p>companies listed on the TWSE/TPEX, and in reference to Article 15 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings decreed by the Financial Supervisory Committee (FSC).</p>

Asia Pacific Telecom Co., Ltd.

Table of Comparisons Before and After Amendments of "Regulations Governing Making of Endorsements/Guarantees"

Article After Amendment	Original Articles	Reason for amendments
<p>Article 5: Hierarchy of Decision-Making Authority and Delegation Thereof</p> <p>I. Endorsement guarantee shall not be proceeded with unless the Company has fulfilled the sign-off procedure in accordance with the provisions of Article 6 of these Regulations, and after a resolution from the Board of Directors. Relevant processing and related matters shall also be reported to the Shareholders' Meeting for future reference.</p> <p>II. Where the Company needs to exceed the limits set out in these Regulations to satisfy its business requirements, and where the conditions set out in these Guidelines are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend these Regulations accordingly and submit the same to the Shareholders' Meeting for ratification after the fact. If the Shareholders' Meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p>III. Pursuant to these Guidelines or other applicable laws, where approval from the Board is required for making</p>	<p>Article 5: Hierarchy of Decision-Making Authority and Delegation Thereof</p> <p>I. Endorsement guarantee shall not be proceeded with unless the Company has fulfilled the sign-off procedure in accordance with the provisions of Article 6 of these Regulations, and after a resolution from the Board of Directors. Relevant processing and related matters shall also be reported to the Shareholders' Meeting for future reference.</p> <p>II. Where the Company needs to exceed the limits set out in these Regulations to satisfy its business requirements, and where the conditions set out in these Guidelines are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend these Regulations accordingly and submit the same to the Shareholders' Meeting for ratification after the fact. If the Shareholders' Meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p>III. Pursuant to these Guidelines or other applicable laws, where approval from the Board is required for making</p>	<p>※</p> <p>The wording is adjusted with reference to Article 14-3 of the Securities and Exchange Act. Pursuant to Article 14-5 of the Securities and Exchange Act, the Audit Committee's functional authority includes formulating or amending the procedures for handling material financial activities, such as loaning of funds to others; therefore, this Article is added with reference to the provisions of Article 6 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>



Article After Amendment	Original Articles	Reason for amendments
<p>endorsement/guarantee, they shall be approved by more than half of all Audit Committee members and submitted to the Board for a resolution. If approval of more than half of all Audit Committee 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" and "all directors" as stated herein shall be counted as the actual number of persons currently holding those positions.</p> <p>IV. Where the Company has elected Independent Directors, the opinions of all Independent Directors shall be fully considered during deliberation by the Board of Directors as mentioned in the preceding paragraph, and clear opinion for objection and reasons for objection shall be included in the Board meeting minutes.</p>	<p>endorsement/guarantee, they shall be approved by more than half of all Audit Committee members and submitted to the Board for a resolution. If approval of more than half of all Audit Committee 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>IV. Where the Company has elected Independent Directors, the opinions of all Independent Directors shall be fully considered during deliberation by the Board of Directors as mentioned in the preceding paragraph. The independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board meeting.</p>	
<p>Article 8: Announcement Procedure Declaration</p> <p>I. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.</p> <p>II. After public listing, if the Company's balance of endorsements/guarantees reaches one of the following levels, the Company shall announce and report such event within two days commencing immediately from the</p>	<p>Article 8: Announcement Procedure Declaration</p> <p>I. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.</p> <p>II. After public listing, if the Company's balance of endorsements/guarantees reaches one of the following levels, the Company shall announce and report such event within two days commencing immediately from</p>	<p>※ Wording is amended in line with amendments of certain Articles in the Regulations Governing Loaning of Funds and</p>

Article After Amendment	Original Articles	Reason for amendments
<p>date of occurrence:</p> <p>(I) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(II) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(III) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, carrying value of equity method investment in, and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement.</p> <p>(IV) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that</p>	<p>the date of occurrence:</p> <p>(I) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(II) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(III) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, carrying value of long-term investments in, and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement.</p> <p>(IV) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that</p>	<p>Making of Endorsements/Guarantees by Public Companies as announced in Directive Letter No. 1080304826 from the FSC on March 7, 2019, and in consideration of specifying the definition for long-term investments, as well as in reference to Clause 1, Paragraph 4, Article 9 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>Wording is amended in consideration of the fact that endorsements/guarantees are non-transactive in nature.</p>

Article After Amendment	Original Articles	Reason for amendments
<p>such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.</p> <p>“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier.</p>	<p>such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.</p> <p>The date of occurrence specified in the Procedures refers to the date of contract signing for the transaction, payment date, resolution date of the Board of Directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier.</p>	
<p>Article 9: Miscellaneous</p> <p>I. The Company's internal auditors shall audit these Regulations and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all members of the Audit Committee in writing of any material violation found.</p> <p>II. Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own Regulations Governing Making of Endorsements/Guarantees in compliance with these Regulations, and it shall comply with its Regulations when making endorsements/guarantees. The subsidiary shall also report to the Company before the 5th of each month its amount of endorsements/guarantees, counterparties, due dates and other relevant information. In case circumstances which apply to Article 8 of the Regulations are reached, the subsidiary shall immediately report to the Company to carry out relevant announcements.</p> <p>III. The status of endorsement and</p>	<p>Article 9: Miscellaneous</p> <p>I. The Company's internal auditors shall audit these Regulations and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all members of the Audit Committee in writing of any material violation found.</p> <p>II. Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own Regulations Governing Making of Endorsements/Guarantees in compliance with these Regulations, and it shall comply with its Regulations when making endorsements/guarantees. The subsidiary shall also report to the Company before the 5th of each month its amount of endorsements/guarantees, counterparties, due dates and other relevant information. In case circumstances which apply to Article 8 of the Regulations are reached, the subsidiary shall immediately report to the Company to carry out relevant announcements.</p> <p>III. The status of endorsement and</p>	<p>※</p> <p>Procedure has been implemented upon amendment from the 7th Board and relevant text is no longer necessary.</p> <p>The wording is adjusted with reference to Article 14-3 of the Securities and Exchange Act. Pursuant to Article 14-5 of the Securities and Exchange Act, the Audit Committee’s functional authority includes formulating or</p>

Article After Amendment	Original Articles	Reason for amendments
<p>guarantee and related matters of the Company and its subsidiaries shall be submitted to the shareholders' meeting for reference in the following year.</p> <p>IV. When the Regulations are breached by relevant personnel, the violation will be handled according to the incentive and disincentive measures in the Company's Employee Code of Conduct depending on the severity of the violation.</p> <p>V. The enactment of these Regulations shall be implemented upon passage by the Board of Directors and submitted to the Shareholders' Meeting for approval. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions for discussion by the Shareholders' Meeting. The same shall apply to any amendments to the Regulations.</p> <p>Amendments to the Regulations shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If dissent is expressed by any of the Directors and a minutes of meeting or written statement of the dissent is present, the Company shall submit the opinion of dissent to the Shareholders' Meeting for discussion. 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</p>	<p>guarantee and related matters of the Company and its subsidiaries shall be submitted to the shareholders' meeting for reference in the following year.</p> <p>IV. When the Regulations are breached by relevant personnel, the violation will be handled according to the incentive and disincentive measures in the Company's Employee Code of Conduct depending on the severity of the violation.</p> <p>V. The enactment of these Regulations shall be implemented upon passage by the Board of Directors and submitted to the Shareholders' Meeting for approval. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions for discussion by the Shareholders' Meeting. The same shall apply to any amendments to the Regulations.</p> <p>Since the 7th Board of Directors, amendments to the Regulations shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If dissent is expressed by any of the Directors and a minutes of meeting or written statement of the dissent is present, the Company shall submit the opinion of dissent to the Shareholders' Meeting for discussion. 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,</p>	<p>amending the procedures for handling material financial activities, such as loaning of funds to others; therefore, this Article is added with reference to the provisions of Article 6 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Article After Amendment	Original Articles	Reason for amendments
<p>minutes of the Board of Directors meeting. The terms "all Audit Committee members" and "all directors" as stated herein shall be counted as the actual number of persons currently holding those positions.</p> <p>VI. Where the Company has appointed independent directors, when it submits its Regulations for discussion by the Board of Directors under the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the Board meeting.</p>	<p>and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</p> <p>VI. Where the Company has appointed independent directors, when it submits its Regulations for discussion by the Board of Directors under the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinion. The independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board meeting.</p>	

Asia Pacific Telecom Co., Ltd.

Table of Comparisons Before and After Amendments of "Regulations Governing Loaning of Funds"

Article After Amendment	Original Articles	Reason for amendments
<p>Article 2: Entities to which funds are loaned</p> <p>Under Article 15 of the Company Act, the Company shall only loan funds to targets that comply with the following circumstances:</p> <p>I. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or</p> <p>II. Where an inter-company or inter-firm short-term financing facility to a subsidiary of the Company is necessary,</p> <p>III. Loaning of funds between foreign companies of which the Company either directly or indirectly holds 100% voting shares.</p> <p>IV. A necessity of a foreign company in which the Company holds 100% of voting shares either directly or indirectly.</p> <p>The Company shall not loan funds to any of its shareholders or any other person except for the ones stipulated in the preceding paragraphs.</p>	<p>Article 2: Entities to which funds are loaned</p> <p>Under Article 15 of the Company Act, the Company shall only loan funds to targets that comply with the following circumstances:</p> <p>I. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or</p> <p>II. Where an inter-company or inter-firm short-term financing facility to a subsidiary of the Company is necessary,</p> <p>The Company shall not loan funds to any of its shareholders or any other person except for the ones stipulated in the preceding paragraphs.</p>	<p>※</p> <p>The FSC's original consideration was for loaning of funds between foreign companies in which publicly listed companies either directly or indirectly hold 100% of voting shares; nevertheless, the nature of such loans are similar to inter-business fund applications, and foreign companies are currently not subjected to regulations from Article 15 of the Company Act. Pursuant to external recommendations, loans between foreign companies in which publicly listed companies either directly or indirectly hold 100% of voting shares and the public company have been permitted to increase the flexibility of internal capital utilization in enterprises.</p>
<p>Article 4: Aggregate amount of loans and the maximum amount permitted to a single borrower</p> <p>I. Where an inter-company or inter-firm business transaction calls for a loan arrangement: Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 30 percent of</p>	<p>Article 4: Aggregate amount of loans and the maximum amount permitted to a single borrower</p> <p>I. Where an inter-company or inter-firm business transaction calls for a loan arrangement: Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 30 percent of</p>	<p>※</p> <p>Clause 2, Paragraph 4 of the Article has been added in line with Article 9 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies announced by the FSC on</p>

Article After Amendment	Original Articles	Reason for amendments
<p>the Company's net worth for the period. In the case of lending funds to companies or firms who have a business relationship with the Company, the total lending amount of an individual borrower shall not exceed the total amount of the business transactions (sale/purchase) between the Company and the borrower. "Business relationship" refers to actual sale/purchase between the counterparties in the past year or within one year that can be estimated, and shall not exceed the 10 percent of the Company's net worth for the period.</p> <p>II. Where a subsidiary has short-term financing facility need: In the case of lending short-term funds, the reason and conditions of the loan shall be specified, and the total amount of the loan shall not exceed 40 percent of the Company's net worth for the period. The total lending amount of loan to an individual company or firm shall not exceed 20 percent of the Company's net worth for the period.</p> <p>III. The total amount of the funds of any inter-company loans for needs of fund between the foreign subsidiaries whose voting shares are 100% directly or indirectly owned by the Company, shall not exceed 40% of the Company's net worth. The amount of the funds lent to any individual company or firm shall not exceed 20% of the Company's net worth.</p> <p>IV. The total amount of the funds</p>	<p>the Company's net worth for the period. The amount of the funds lent to any individual company or firm shall not exceed 10% of the Company's net worth.</p> <p>II. Where a subsidiary has short-term financing facility need: The total aggregate lending amount of loan to companies or firms with short-term financing needs shall not exceed 40 percent of the Company's net worth for the period. The total lending amount of loan to an individual company or firm shall not exceed 20 percent of the Company's net worth for the period.</p>	<p>March 7, 2019, which specifies that "Where funds are loaned for reasons of business dealings, evaluation standards shall be specified for determining whether the amount of a loan is commensurate to the total amount of trading between the two companies" and "Where short-term financing is needed, the reasons for and conditions of extending loans shall be enumerated."</p> <p>*Paragraph 6 has been added to specify that "when a responsible person of a company violates paragraph 1 or the proviso of the preceding paragraph, the responsible person shall bear joint and several liability with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages" in line with amendments of certain Articles in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies announced by the FSC on March 7, 2019, and in reference to Paragraph 2, Article 15 of the Company Act, and regulations stipulated in Paragraph 2, Article 9 of the Regulations</p>

Article After Amendment	Original Articles	Reason for amendments
<p>of any inter-company loans for needs of fund from the foreign subsidiaries whose voting shares are 100% directly or indirectly owned by the Company to the Company, shall not exceed 40% of the Company's net worth. The amount of the funds lent to any individual company or firm shall not exceed 20% of the Company's net worth.</p> <p>When the person in-charge of the Company violates the provisions of the preceding paragraph, the person in-charge shall be jointly and severally responsible for the repayment with the lender. When the Company incurs losses as a result, the person shall also be held liable for damages.</p>		<p>Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.</p>
<p>Article 6: Procedures for Handling and Reviewing Lending of Funds</p> <p>I. The borrower shall prepare a photocopies of its basic information including company registration card from the Ministry of Economic Affairs and identification card of the person-in-charge, and financial information including its most recent financial statements, and file for an application of capital loan to the Company. The application shall specify the amount, repayment date, purpose, collateral and other matters required by the Company.</p> <p>II. The borrower shall issue a note payable of the same amount, and receive an endorsement/guarantee from its chairman, general manager, or other reliable company, or</p>	<p>Article 6: Procedures for Handling and Reviewing Lending of Funds</p> <p>I. The borrower shall prepare a photocopies of its basic information including company registration card from the Ministry of Economic Affairs and identification card of the person-in-charge, and financial information including its most recent financial statements, and file for an application of capital loan to the Company. The application shall specify the amount, repayment date, purpose, collateral and other matters required by the Company.</p> <p>II. The borrower shall issue a note payable of the same amount, and receive an endorsement/guarantee from its chairman, general manager, or other reliable company, or</p>	<p>※</p> <p>Pursuant to Article 14-5 of the Securities and Exchange Act, the Audit Committee's functional authority includes formulating or amending the procedures for handling material financial activities, such as loaning of funds to others; therefore, this provision is added with reference to the provisions of Article 6 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>



Article After Amendment	Original Articles	Reason for amendments
<p>provide a collateral of equivalent value to the amount of loan to the Company as guarantee.</p> <p>III. Upon receiving the application from the borrower, the unit in charge of capital movement shall immediately review the documents specified in the preceding paragraph, and deliver the note or collateral to the credit section for credit and risk evaluation. Upon evaluation, the underwriter shall report the detailed application document and review results to the Chairman for approval, as well as submit to the Board of Directors for resolution before the loan can be issued.</p> <p>IV. Pursuant to the Regulations or relevant laws, the loaning of funds 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 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" and "all directors" as stated herein shall be counted as the actual number of persons currently holding those positions.</p> <p>V. Detailed Review Procedures Evaluation items for loaning</p>	<p>provide a collateral of equivalent value to the amount of loan to the Company as guarantee.</p> <p>III. Upon receiving the application from the borrower, the unit in charge of capital movement shall immediately review the documents specified in the preceding paragraph, and deliver the note or collateral to the credit section for credit and risk evaluation. Upon evaluation, the underwriter shall report the detailed application document and review results to the Chairman for approval, as well as submit to the Board of Directors for resolution before the loan can be issued.</p> <p>IV. Pursuant to the Regulations or relevant laws, the loaning of funds 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 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>V. Detailed Review Procedures Evaluation items for loaning</p>	

Article After Amendment	Original Articles	Reason for amendments
of funds shall include: (I) Necessity and reasonableness of the loaning of funds. (II) Credit and risk evaluation of the borrower. (III) Impact on the Company's business operations, financial status and shareholders' rights. (IV) Whether collateral shall be obtained and valuation of the collateral.	of funds shall include: (I) Necessity and reasonableness of the loaning of funds. (II) Credit and risk evaluation of the borrower. (III) Impact on the Company's business operations, financial status and shareholders' rights. (IV) Whether collateral shall be obtained and valuation of the collateral.	
Article 8: Announcement Procedure Declaration I. The Company shall announce and report the previous month's balance of loans of itself and its subsidiaries by the 10th day of each month. II. If the capital loan balance of the Company meets one of the following standards, announcement and declaration have to be made within two days from the factual occurrence date: (I) The balance of lending by the Company and its Subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement. (II) The balance of lending by the Company and its Subsidiaries for a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement. (III) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's	Article 8: Announcement Procedure Declaration I. The Company shall announce and report the previous month's balance of loans of itself and its subsidiaries by the 10th day of each month. II. If the capital loan balance of the Company meets one of the following standards, announcement and declaration have to be made within two days from the factual occurrence date: (I) The balance of lending by the Company and its Subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement. (II) The balance of lending by the Company and its Subsidiaries for a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement. (III) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's	※ Minor revision to wording was made taking into consideration the fact that loaning of funds is not transactive in nature.

Article After Amendment	Original Articles	Reason for amendments
<p>net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.</p> <p>Provided that when calculating the ratio of the balance of funds lent to the net worth of the lender, the Company's net worth, instead of such subsidiary's, shall be adopted as the basis of calculation.</p> <p>III. "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/guarantee, whichever date is earlier.</p>	<p>net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.</p> <p>Provided that when calculating the ratio of the balance of funds lent to the net worth of the lender, the Company's net worth, instead of such subsidiary's, shall be adopted as the basis of calculation.</p> <p>III. The date of occurrence specified in the Procedures refers to the date of contract signing for the transaction, payment date, resolution date of the Board of Directors, or other dates on which the transaction party and amount can be ascertained, whichever is earlier.</p>	
<p>Article 14: The enactment of these Regulations shall be implemented upon passage by the Board of Directors and submitted to the Shareholders' Meeting for approval. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions for discussion by the Shareholders' Meeting. The same shall apply to any amendments to the Regulations.</p> <p>Amendments to the Regulations 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</p>	<p>Article 14: The Procedures, after passage by the Board of Directors, shall be submitted for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to the shareholders' meeting for discussion. The same shall apply to any amendments to the Procedures.</p> <p>Since the 7th Board of Directors, amendments to the Guidelines 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</p>	<p>※</p> <p>The wording is adjusted with reference to Article 14-3 of the Securities and Exchange Act. Pursuant to Article 14-5 of the Securities and Exchange Act, the Audit Committee's functional authority includes formulating or amending the procedures for handling material financial activities, such as loaning of funds to others; therefore, this Article is added with reference to the provisions of Article 6 of the Regulations Governing the</p>

Article After Amendment	Original Articles	Reason for amendments
<p>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" and "all directors" as stated herein shall be counted as the actual number of persons currently holding those positions. Where the Company has appointed independent directors, when it submits its Regulations for discussion by the Board of Directors under the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the Board meeting.</p>	<p>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. If the Company has independent directors, their opinions shall be fully taken into consideration when the Procedures is submitted to the board of directors for discussion in accordance with the preceding provision. Their definite opinions on whether to approve and the reasons for disapproval shall be recorded in the minutes of the Board Meetings.</p>	<p>Acquisition and Disposal of Assets by Public Companies. Procedure has been implemented upon amendment from the 7th Board and relevant text is no longer necessary.</p>

**Attachment XI**

**Roster of Independent Director Nominees**

Name	Education	Major Experience	Current position	Number of shares held
Chung, Tsung Ming	<ul style="list-style-type: none"> <li>• MBA, National Chengchi University,</li> <li>• BBA, National Taiwan University,</li> </ul>	<ul style="list-style-type: none"> <li>• Practice lecturer, Dept. of Accounting, National Taiwan University.</li> <li>• Audit Partner, T.N. Soong &amp; Co.,</li> <li>• Passed CPA examination in Connecticut, USA</li> <li>• CPA, Taiwan, ROC</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman, Dynapack International Technology Corp.</li> <li>• Managing Director, Far Eastern International Commercial Bank.</li> <li>• Director and the Chairman of Audit Committee, Silicon Motion Technology Corp.,</li> <li>• Outside Director and the Chairman of Audit Committee and Risk Management Committee, Fubon Hyundai Life Insurance Co., Ltd. (in Korea)</li> </ul>	0

**Attachment XII**

Contents for the lifting of the competition restrictions of directors (including independent director) of the company		
Director	Company	Position
Chang Chia-Hsiang	APTT Management Pte. Limited	Director
Dennis L.S.Ju	Taiwan Railways Administration ,MOTC	Deputy Director General
Independent director	Company	Position
Chung, Tsung Ming	Dynapack International Technology Corporation	Chairman
	Dynapack Investment Corporation	Director
	Dynapack Technologies (Cayman) Corp.	Director
	Dynapack Technologies (Hong Kong) Corporation	Director
	Dynapack Electronic Technology (Su Zhou) Co., Ltd.	Director
	Kunshan Dynapack Electronic Technology Co., Ltd.	Director
	Far Eastern International Commercial Bank	Director
	Toheransmooth Co., Ltd.	Director
	Lu Liao Keng Co., Ltd.	Director
	Vactronics technologies Inc.	Director
	Bridge Semiconductor Corporation	Director
	Avalent Technologies, Inc. Taiwan Branch	Director
	Radiantech, Inc.	Director
	Silicon Motion Technology Corporation	Director
	Fubon Hyundai Life Insurance Co., Ltd.	Outside Director

# Appendices

- I. Articles of Association/ Page 86-92
- II. Rules of Procedure for Shareholders' Meeting/ Page 93-98
- III. Procedures for Election of Directors/ Page 99-100
- IV. "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct"/ Page 101-112
- V. "Regulations Governing Making of Endorsements/Guarantees"/Page 113-117
- VI. "Regulations Governing Loaning of Funds"/ Page 118-121
- VII. Shareholding Status from All Directors/ Page 122

## Appendix I

### Articles of Association of Asia Pacific Telecom Co., Ltd. (Before amendments)

Established at the Sponsor Meeting on May 3, 2000.

First amendment approved by the Shareholders' Meeting on May 14, 2001.

Second amendment approved by the Shareholders' Meeting on June 24, 2002.

Third amendment approved by the Shareholders' Meeting on June 25, 2004.

Fourth amendment approved by the Shareholders' Meeting on October 26, 2007.

Fifth amendment approved by the Shareholders' Meeting on June 23, 2010.

Sixth amendment approved by the Shareholders' Meeting on June 24, 2011.

Seventh amendment approved by the Shareholders' Meeting on June 20, 2012.

Eighth amendment approved by the Shareholders' Meeting on June 20, 2014.

Ninth amendment approved by the Shareholders' Meeting on June 25, 2015.

Tenth amendment approved by the Shareholders' Meeting on June 22, 2016.

Eleventh amendment approved by the Shareholders' Meeting on June 20, 2018.

Twelfth amendment approved by the Shareholders' Meeting on June 19, 2019

#### Chapter I General Provisions

Article 1: The Company is organized in accordance with the Company Act, and the name of the Company is Asia Pacific Telecom Co., Ltd.

Article 2: The scope of the Company's business activities includes:

1. G901011 Type I Telecommunications Enterprise.
2. G902011 Type II Telecommunications Enterprise.
3. CC01060 Wired Communication Equipment and Apparatus Manufacturing.
4. CC01070 Telecommunication Equipment and Apparatus Manufacturing.
5. CC01080 Electronic Parts and Components Manufacturing.
6. CC01110 Computers and Computing Peripheral Equipments Manufacturing.
7. CC01120 Data Storage Media Manufacturing and Duplicating.
8. E601010 Electric Appliance Construction.
9. E603090 Illumination Equipments Construction.
10. E701010 Telecommunications Construction.
11. E701020 Channel KU and C of Satellite TV Equipments and Materials Construction.
12. E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction.
13. F108031 Wholesale of Drugs, Medical Goods.
14. F113010 Wholesale of Machinery.
15. F113020 Wholesale of Household Appliance.
16. F113030 Wholesale of Precision Instruments.
17. F113070 Wholesale of Telecom Instruments.
18. F113110 Wholesale of Batteries.
19. F118010 Wholesale of Computer Software.



20. F119010 Wholesale of Electronic Materials.
21. F208031 Retail sale of Medical Equipments.
22. F213010 Retail Sale of Household Appliance.
23. F213040 Retail Sale of Precision Instruments.
24. F213060 Retail Sale of Telecom Instruments.
25. F218010 Retail Sale of Computer Software.
26. F219010 Retail Sale of Electronic Materials.
27. F401010 International Trade.
28. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
29. I103060 Management Consulting Services.
30. I301040 The third-party payment.
31. IG03010 Energy Technical Services.
32. I301010 Software Design Services.
33. I301020 Data Processing Services.
34. I301030 Digital Information Supply Services.
35. IE01010 Telecommunications Number Agencies.
36. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified.
37. JE01010 Rental and Leasing Business.
38. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The total amount of the Company's reinvestment shall not be subject to the restriction of not exceeding 40% of its paid-in capital.

Article 4: The Company may act as a guarantor for external parties for business needs; provided endorsements and guarantees are handled in accordance with the Company's Regulations Governing Making of Endorsements/Guarantees.

Article 5: The Company shall have its head-office in Taipei City, Taiwan and, if necessary, may set up branches in and out of this country upon a resolution of its Board of Directors.

## **Chapter II Shareholding**

Article 6: The total capital amount of the Company shall be sixty-five billion and six hundred and eighty million New Taiwan Dollars (NT\$65,680,000,000), which is divided into six billion and five hundred and sixty-eight million (6,568,000,000) shares, at a par value of ten New Taiwan Dollars (NT\$10) per share, and may be issued separately.

An amount of 500 million shares with par value of NT\$10 out of the aforesaid capital is reserved to serve as subscription warrants for employees as equity security, stock option as preferred stock or corporate bond with warrant and may be issued separately according to the resolution of the Board of Directors.

The Company may, upon the approval at a shareholders' meeting which is attended by shareholders holding at least 50% of the issued capital stock, by more than two-thirds of the shareholders attending the meeting, transfer the treasury shares to its employees at a price lower than the average buyback price.

Article 7: The share certificate of the Company shall all be name-bearing share certificates and shall be affixed with the seals or by signature of at least three Directors of the Company, and issued after being duly authenticated pursuant to the law.

The Company may issue shares without printing share certificate(s) in accordance with Article 162-2 of the Company Act, but shall have the shares registered with a centralized securities depository enterprise.

After public issuance of its shares, the Company may apply for an approval of ceasing

its status as a public company by approval of the Board of Directors and resolution adopted at a Shareholders' Meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at a Shareholders' Meeting of a company whose shares have been issued in public is less than the percentage of the total shareholdings required in the preceding Paragraph, the resolution may be adopted by two-third of the voting rights exercised by the shareholders present at the Shareholders' Meeting who represent a majority of the outstanding shares of the Company.

Article 8: All transfer of Company stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar share transaction conducted by the shareholders of the Company shall follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" unless specified otherwise by law and securities regulations.

Article 9: The Company shall charge for administrative fees and stamp duties for the reissue of share certificates due to loss of the original share certificates or for other reasons.

Article 10: Registration of share transfers shall be suspended for a 60-day period immediately prior to a general meeting of the shareholders; for a 30-day period immediately prior to an extraordinary meeting of the shareholders; and for a 5-day period immediately prior to the record date for distribution of dividend, bonuses or other benefits.

### **Chapter III Shareholders' Meeting**

Article 11: Shareholders' Meeting shall be of two types, namely General and Extraordinary Shareholders' Meeting. The former shall be convened once a year within six months after the close of each fiscal year and the latter shall be convened whenever necessary. Upon consent from the counterparty, the convening of a Shareholders' Meeting may be held in electronic means.

Article 12: A shareholder of the Company shall have one vote for each share held by him/her/it, unless under the following situations, where the shareholder has no voting rights:

I. Shares held by the Company.

II. Shares held by a Company subsidiary in which the Company either holds decision-making rights or owns more than 50% of its paid-in capital.

III. Shares held by another company in which either the Company or its subsidiary either directly or indirectly holds decision-making rights or owns more than 50% of its paid-in capital.

Article 13: In a Shareholders' Meeting convened by the Board of Directors, the Chairman of the Board shall preside as the chairman of the Shareholders' Meeting. In his/her absence, the Chairman of the Board shall designate one of the Directors as the chairman. In case no such designation has been made, the Directors present at the meeting shall elect the chairman from amongst themselves.

Article 14: Unless otherwise provided by the Company Act and other applicable laws, all resolutions of a Shareholders' Meeting of the Company shall be passed, at a Shareholders' Meeting holding at least 50% of the issued capital stock, by more than 50% of the shareholders attending the meeting.

### **Chapter IV Board of Directors**

Article 15: Beginning from the 8th Board of Director, the Company shall have eleven Directors, who shall be persons with legal capacity and shall be elected by the shareholders at the

Shareholders' Meeting. The tenure of the offices of the Directors shall be three years and may be re-elected. The election of Directors is adopted by candidate nomination system per Article 192-1 of the Company Act.

The Company may purchase liability insurance for Directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

The Board of Directors may establish an Audit Committee, Remuneration Committee, and relevant functional committees as the basis of reference during the Board's decision-making.

Article 15-1: According to Article 14-2 of the Securities and Exchange Act, among the directors, there shall be no less than three Independent Directors, with no less than one-fifth of the seats of Directors.

Directors shall be elected by cumulative voting system by shareholders from a list of candidates for Independent Directors.

The election of Independent Directors and non-Independent Directors shall be held together; provided, however, the number of Independent Directors and non-Independent Directors elected shall be calculated separately.

Professional qualification, shareholding status, and limits on concurrent positions held at other companies, definition of independence, nomination and election methods, exercise of authority and other relevant matters from Independent Directors shall be subject to the applicable laws.

Independent Directors of the Company shall not hold more than three concurrent positions as Independent Directors of other TWSE/TPEX listed companies, shall not hold concurrent position at the Company, and are prohibited from participation in business activities of the Company.

In case of termination or resignation of an Independent Director, leading the number of seats stipulated in Paragraph 1 or these Articles, a by-election shall be held at the most recent Shareholders' Meeting. When all seats of Independent Directors become vacant, the Board shall convene an extraordinary shareholders' meeting within 60 days to re-elect the Independent Directors to fill in the vacancies.

Article 16: If the Chairman of the Board is unable to perform his/her duties for any reasons, he/she shall designate one of the Directors to act on his/her behalf. In case no such designation has been made, the Directors present at the meeting shall elect the chairman from amongst themselves.

Board meetings shall be convened by the Chairman of the Board, who shall also be the chairman of the meetings. A notice indicated the purpose(s) for convening the meeting shall be given to each director no later than seven days prior to the scheduled meeting date. However, in the case of urgency, the meeting may be convened at any time. The notice may be given in writing, or via fax or e-mail.

Article 17: The Company may pay the Directors remunerations for their performance their duties. The Board of Directors is authorized to determine such remunerations based on the extent of involvements of the Company's operation and the value of the contribution of the Directors and the normal rate adopted by other companies in the same industry. Independent Directors are paid with fixed monthly compensations and the Board of Directors has been delegated with the authority to propose compensations in accordance with industry standards. Independent Directors do not partake in the Company's surplus distribution.

Article 18: The following matters shall be submitted to the Board of Directors for discussion:  
XXVIII. The Company's Business Plan.

- XXIX. Annual financial statements and six-month financial statements. However, the six-month financial statements may be exempted in case they are not required to be audited by a certified public accountant (CPA).
- XXX. Establishment or amendment of internal control system and evaluation of its effectiveness.
- XXXI. Establishment or amendment of "Regulations Governing the Acquisition and Disposal of Assets," "Guidelines for Derivatives Trading," and "Regulations Governing Material Financial Business Behaviors of Making of Endorsements/Guarantees."
- XXXII. Fundraising, issuance or private offering of securities with equity rights.
- XXXIII. Performance evaluation and compensation standards of managerial officers.
- XXXIV. Compensation structure and system of directors.
- XXXV. Appointment or dismissal of the General Manager, Deputy General Managers, Finance, Accounting, or Audit Managers.
- XXXVI. Matters related to the directors' own interests.
- XXXVII. Loaning of capital or making of endorsements/guarantees.
- XXXVIII. Appointment, dismissal, and compensation of CPAs.
- XXXIX. Set up, terminal, or alternations of branch organizations.
- XL. Approval of budget and decisions.
- XLI. Proposal of surplus allocations.
- XLII. Approval of reinvestments.
- XLIII. Approval of acquisition or transfer of specialized technology and patents, and technical partnership contracts.
- XLIV. Approval of amendment to the Company's Articles of Association and changes to paid-in capital.
- XLV. Approval of the Company's dissolution or merger.
- XLVI. Approval of external loans.
- XLVII. Approval of setting asset as pledge.
- XLVIII. Approval of the annual Audit Plan.
- XLIX. Approval of various Company procedures and regulations.
- L. Carry out resolutions from Shareholders' Meetings.
- LI. Proposals recommended by the Remuneration Committee.
- LII. Major assets or derivative trading.
- LIII. Donation to related parties or major donations to non-related parties. However, charity donations as relief for major natural disasters may be subsequently submitted to and ratified by the next Board meeting.
- LIV. Other matters requiring resolution from the Shareholders' Meeting pursuant to

Article 14-3 of the Securities and Exchange Act or other applicable laws and regulations, or other material matters that shall be submitted to the Board or required by competent authority.

Article 19: The Board of Directors shall convene at least once quarterly. However, in the case of urgency or as requested by more than 50% of the directors, the meeting may be convened at any time. All Board meetings shall be presided by the Chairman.

Article 20: Unless otherwise provided for by the Company Act, a resolution of the Board of Directors shall be adopted by the consent of a majority of the directors present in a meeting attended by the majority of the total directors.

Article 21: If a Director is unavailable to attend a meeting in person, the director may issue a proxy specifying the scope of the authorized powers to authorize another Director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting.

If an Independent Director is unable to attend a meeting in person for matters requiring a resolution from the Board meeting pursuant to pursuant to Article 14-3 of the Securities and Exchange Act, the Independent Director may issue a proxy authorizing another Independent Director to attend to meeting on the Independent Director's behalf. However, non-Independent Directors may not represent Independent Directors at a Board meeting.

## **Chapter V Audit Committee**

Article 22: The Company has established an Audit Committee pursuant to applicable laws, and the Independent Directors shall together constitute the Audit Committee.

The role of supervisors and their powers pursuant to the Company Act, Securities and Exchange Act and other applicable laws shall be exercised by the Audit Committee in their place.

The number, tenure of office, and rules of functional authority of the Audit Committee and resources the Company shall provide in exercise of their powers shall be established in the Audit Committee Charter.

## **Chapter VI Managers**

Article 23: There shall be one General Manager and several and Deputy General Managers of the Company. The General Manager shall be nominated by the Chairman; and his/her appointment or removal shall be approved by majority of vote in a Board meeting attended by more than 50% of the Directors.

Article 24: The General Manager shall comprehensively oversee the Company's day-to-day operations as delegated by the Chairman. In case the General Manager is unable to perform his/her duties, the Chairman shall designate a Deputy General Manager to act on his/her behalf.

## **Chapter VII Accounting**

Article 25: The fiscal year of the Company shall begin on January 1 and end on December 31 of each year.

Article 26: The Board shall prepare the following reports after the end of each fiscal year, and present to the Audit Committee for review 30 days before the General Shareholders' Meeting for their ratifications in accordance with the legal procedure:

I. Business Report.

II. Financial Statements.

III. Proposal for distribution of earnings to shareholders or recovery of prior year losses.

Article 27: If the Company has profits in a fiscal year, it shall set aside 1% to 3% of the profits as employee bonuses and not more than 1% of the profits as director compensation. However, if the Company has accumulated losses, it shall first reserve a certain amount for offsetting losses.

Employee's compensations in the previous item may be distributed in shares or cash, and the counterparty to whom shares or cash are distributed as employee's compensations may include the employees of its subordinate companies that meet certain criteria.

The term "profit for the current year" mentioned in Paragraph 1 refers to earnings of the pretax benefit of the current year deducts employees' compensations and Directors' remuneration.

Directors' remuneration shall be distributed in cash and employees' compensation may be distributed in stocks or cash. A resolution by a majority voting of the directors present at a meeting of the Board of Directors attended by two-thirds or more of the directors of the Company shall be obtained, and a report shall be submitted to the Shareholders' Meeting.

Article 28: In the event that the Company, according to the final settlement, earns profits in a fiscal year, such profits shall first be set aside to pay the applicable taxes, offset losses, and 10% will be set aside for legal reserve pursuant to laws and regulations. The remaining profits shall be set aside for special reserve in accordance with the laws, regulations, or the business requirements. Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board, for approval at a Shareholders' Meeting.

The Company adopts a dividend policy whereby cash dividend shall be no less than 50% of the total dividend distribution for the year. The ratio of dividend distribution and cash dividend will be approved by resolution at the Shareholders' Meeting based on the Company's working capital needs as well as capital expenditure plans.

## **Chapter VIII Supplementary Provisions**

Article 29: The internal organization of the Company and the detailed procedures of business operation shall be determined by the Board of Directors.

Article 30: In regard to all matters not provided for in these Articles of Incorporation, the Company Act or other laws and regulations shall govern.

Article 31: The Articles of Association was established on May 3, 2000. The first amendment of the Articles was made on May 14, 2001; the second amendment was made on June 24, 2002; the third amendment was made on June 25, 2004; the fourth amendment was made on October 26, 2007; the fifth amendment was made on June 23, 2010; the sixth amendment was made on June 24, 2011; the seventh amendment was made on June 20, 2012; the eighth amendment was made on June 20, 2014; the ninth amendment was made on June 25, 2015; the tenth amendment was made on June 22, 2016; the eleventh amendment was made on June 20, 2018. ; the twelfth amendment was made on June 19, 2019 . The Articles will be enforced upon approval from the Shareholders' Meeting.

## Appendix II

### **Asia Pacific Telecom Co., Ltd. Rules of Procedure for Shareholders' Meetings (Before amendments)**

Approved and enacted on May 3, 2000.

Amendment approved by the Shareholders' Meeting on June 24, 2011.

Amendment approved by the Shareholders' Meeting on June 20, 2012.

Amendment approved by the Shareholders' Meeting on June 20, 2014.

Amendment approved by the Shareholders' Meeting on June 25, 2015.

Article 1: The rules of procedures for the Company's Shareholders' Meetings, except as otherwise provided by law, regulation, or the Articles of Association, shall be as provided in these Rules.

Article 2: Unless otherwise provided by law or regulation, the Company's Shareholders' Meetings shall be convened by the Board of Directors.

The Company shall prepare electronic versions of the Shareholders' Meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a General Shareholders' Meeting or before 15 days before the date of an Extraordinary Shareholders' Meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplementary meeting materials and upload them to the MOPS before 21 days before the date of the annual shareholders' meeting or before 15 days before the date of the extraordinary shareholders' meeting. In addition, the Company shall also have prepared the shareholders' meeting agenda and supplementary meeting materials and made them available for review by shareholders at any time. The aforementioned materials shall also be displayed at The Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at an annual general shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal

containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before an annual general shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general shareholders' meeting and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 3: For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is delivered to revoke the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy revocation shall be submitted to the Company 2 business days before the meeting date. If the revocation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 4: The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9:00 a.m. and no later than 3:00 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 5: The Company shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished. Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.



When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders' Meeting. When a juristic person attends a shareholders' meeting as proxy, it may designate only one person to represent it in the meeting.

Article 6: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the chairperson, the Chairman shall appoint one of the Managing Directors to act as chair. Where the Chairman does not make such a designation, the Managing Directors shall select from among themselves one person to serve as chair.

If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 7: The Company shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures and retain the recorded materials for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 8: Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9: If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 10: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject written on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 11: Voting at a shareholders' meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 12: A shareholder shall be entitled to one vote for each share held, except when the shares are

restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act. When a director owns 50% more of the number of shares in terms of pledge of stock rights than he/she did at the time of appointment, the number of excess shares shall not be used toward voting rights and will not be included in the voting rights of shares in attendance.

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When shareholders exercise voting rights via written or electronic means and no votes against the passing of a proposal or abstention is found, and no attending shareholder has expressed a vote against the passing after the chair consults them, the proposal will be deemed as passed with the same effect and voting rights. When there is dissent, the proposal shall be put to a vote.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Scrutineers and vote counting personnel for the voting on a proposal shall be appointed by the chair, provided that all scrutineers shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 13: The election of directors or supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the scrutineer and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 14: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

Article 15: On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation

and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

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

Article 16: Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the microphones and loudspeakers set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 17: When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a Shareholders' Meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 18: These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

### Appendix III

## Procedures for Election of Directors for Asia Pacific Telecom Co., Ltd.

Approved and enacted on May 3, 2000.

The amendment was resolved in the Shareholders' Meeting on June 26, 2003

The amendment was resolved in the Shareholders' Meeting on June 24, 2011

The amendment was resolved in the Shareholders' Meeting on June 25, 2015

- Article 1: Except as otherwise provided by law and regulation or by the Company's Articles of Association, elections of directors shall be conducted in accordance with these Procedures.
- Article 2: Pursuant to applicable regulations in the Company Act, the Company's directors shall be persons with legal capacity and shall be elected by the Shareholders' Meeting. The qualifications of independent directors of the Company shall be governed by the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Offering Companies.  
More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.
- Article 3: The number of directors and independent directors will be as specified in the Company's Articles of Association, with voting rights separately calculated for independent and non-independent director positions. The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.  
When the directors of the Board are elected, shareholders may choose to exercise their right to vote by means of electronic or on-site voting.  
The voting rights in the preceding paragraph refers to the voting rights counted at the venue of the Shareholders' Meeting and any voting rights exercised by means of electronic voting.
- Article 4: At the end of the poll the voting rights will be calculated on site by the vote monitoring and counting personnel designated by the chair of the meeting.
- Article 5: The ballots for on-site voting shall be prepared by the Board of Directors, and the number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders based on their attendance card numbers.  
Shareholders who exercise their right to vote by means of electronic voting shall exercise their right to vote on the electronic voting platform designated by the Company. The commencement of the voting period shall begin when a shareholder receives the meeting notice, to two days before the meeting date of the Shareholders' Meeting.
- Article 6: The voter shall fill in the followings in the box of "the person to be elected" in ballot: (1) The name of the person to be elected. (2) The shareholder account number; if the person to be elected is not a shareholder of the Company, name and ID number of the person to be elected shall be filled in. However, when the candidate is a government organization or corporate shareholder, the name of the government organization or corporate shareholder shall be entered in the column for the candidate's account name on the ballot, or both the name of the government organization or corporate shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative shall be entered.

Article 7: A ballot is invalid under any of the following circumstances:

- (1) The ballot was not prepared by the Board of Directors.
- (2) The number of candidates exceeds the mandatory number of seats for election.
- (3) 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.
- (4) A ballot that was not placed in the ballot box.
- (5) A blank ballot is placed in the ballot box.
- (6) The writing is unclear and indecipherable or has been altered, or the same seal as the one on the voter's records was not used.
- (7) 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.
- (8) An elector whose name is the same as that of any other shareholder and whose shareholder's account number or identification document number is not entered for identification.
- (9) The cumulative voting rights cast by the voter exceeds the voter's cumulative voting rights.

Article 8: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

Article 9: The elected director shall deliver an original copy of his/her consent letter within twelve days of being elected.

Article 10: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

**Asia Pacific Telecom Co., Ltd.**  
**Ethical Corporate Management Best Practice Principles (before  
Amendment)**

Established by the 6rd Board of Directors in its 3rd Board Meeting on March 8, 2013  
Amended by the 7th Board of Directors in its 12th Board meeting on November 10, 2016

- Article 1: Purpose of Adoption and Scope of Application  
These Principles are adopted to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.
- Article 2: The scope of these principles are applicable to the Company's subsidiaries, any foundation to which the TWSE/GTSM listed company's direct or indirect contribution of funds exceeds 50% of the total fund received, and other institutions or juridical persons which are substantially controlled by such company (hereinafter referred to as "business group").
- Prohibition against Unethical Conduct  
When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company, or persons having substantial control over it ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.  
Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managerial officers, employees or substantial controllers or other stakeholders.
- Article 3: Types of Benefits  
"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 4: Legal Compliance  
The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
- Article 5: Policy  
The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism to create an operational environment for sustainable development.
- Article 6: Prevention Programs  
The Company shall establish ethical management policies clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.  
When establishing the prevention program, the Company shall comply with relevant

laws and regulations of the territory where the Company and its Business Group are operating.

Article 7 Scope of Prevention Programs

The Company shall assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct while establishing prevention programs, and to review their adequacy and effectiveness on a regular basis. The prevention programs shall at least include preventive measures against the following:

- I. Offering and acceptance of bribes.
- II. Illegal political donations.
- III. Improper charitable donations or sponsorship.
- IV. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
- V. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights and other intellectual property rights.
- VI. Engaging in unfair competitive practices.
- VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 Commitment and Implementation

The Company and the business groups shall clearly specify ethical corporate management policies and the commitment by the Board of Directors and the management on the rigorous and thorough implementation of such policies in their policies, Annual Report, and other external documents and shall carry out the policies in internal management and in commercial activities.

Article 9 Ethical Corporate Management of Commercial Activities

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any transactions with persons so involved.

When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy. In the event that the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 Prevention of Offering or Accepting Benefits

When conducting business, the Company and its directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 Prevention of Illegal Political Donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 Prevention of Improper Donations and Sponsorship

When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandataries, and substantial controllers, shall comply with relevant laws and regulations and internal operational procedures, and shall not



surreptitiously engage in bribery.

**Article 13 Prevention of Unreasonable Presents, Hospitality or Other Improper Benefits**

The Company and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

**Article 14 Prohibition on Infringement of Intellectual Property Rights**

The Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

**Article 15 Prohibition on Unfair Competitive practices**

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

**Article 16 Prevention of Damage to Stakeholders by Products or Services**

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

**Article 17 Organization and Responsibilities**

The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Human Resources Department and the Legal Department is in charge of the following matters:

- I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- II. Promoting and coordinating awareness and educational activities with respect to ethics policy.

And the Audit Department will be responsible of implementing the following matters and shall report to the Board of Directors at least once a year.

- I. Setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
- II. Developing a whistle-blowing system and receiving whistle-blowing reports to ensure its operating effectiveness.

- III. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18 Compliance with Laws and Regulations for Conduct of Business

The Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19 Recusal

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at Board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

The Company's directors, managers, and other stakeholders attending a Board meeting shall practice self-discipline. When a proposal at a given Board meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at Board meetings, the concerned person shall state the important aspects of the relationship of interest at the given Board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

The Company's directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 Accounting and Internal Control

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 21 Operating Procedures and Guidelines of Conduct

The Company shall establish operational procedures and guidelines in accordance hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

- I. Standards for determining whether improper benefits have been offered or accepted.
- II. Procedures for offering legitimate political donations.
- III. Procedures and the standard rates for offering charitable donations or sponsorship.
- IV. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
- V. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
- VI. Regulations and procedures for dealing with suppliers, clients and business

transaction counterparties suspected of unethical conduct.

VII. Handling procedures for violations of these Principles.

VIII. Disciplinary measures on offenders.

Article 22 Training and Assessment

The Chairman, General Manager, or senior manager of the Company shall communicate the importance of corporate ethics to directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23 Whistleblowing System

The Company has set up a reporting email, which can be used by internal or external personnel for reporting violations.

If a serious violation is found or the Company is in danger of severe losses, the Company personnel or unit responsible for accepting the case shall immediately notify the independent directors in a written report.

Article 24 Disciplinary and Appeal System

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 Information Disclosure

The measures adopted by the ethical corporate management, implementing status, and results of promotions shall be disclosed by the Company on the website and in the annual report and prospectuses of the Company. The details of the principles shall also be disclosed through the Market Observation Post System.

Article 26 Review and Amendment of Ethical Corporate Management Policy and Measures

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 Implementation

The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after being reviewed by the Audit Committee and approved by the Board of Directors, and reported at a Shareholders' Meeting. The same procedure shall be followed when the Principles have been amended.

When the Company has established seats of independent director, when the Company submits its Ethical Corporate Management Best Practice Principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Board shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the Board meeting in person to express objections or reservations shall provide a written opinion before the Board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.

# **Asia Pacific Telecom Co., Ltd.**

## **Procedures for Ethical Management and Guidelines for Conduct (before Amendment)**

Established by the 6rd Board of Directors in its 7th Board Meeting on November 8, 2013

Amended by the 7th Board of Directors in its  
12th Board meeting on November 10, 2016

Unit responsible for establishment and amendment of the Procedures and Guidelines: Human Resources Dept.

### **Article 1 (Purpose of adoption and scope of application)**

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

The scope of application of these Procedures and Guidelines includes the subsidiaries of the Company, any incorporated foundation in which the Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company.

### **Article 2 (Applicable subjects)**

For the purposes of these Procedures and Guidelines, the term "the Company's personnel" refers to any director, managerial officer, employee, mandataries or person having substantial control, of the Company or its group enterprises and organizations. Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

### **Article 3 (Unethical conduct)**

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

### **Article 4 (Types of benefits)**

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

### **Article 5: (Designated unit)**

The Company shall designate the Human Resources Department to be responsible of revisions of these Procedures and Guidelines and related training, and the Audit Department shall be in charge of the following matters and also submit regular reports to the Board of Directors at least once per year:

- I. Setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
- II. Developing a whistle-blowing system and receiving whistle-blowing reports to ensure its operating effectiveness.
- III. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 6 (Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

- I. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- II. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- III. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- IV. Attendance at folk festivals that are open to and invite the attendance of the general public.
- V. Rewards, emergency assistance, condolence payments, or honorariums from the management.
- VI. For social customs or other in line with Company regulations.

Article 7 (Procedures for handling the acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified hereof by a third party, the matter shall be handled in accordance with the following procedures:

- I. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel:  
The personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary. The market value of cash, gift, service, promotions, rewards, entertainment and other benefits received shall not exceed NT\$3,000 each time, and benefits from an individual source shall not cumulatively exceed NT\$10,000 in any given year.
- II. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel:  
The market value of cash, gift, service, promotions, rewards, entertainment and other benefits received shall not exceed NT\$1,500 each time, and benefits from an individual source shall not cumulatively exceed NT\$5,000 in any given year. The personnel shall report to their immediate supervisor on the same day of receiving the benefit. The supervisor shall make a proposal, based on the nature and value of the benefit, that it be accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall

be implemented after being reported and approved. In case the values stipulated in the preceding paragraph are exceeded, the benefit shall be reported to a higher-ranking middle manager on the day of receiving the benefit, and the HR Department shall also be notified. The Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to and approved by the General Manager.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

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

Article 8 (Prohibiting facilitation payment and handling of bribery)

The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts.

Upon receipt of the report under the preceding paragraph, the Company shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the Company shall also immediately report to the relevant judicial agency.

Article 9 (Procedures for handling political contributions)

Political contributions from the Company and its directors, managers, employees, and mandataries shall be made in accordance with the Political Donations Act.

Political contributions from the Company shall only be made after being reported to and approved by the Board of Directors.

Unless approval from the Chairman has been obtained, the Company's directors, managers, employees, and mandataries shall not use resources from the Company to provide political contributions toward political campaigns or other politics-related individuals or groups.

Political donations shall be made in accordance with the following regulations:

- I. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
- II. A written record of the decision-making process shall be kept.
- III. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
- IV. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

Article 10 (Procedures for handling charitable donations or sponsorships)

Provisions of charitable donations or sponsorships shall take into account the annual budgets, and can only be proceeded upon approval from the Chairman. Charitable donations or sponsorships shall be made in accordance with the following regulations:

- I. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Company is doing business.

- II. A written record of the decision-making process shall be kept.
- III. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
- IV. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.

Article 11: (Recusal)

When a Company director, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

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

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 12 (Special unit in charge of confidentiality regime and its responsibilities)

The Company shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties. All personnel of the Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Company unrelated to their individual duties.

Article 13 (Prohibition of unfair competition)

The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 14 (Prevention of damage to stakeholders by products or services)

The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety

of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall recall those products or suspend the services, verify the facts and present a review and improvement plan.

The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 15 (Non-disclosure agreement)

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

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 16 (Announcement of policy of ethical management to outside parties)

The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17 (Ethical management evaluation prior to development of commercial relationships)

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

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

- I. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- II. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- III. Whether enterprise's business operations are located in a country with a high risk of corruption.
- IV. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- V. The long-term business condition and degree of goodwill of the enterprise.
- VI. Consultation with the enterprise's business partners on their opinion of the enterprise.
- VII. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.



- Article 18 (Statement of ethical management policy to counterparties in commercial dealings)  
Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.
- Article 19 (Avoidance of commercial dealings with unethical operators)  
All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.
- Article 20 (Stipulation of terms of ethical management in contracts)  
Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:
- I. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If one party has been harmed, the harmed party can request compensation from the other party, and the compensation can be deducted from the contract price.
  - II. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
  - III. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.
- Article 21 (Handling of unethical conduct by personnel of the Company)  
This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. Depending the seriousness of the circumstance concerned, incentives and disciplinary measures will be given based on the Company's guidelines on employee incentive/disciplinary measures. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.  
Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.
- Article 22 (Actions upon event of unethical conduct by others towards the Company)  
If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 23 (Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)

The Company shall regularly arrange the Chairman, General Manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Company seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24 (Enforcement)

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the Board of Directors, and reported to the Shareholders' Meeting.

When these Procedures and Guidelines are submitted to the Board of Directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a Board meeting in person to express objection or reservation shall provide a written opinion before the Board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the Board meeting.

**Asia Pacific Telecom Co., Ltd.**  
**Regulations Governing Making of Endorsements/Guarantees (before Amendment)**

Enacted by the Shareholders' meeting on June 25, 2004  
First amendment approved by the Shareholders' Meeting on October 26, 2007.  
Second amendment approved by the Shareholders' Meeting on June 23, 2009.  
Third amendment approved by the Shareholders' Meeting on June 24, 2011.  
Fourth amendment approved by the Interim Shareholders' Meeting on October 26, 2012.  
Fifth amendment approved by the Shareholders' Meeting on June 20, 2013.  
Sixth amendment approved by the Shareholders' Meeting on June 25, 2015.

Article 1: The Company shall comply with these Regulations when making endorsements/guarantees for others.

Article 2: Applicable Scope

- I. Financing endorsements/guarantees, including:
  - (I) Bill discount financing.
  - (II) Endorsement or guarantee made to meet the financing needs of another company.
  - (III) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
- II. Customs duty endorsement/guarantee refers to an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
- III. Other endorsements/guarantees refers to endorsements or guarantees beyond the scope of the two subparagraphs above.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Procedures.

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

- I. The Company may provide endorsements or guarantees for the following companies:
  1. A company with 50% or more of the voting shares held by the Company directly and indirectly.
  2. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
  3. Companies in which the Company holds, directly or indirectly, 100% of the voting shares may make endorsements/guarantees for each other.
- II. Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100 percent of the voting shares.

- III. After the Company makes endorsements/guarantees for a subsidiary whose net value exceeds 50 percent of its paid-in capital, in case the subsequent net value of the subsidiary is lower than 50 percent of its paid-in capital, the Company shall maintain control over the subsidiary's major expenditure and cash flows. If the subsidiary's share has no nominal or par value, or if its nominal or par value per share is not NT\$10, the paid-in capital shall be calculated by adding the share capital with capital surplus, followed with deduction of the sum of the issue premium.

Article 4: Total Amount and Individual Limit

- I. The total endorsement amount the Company and its subsidiaries is limited to 1.5 times the net value of the Company's most recent financial statement.
- II. The amount of the endorsements/guarantees provided by the Company to any individual company in which the Company either directly or indirectly holds 50% or more of voting rights shall not exceed 20% of the Company's net worth in its latest financial statements.
- III. The amount of endorsements and guarantees made by the Company and its subsidiaries to a single enterprise shall not exceed 10% of the Company's net worth as stated in its latest financial statement.
- IV. The net value mentioned above is subject to the latest Annual Report or semi-annual Financial Statements most recently reviewed by the CPA.

"Subsidiary" and "parent company" referred to in the Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

After the Company adopts IFRSs to draft the financial reports, the "net worth" as referred to in the Regulations shall be equity attributable to owners of the parent company in the balance sheet as per the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5 Hierarchy of Decision-Making Authority and Delegation Thereof

- I. Endorsement guarantee shall not be proceeded with unless the Company has fulfilled the sign-off procedure in accordance with the provisions of Article 6 of these Regulations, and after a resolution from the Board of Directors. Relevant processing and related matters shall also be reported to the Shareholders' Meeting for future reference.
- II. Where the Company needs to exceed the limits set out in these Regulations to satisfy its business requirements, and where the conditions set out in these Guidelines are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend these Regulations accordingly and submit the same to the Shareholders' Meeting for ratification after the fact. If the Shareholders' Meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.
- III. Pursuant to these Guidelines or other applicable laws, where approval from the Board is required for making endorsement/guarantee, they shall be approved by more than half of all Audit Committee members and submitted to the Board for a resolution. If approval of more than half of all Audit Committee 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.
- IV. Where the Company has elected Independent Directors, the opinions of all Independent Directors shall be fully considered during deliberation by the Board of Directors as mentioned in the preceding paragraph. The independent directors'

opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board meeting.

Article 6: Endorsements/guarantees Operation and Review Procedures

- I. In processing endorsements/guarantees, the company applying for the endorsement/guarantee shall submit an application to the Company in writing along with its company operating permit and financial statements.
- II. Risk evaluation on the endorsements/guarantees shall be conducted and documented, and collateral shall be received when necessary. After the report is submitted to the Chairman for approval, the endorsements/guarantees, reasons and risk assessment results are submitted to the Board of Directors for discussion and approval.
- III. The Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the Chairman of the Board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under paragraph 7 of the preceding article.
- IV. Where as a result of changes of condition the entity for which an endorsement is made no longer meets the requirements of these Procedures, or the amount of endorsement exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the schedule set out in the plan.
- V. Before the end date of the endorsement/guarantee, the finance department shall take the initiative to notify the guaranteed enterprise to take back the guaranteed bill from the bank or creditor institution, and cancel all relevant deeds for the endorsement/guarantee.
- VI. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its Financial Reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.
- VII. Detailed Review Procedures  
Evaluation items for making endorsements/guarantees shall include:
  - (I) The necessity of and reasonableness of endorsements/guarantees.
  - (II) Credit status and risk assessment of the entity for which the endorsement/guarantee is made.
  - (III) The impact on the Company's business operations, financial condition, and shareholders' equity.
  - (IV) Whether collateral must be obtained and appraisal of the value thereof.

Article 7: Use and safekeeping procedures for the seal

- I. The Company shall apply for registration with the Ministry of Economic Affairs for its official seal and for a special-purpose seal for endorsements and/or guarantees. The official seal shall be kept by the Company's designated personnel.
- II. When providing an endorsement/guarantee to a foreign company, the endorsement/guarantee letter shall be executed and signed by a person designated by the Board of Directors.

Article 8: Announcement Procedure Declaration

- I. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.
- II. After public listing, if the Company's balance of endorsements/guarantees reaches one of the following levels, the Company shall announce and report such

event within two days commencing immediately from the date of occurrence:

- (I) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
- (II) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
- (III) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, carrying value of long-term investments in, and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement.
- (IV) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.

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

#### Article 9: Miscellaneous

- I. The Company's internal auditors shall audit these Regulations and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all members of the Audit Committee in writing of any material violation found.
- II. Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own Regulations Governing Making of Endorsements/Guarantees in compliance with these Regulations, and it shall comply with its Regulations when making endorsements/guarantees. The subsidiary shall also report to the Company before the 5th of each month its amount of endorsements/guarantees, counterparties, due dates and other relevant information. In case circumstances which apply to Article 8 of the Regulations are reached, the subsidiary shall immediately report to the Company to carry out relevant announcements.
- III. The status of endorsement and guarantee and related matters of the Company and its subsidiaries shall be submitted to the shareholders' meeting for reference in the following year.
- IV. When the Regulations are breached by relevant personnel, the violation will be handled according to the incentive and disincentive measures in the Company's Employee Code of Conduct depending on the severity of the violation.
- V. The enactment of these Regulations shall be implemented upon passage by the Board of Directors and submitted to the Shareholders' Meeting for approval. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions for discussion by the Shareholders' Meeting. The same shall apply to any amendments to the Regulations.

Since the 7th Board of Directors, amendments to the Regulations shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If dissent is expressed by any of the Directors and a minutes of meeting or written statement of the dissent is present,

the Company shall submit the opinion of dissent to the Shareholders' Meeting for discussion. 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.

- VI. Where the Company has appointed independent directors, when it submits its Regulations for discussion by the Board of Directors under the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinion. The independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board meeting.

## Appendix VI

### Asia Pacific Telecom Co., Ltd. Regulations Governing Loaning of Funds (before Amendment)

Approved by the Board of Directors on June 25, 2004.

First amendment approved by the Shareholders' Meeting on October 26, 2007. Second amendment approved by the Shareholders' meeting on June 25, 2009.

Third amendment approved by the Shareholders' Meeting on June 24, 2011.

Fourth amendment approved by the Interim Shareholders' Meeting on October 26, 2012.

Fifth amendment approved by the Shareholders' Meeting on June 25, 2015.

#### Article 1: Purpose

In keeping with the Company's operational needs to loan funds to others, the Regulations Governing Loaning of Funds (hereinafter "the Regulations") have been established in line with Article 36-1 of the Securities and Exchange Act and the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies stipulated by the Financial Supervisory Commission (FSC).

#### Article 2: Entities to which funds are loaned

Under Article 15 of the Company Act, the Company shall only loan funds to targets that comply with the following circumstances:

- I. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or
- II. Where an inter-company or inter-firm short-term financing facility to a subsidiary of the Company is necessary,

The Company shall not loan funds to any of its shareholders or any other person except for the ones stipulated in the preceding paragraphs.

#### Article 3: Evaluation standards for loaning funds to others

- I. Capital loans with companies or loans with which the Company holds business relations:  
Fund-lending to companies or firms having business relationship with the company shall be conducted in accordance with Paragraph 1, Article 4 of the Regulations.
- II. A company in which the Company either directly or indirectly holds 50% or more of voting rights and has short-term financing needs.

#### Article 4: Aggregate amount of loans and the maximum amount permitted to a single borrower

- I. Where an inter-company or inter-firm business transaction calls for a loan arrangement:  
Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 30 percent of the Company's net worth for the period. The amount of the funds lent to any individual company or firm shall not exceed 10% of the Company's net worth.
- II. Where a subsidiary has short-term financing facility need:  
The total aggregate lending amount of loan to companies or firms with short-term financing needs shall not exceed 40 percent of the Company's net worth for the period. The total lending amount of loan to an individual company or firm shall not exceed 20 percent of the Company's net worth for the period.

#### Article 5: Duration of loan and calculation of interest

- I. Duration of loan: the term of the loan shall be limited to one year for anyone who borrows financing loan from the Company due to short-term financing needs.
- II. Calculation of interest: interest calculation will be computed in accordance with loan contract as resolved by the Board of Directors, but the minimum interest shall be no lower than 0.5% in addition to the basic annual rate from the Bank of Taiwan.
- III. In general, interest from loans shall be due on a monthly basis. The Company



will notify the borrower to pay interest within one week of the date in which interest is due by either cash, bank transfer, or a spot cheque.

Article 6: Procedures for Handling and Reviewing Lending of Funds

- I. The borrower shall prepare a photocopies of its basic information including company registration card from the Ministry of Economic Affairs and identification card of the person-in-charge, and financial information including its most recent financial statements, and file for an application of capital loan to the Company. The application shall specify the amount, repayment date, purpose, collateral and other matters required by the Company.
- II. The borrower shall issue a note payable of the same amount, and receive an endorsement/guarantee from its chairman, general manager, or other reliable company, or provide a collateral of equivalent value to the amount of loan to the Company as guarantee.
- III. Upon receiving the application from the borrower, the unit in charge of capital movement shall immediately review the documents specified in the preceding paragraph, and deliver the note or collateral to the credit section for credit and risk evaluation. Upon evaluation, the underwriter shall report the detailed application document and review results to the Chairman for approval, as well as submit to the Board of Directors for resolution before the loan can be issued.
- IV. Pursuant to the Regulations or relevant laws, the loaning of funds 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 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.
- V. Detailed Review Procedures  
Evaluation items for loaning of funds shall include:
  - (I) Necessity and reasonableness of the loaning of funds.
  - (II) Credit and risk evaluation of the borrower.
  - (III) Impact on the Company's business operations, financial status and shareholders' rights.
  - (IV) Whether collateral shall be obtained and valuation of the collateral.

Article 7: Case-by-case evaluation

- I. Before the Company loans funds to others, it should carefully assess whether requirements of these Regulations have been met and submit, and to submit the case and its assessment results to the Board of Directors for resolution. It must not authorize other people to decide.
- II. The Company shall prepare a memorandum book for its fund-loaning activities to record the following information: borrower, amount, date of approval by the Board of Directors, lending/borrowing date, and matters to be carefully evaluated according to Paragraph 1 of the Article for future reference.
- III. The Company's internal auditors shall audit the Regulations and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the members of the Audit Committee in writing if any violation were found.
- IV. If, as a result of a change in circumstances, an entity to which a fund is loaned does not meet the requirements of the regulations or the loan balance exceeds the limit, the Company shall draw up rectification plans and submit them to the Audit Committee, and the rectification shall be completed according to the time-frame set out in the plans.
- V. In case the position of independent directors have been established, when the

Company lends funds to others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minute books of the Board of Directors' Meeting.

Article 8: Announcement Procedure Declaration

- I. The Company shall announce and report the previous month's balance of loans of itself and its subsidiaries by the 10th day of each month.
- II. If the capital loan balance of the Company meets one of the following standards, announcement and declaration have to be made within two days from the factual occurrence date:
  - (I) The balance of lending by the Company and its Subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.
  - (II) The balance of lending by the Company and its Subsidiaries for a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.
  - (III) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

Provided that when calculating the ratio of the balance of funds lent to the net worth of the lender, the Company's net worth, instead of such subsidiary's, shall be adopted as the basis of calculation.

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

Article 9: Subsequent measures for control and management of loans and procedures for handling overdue loans

- I. After the loan is appropriated, the Company shall pay constant attention to the financial, business and related credit conditions of the borrowers. If any collateral is provided, the Company shall also pay attention to whether the value of the collateral changes and to take appropriate measures.
- II. When the Borrower repays its borrowed amount on or before the due date, the relevant promissory notes shall not be released or relevant liens shall not be cancelled until the Borrower has paid the full amount of interests accrued together with the prepayment of the principal. When the loan matures, the borrower shall repay the principal and interest immediately.
- III. Before the loan maturity date, in case the borrower cannot repay the loan due to actual needs and needs to extend its term, the borrow may make a request for loan extension, which can only be made after a resolution from the Board of Directors and relevant procedures have been carried out.
- IV. In case the borrower fails to repay the loan 15 days after a written loan collections notice from the Company has been received, the Company shall proceed with court rulings. In case promissory notes or collateral have been provided, the Company may dispose of the collateral and seek for claims.

Article 10: The Company shall evaluate the conditions of the loans and set aside adequate reserve for bad debts. It shall also adequately disclose related information in its financial reports and provide related information to the certified public accountant for implementation of necessary auditing procedures and submission of a suitable audit

report.

- Article 11: In case loans have already been appropriated before the establishment of these Regulations, matters related to loan extensions will be proceeded in accordance with the counterparties' existing terms.
- Article 12: Where a subsidiary of the Company intends to lend loans to others, the Company shall instruct it to formulate its own Regulations Governing Making of Endorsements/Guarantees in compliance with these Regulations, and it shall comply with its Regulations when appropriating loans to others. The subsidiary shall report information on lending loans to others before the 5th in each month.
- Article 13: When the Regulations or the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" are breached by relevant personnel, the violation will be handled according to the incentive and disincentive measures in the Company's Employee Code of Conduct depending on the severity of the violation.
- Article 14: The Procedures, after passage by the Board of Directors, shall be submitted for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to the shareholders' meeting for discussion. The same shall apply to any amendments to the Procedures.

Since the 7th Board of Directors, amendments to the Guidelines 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. If the Company has independent directors, their opinions shall be fully taken into consideration when the Procedures is submitted to the board of directors for discussion in accordance with the preceding provision. Their definite opinions on whether to approve and the reasons for disapproval shall be recorded in the minutes of the Board Meetings.

## Appendix VII

# Shareholding Status from All Directors of Asia Pacific Telecom Co., Ltd.

**I. Types and total number of shares issued: 3,817,196,399 shares of ordinary shares.**

**II. Minimum shares required to be held by all Directors: 114,515,892 shares (3.0%)**

**III. Shareholding from all Directors has reached the legally stipulated ownership of shares.**

**Book closure date: April 19, 2020**

Title	Name of Director or corporate shareholder	Number of shares held as of book closure date
Chairman	Baoxin International Investment Co., Ltd. Representative: Fang-ming Lu	708,730
Director	Taiwan Railways Administration, MOTC Representative: Dennis L.S.Ju (Note 1)	261,829,777
Director	Taiwan Railways Administration, MOTC Representative: Tung-Chun Tsao	261,829,777
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Min-Shiang Lin	89,087,877
Director	Yu Sheng Investment Co., Ltd. Representative: Chung-Cheng Tseng	8,215,177
Director	Baoxin International Investment Co., Ltd. Representative: Jui-Ying Fan	708,730
Director	Baoxin International Investment Co., Ltd. Representative: Chia-Hsiang Chang	708,730
Director	Baoxin International Investment Co., Ltd. Representative: Yung-Cheng Chen	708,730
Independent Director	Yi-Wen Chen	-
Independent Director	Shi-Nine Yang	-
Independent Director	Vacancy to be filled (Note 2)	-
Total number of shares held by all Directors		359,841,561

Note 1: The corporate director of Taiwan Railways Administration, MOTC reassigned Dennis L.S.Ju as the representative on January 21, 2020 (older: Jen-Tsai Hsu)

Note 2: Independent director Ting-Wong Cheng resigned on February 1, 2020 due to his busy personal affairs.