

Asia Pacific Telecom Co., Ltd.
2022 General Shareholders' Meeting

Meeting Handbook

Meeting Date: June 20, 2022 (Entity Meeting)

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

Table of Contents

Chapter I. Meeting Procedures.....	1
Chapter II. Meeting Agenda.....	2
I. Reports.....	3
II. Ratifications.....	6
III. Discussions.....	8
IV. Extemporaneous Motions.....	10
Chapter III. Attachments.....	11
I. 2021 Business Report.....	12
II. 2021 Audit Committee's Review Report.....	15
III. CPA's Audit Report and 2021 Financial Statements.....	16
IV. The Implementation of Strengthening Business Operation Plan on 2021.....	40
V. The Implementation of the Company's 2019 Private Issuance of Ordinary Shares for Capital Increase.....	43
VI. The Implementation of the Company's 2021 Private Issuance of Ordinary Shares for Capital Increase.....	45
VII. Table of Comparison Before and After Amendment to the "Articles of Association".....	47
VIII. Table of Comparisons Before and After Amendments to the "Regulations Governing the Acquisition and Disposal of Assets".....	51
Chapter IV. Appendices.....	57
I. Articles of Association.....	58
II. Rules of Procedure for Shareholders' Meetings.....	65
III. Regulations Governing the Acquisition and Disposal of Assets.....	71
IV. Shareholding Status of All Directors.....	82

Asia Pacific Telecom Co., Ltd.
Meeting Procedure for the 2022 General
Shareholders' Meeting

I. Calling the Meeting to Order

II. Chairman's Remarks

III. Reports

IV. Ratifications

V. Discussions

VI. Extemporaneous Motions

VII. Adjournment

Asia Pacific Telecom Co., Ltd.
Agenda of 2022 General Shareholders' Meeting

Meeting Time: 9:00 a.m., Monday, June 20, 2022

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

I. Calling the Meeting to Order

II. Chairman's RemarksReports

III. Reports

(I) 2021 Business Report

(II) 2021 Audit Committee's Review Report

(III) The Implementation of Strengthening Business Operation Plan on 2021

(IV) The Implementation of the Company's 2019 Private Issuance of
Ordinary Shares for Capital Increase

(V) The Implementation of the Company's 2021 Private Issuance of
Ordinary Shares for Capital Increase

IV. Ratifications

(I) The Company's 2021 Business Report and Financial Statements

(II) The Company's 2021 Deficit Compensation Statement

V. Discussions:

(I) The proposal to amend the Company's "Articles of Association"

(II) The proposal to amend the Company's "Regulations Governing the
Acquisition and Disposal of Assets"

VI. Extemporaneous Motions

VII.Adjournment

Report

I. 2021 Business Report

(Please refer to Pages 12~14 in this Handbook)

II. 2021 Audit Committee's Review Report

(Please refer to Page 15 in this Handbook)

III. The Implementation of Strengthening Business Operation Plan on 2021

Explanatory Notes:

(I).In accordance with the Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1080333597 issued on October 28, 2019, the strengthening business operation plan shall be reported to the Board of Directors for management and control on a quarterly basis and reported to the shareholders' meeting.

(II).The interim capital reduction plan to offset accumulated losses of the Company, of which the resolution has been adopted by the extraordinary shareholders meeting on October 2, 2019, has been approved by the Financial Supervisory Commission and become effective with the above-mentioned letter. The updated registration on the Department of Commerce, Ministry of Economic Affairs (MOEA) has been approved by the Letter No. Economic-Commerce-10801175410 issued on December 9, 2019. In addition, the new shares issued after the capital reduction were listed and traded on January 20, 2020.

(III).Please refer to Pages 40~42 in this Handbook for the implementation report on the 2021 of strengthening business operation plan.

(IV).Please review accordingly.

IV.The Implementation of the Company's 2019 Private Issuance of Ordinary Shares for Capital Increase

Explanatory Notes:

- (I).According to Article 5 of the "Directions for Public Companies Conducting Private Placements of Securities", the implementation of the Company's 2019 Private Issuance of Ordinary Shares for Capital Increase shall be reported to the General Shareholders' Meetings.
- (II).In order to strengthen the working capital, repay bank loans, acquire machinery and equipment or support expenses for 5G development, the Company's extraordinary shareholders meeting has adopted a resolution on October 2, 2019, to increase capital by issuing no more than 1,500,000,000 ordinary shares through private offering, with a face value of NT\$10 per share, which may be issued in one to three batches within a year.
- (III).The Company had completed its first private offering of 1,000,000,000 shares with NT\$10 per share for a cumulative amount of NT\$10,000,000,000 in 2019. The updated registration on the Department of Commerce, Ministry of Economic Affairs (MOEA) has been approved by Letter No. Economic-Commerce-10801175410 issued on December 9, 2019. In addition, the Company's Board of Directors has adopted a resolution on September 4, 2020, that the remaining 500,000,000 ordinary shares will not be issued due to approaching expiration date.
- (IV).Please refer to Page 43~44 in this Handbook for the implementation report on 2019 capital increase through private issuance of ordinary shares.
- (V).Please review accordingly.

V.The Implementation of the Company's 2021 Private Issuance of Ordinary Shares for Capital Increase

Explanatory Notes:

- (I).According to Article 5 of the "Directions for Public Companies Conducting Private Placements of Securities", the implementation of the Company's 2021 Private Issuance of Ordinary Shares for Capital Increase shall be reported to the General Shareholders' Meetings.
- (II).In order to strengthen the working capital, repay bank loans, acquire machinery and equipment or support expenses for 5G development, the Company's extraordinary shareholders meeting has adopted a resolution on April 22, 2021, to increase capital by issuing no more than 750,000,000 ordinary shares through private offering, with a face value of NT\$10 per share, which may be issued in one to three batches within a year.
- (III).The Company had completed its first private offering of 500,000,000 shares with NT\$10 per share for a cumulative amount of NT\$5,000,000,000 in 2021. The updated registration on the Department of Commerce, Ministry of Economic Affairs (MOEA) has been approved by Letter No. Economic-Commerce-11001175470 issued on September 24, 2021. In addition, the Company's Board of Directors has adopted a resolution on February 25, 2022, that the remaining 250,000,000 ordinary shares will not be issued due to approaching expiration date.
- (IV).Please refer to Pages 45~46 in this Handbook for the implementation report on 2021 capital increase through private issuance of ordinary shares.
- (V).Please review accordingly.

Ratifications

Proposal 1

Proposed by the Board of Directors

Proposal: Please ratify the Company's 2021 Business Report and Financial Statements.

Explanatory Notes:

I.The Company's 2021 Financial Statements (including Consolidated and Stand-alone Financial Statements), which had been audited by CPA Yu-Lung Wu and CPA Shih-Chun Huang of PricewaterhouseCoopers (PwC) Taiwan with an Audit Report of unqualified opinion and matter of emphasize paragraphs added, together with the Business Report, were reviewed and approved by the Audit Committee of the Company.

II.Please refer to Pages 12~14 and Pages 16~39 in this Handbook for the Business Report, CPA's Audit Report and various financial statements.

III.Please ratify.

Resolution:

Proposal 2

Proposed by the Board of Directors

Proposal: Please ratify the Company's 2021 Deficit Compensation Statement.

Explanatory Notes:

I. The Company proposed the following 2021 Deficit Compensation Statement for ratification :

Asia Pacific Telecom Co., Ltd.
2021 Deficit Compensation Statement

Unit: NT\$

Item	Amount
Beginning loss to be covered	\$ (8,431,990,532)
Less: Net loss for the current period	(5,374,140,694)
Add: Other comprehensive income for the current period	16,996,140
Ending loss to be covered	\$ (13,789,135,086)

Chairman:



Manager:



Accounting Manager:



II. Please ratify.

Resolution:

Discussions

Proposal 1

Proposed by the Board of Directors

Proposal: Resolution for the amendment to the Company's "Articles of Association"

Explanatory Notes:

- I. Pursuant to practical operation needs and the amendment of the Telecommunications Management Act, it is proposed to amend partial provisions of the "Articles of Association" of the Company.
- II. Please refer to Pages 47~50 in this Handbook for the comparison table before and after amendment to the "Articles of Association". For current provisions, please refer to Pages 58~64 in this Handbook.
- III. Please resolve.

Resolution:

Proposal 2

Proposed by the Board of Directors

Proposal: Resolution for the amendment to the Company's " Regulations Governing the Acquisition and Disposal of Assets ".

Explanatory Notes:

- I. Pursuant to the the Directive No. 1110380465 amendments to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" from the Financial Supervisory Commission (FSC) on January 28, 2022, it is proposed to amend the " Regulations Governing the Acquisition and Disposal of Assets " of the Company accordingly.
- II. Please refer to Pages 51~56 in this Handbook for the comparison table before and after amendment to the "Regulations Governing the Acquisition and Disposal of Assets". For current provisions, please refer to Pages 71~81 in this Handbook.
- III. Please resolve.

Resolution:

Extemporaneous Motions

Adjournment

Attachments

- I. 2021 Business Report / 12-14
- II. 2021 Audit Committee's Review Report / 15
- III. CPA's Audit Report and 2021 Financial Statements / 16-39
- IV. The Implementation Report of Strengthening Business Operation Plan on 2021 / 40-42
- V. The Implementation of the Company's 2019 Private Issuance of Ordinary Shares for Capital Increase / 43-44
- VI. The Implementation of the Company's 2021 Private Issuance of Ordinary Shares for Capital Increase / 45-46
- VII. Comparison Before and After Amendment to the " Articles of Association " / 47-50
- VIII. Comparison Before and After Amendment to the " Regulations Governing the Acquisition and Disposal of Assets " / 51-56

Asia Pacific Telecom Co., Ltd.
2021 Business Report



Dear shareholders, ladies and gentlemen,

Market Environment

The post-epidemic era has brought a wave of global digital transformation, prompting the rapid development of communications and digital tools and the emergence of new economies such as vertical applications and metaverse. The 5G network is not only a critical infrastructure for Taiwan to move toward intelligentization. Various 5G+AIoT applications such as smart transportation and energy have also become essential tools for promoting ESG and sustainable cities. Since the telecom industry is highly competitive, APT has integrated its operation strategy and is pursuing a dual-track approach with 5G+ESG to flexibly respond to the 5G market through multiple partnerships.

APT(Asia Pacific Telecom Co., Ltd.) officially launched the 3.5GHz 5G co-frequency and co-network operation on August 12, 2021, providing users with 5G network services with the optimal 80MHz bandwidth while reducing power consumption through spectrum sharing to achieve sustainable development goals. The digital infrastructure underpins the development of the digital convergence application ecosystem. APT launches innovative applications with high quality 5G network to boost the telecommunications business. At the same time, we will work with our partners in the ecosystem to promote the performance of digital economy operations, leverage our core strengths in information and communications, accelerate digitization and intelligentization, implement ESG sustainable management, and realize the expectations of our stakeholders.

Financial Performance

With the joint efforts of all our colleagues, APT achieved a consolidated total revenue of NT\$12.647 billion in 2021, a pre-tax EBITDA (earnings before interest, taxes, depreciation, and amortization) of NT\$524 million, a net profit after tax of -NT\$5.374 billion respectively, and an EPS of -NT\$1.35.

Business Development

APT continues to consolidate its telecom business, optimize the quality of its network and voice services, and provide 5G high-speed Internet access under a 3.5GHz co-frequency and co-network architecture. We have also signed a frequency transfer agreement with Chunghwa Telecom for the 900MHz band. After approval by the competent authorities, Chunghwa Telecom will provide CSFB voice platform services for APT customers, further upgrading the customer experience.

In the face of the unstoppable 5G digital convergence wave, APT launched a wide range of innovative 5G value-added applications for its consumers. Gt TV, APT's OTT service, has partnered with the world's largest Chinese music distributor, JSJ Music, to host a number of 5G+4K online and offline multi-view concerts. So far, 25 groups of artists have

performed, including the Golden Melody Award-winner, Eve Ai, and music bands such as Quarterback and The Chairman. Nearly 1,900 hours of video was watched, setting a new benchmark for Taiwan's 5G entertainment industry. APT has also joined hands with broadband operators to launch mobile and fiber dual-play services to meet the demand for round-the-clock Internet access. At the same time, APT has integrated multiple smart terminals and applications to launch innovative value-added applications such as Fun at Home and Safe at Home, and laying out a 5G smart home ecosystem.

APT integrates cross-industry ecosystem partners to promote ICT solutions and IoT applications to help enterprises and governments transform digitally and expand new economic dynamics. In terms of smart transportation, we cooperate with Taipei City, Kinmen County, and Penghu County governments to use AI image recognition technology to promote event detection, pedestrian and vehicle flow analysis, and introduce technological detection tools for technical enforcement. As for smart energy, the Company has the No. 1 market share in the air quality sensor IOT network sector and so far has assisted as many as seven county and municipal governments in Taiwan to implement the network. In addition, the Company has partnered with FHNet and LITEON Technology to build the industry's first 5G mmWave smart pole, creating a new milestone in smart applications.

APT is focusing on a 5G enterprise network and integrating the hardware and equipment resources of Hon Hai Technology Group. Together with its subsidiary FHNet, we are building the industry's first SA (Standalone) architecture for the smart medical experimental field. APT also set up the first domestic, commercial 5G O-RAN network at the Kaohsiung Exhibition Hall, the first national smart venue with a 5G dedicated frequency network launched in Taiwan to demonstrate multiple applications such as smart entertainment services.

As the pandemic accelerated digitization and the trend of online shopping, it has become ever more important to provide multiple consumption channels and quality shopping experiences through cross-industry alliances. APT's digital stores provide all-round digital application services, and through cross-industry cooperation with CVS Hi-Life and Family Mart, we have expanded to 5,100 service locations. We are the industry's only telecom platform that takes only 10 minutes from order placement to service activation and provides 24-hour service, creating the most convenient service application and shopping environment.

ESG Sustainability Development

APT follows the international trend and echoes the UN Sustainable Development Goals (SDGs), focusing on operational growth while integrating its core 5G business and information and communication technologies to incorporate ESG sustainability into its long-term strategy. In May of 2021, when the pandemic in Taiwan was starting to escalate, APT used its core business to solve social problems and sponsored 12,000 4G SIM cards for economically disadvantaged children so that they could learn without interruption. We can help the government conduct pandemic investigations and confirm the footprints of diagnosed cases through big data analysis. Meanwhile, we participated in the Carbon Disclosure Project (CDP) and introduced the Task Force on Climate-related Financial Disclosures (TCFD) to actively respond to climate change issues. APT continues to improve corporate governance with high transparency of information disclosure, having

been awarded the Taiwan Corporate Sustainability Award (TCSA) for two consecutive years, the Elite Award, and the Happy Enterprise Gold Award.

Domestic and international sustainability rating agencies highly recognize our ESG performance.


Future Outlook

Taiwan's 5G era is entering its second year. Thanks to the joint efforts of the government and many industries, Taiwan's 5G industry is booming. It ranks among the leading advanced countries, a vital transformation opportunity for telecom operators with core network technologies and expertise. We foresee more opportunities and challenges in the market. APT will continue to optimize its profitability and operations, expand its mobile communications business, and target emerging applications to enhance its competitiveness and capture future opportunities in the metaverse through cross-industry and cross-domain integration.

APT has signed a merger agreement with Far EasTone to use resources more efficiently. The merger will combine the two's spectrum, increasing the bandwidth to span 4G and 5G connectivity and maximizing the combined effect of the spectrum. This merger will provide consumers and enterprises with a better all-network experience and smart communication applications services for users and shareholders alike. This economical use of resources can build a happy enterprise and promote environmental sustainability for a multi-win situation.

However, the merger is subject to the relevant procedures and the consent of the competent authorities before the finalization of the merger. Before the base date of the merger, APT will continue to maintain its original operations and continue to provide good products and services so that our customers can be satisfied to the fullest with or without the merger.

We would like to thank all the shareholders for their trust and support, and we look forward to a bright future together with you.

Chairman: 

Manager: 

Accounting Manager: 

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

The Board of Directors has prepared the Company's 2021 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 2022 Annual General Meeting of the Company for ratifications.

Asia Pacific Telecom Co., Ltd.

Convener of the Audit Committee
Li-Chun, Chen

February 25, 2022

Attachment III

Independent Auditors' Report Translated from Chinese

PWCR21003272

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 Telecom Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, 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. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional 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, 2021 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(28). 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 services. 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, right-of-use assets and intangible assets, please refer to Notes 4(15), 4(16) and (17). For accounting policies applied to impairment assessment of non-financial assets, please refer to Note 4(18). For critical accounting estimates and key sources of assumption uncertainty applied to property, plant and equipment, right-of-use assets, intangible assets and other operating assets, please refer to Note 5(2). For details of account items, please refer to Notes 6(6), (7), (8) and (9).

The Group's operating assets represent 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:

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.

Emphasis of matter – Significant events after the balance sheet date

The Board of Directors of Asia Pacific Telecom Co., Ltd. resolved to merge with Far EasTone Telecommunications Co., Ltd. on February 25, 2022. Details are provided in Note 11 in the Company's financial statement.

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, 2021 and 2020.

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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the

generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Yu-Lung

Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2022

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 independent auditors' report 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
DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		December 31, 2021		December 31, 2020		
ASSETS		Notes	Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 704,003	1	\$ 5,871,722	15
1140	Current contract assets	6(20)	288,588	1	245,524	1
1150	Notes receivable, net	6(3)	2,867	-	5,481	-
1170	Accounts receivable, net	6(3)	1,391,345	3	1,602,687	4
1180	Accounts receivable due from related parties, net	6(3) and 7(3)	18,347	-	13,348	-
1200	Other receivables		415,455	1	65,512	-
1220	Current tax assets	6(27)	4,015	-	3,911	-
130X	Inventories	6(4)	254,255	1	171,617	1
1410	Prepayments	7(3)	619,666	1	116,533	-
1470	Other current assets	6(5) and 8	36,733	-	75,365	-
11XX	Total current assets		3,735,274	8	8,171,700	21
Non-current assets		6(2)				
1560	Non-current contract assets	6(20)	185,236	-	186,035	-
1550	Investment accounted for using the equity method		149,720	-	204,950	1
1600	Property, plant and equipment	6(6) and 7(3)	9,777,910	22	9,079,005	23
1755	Right-of-use assets	6(7) and 7(3)	4,129,388	9	4,017,384	10
1780	Intangible assets	6(8) and 7(3)	9,472,741	21	10,544,652	27
1840	Deferred tax assets	6(27)	3,287,577	7	3,756,904	9
1900	Other non-current assets	6(9)(10), 7(3) and 8	14,920,750	33	3,716,017	9
15XX	Total non-current assets		41,923,322	92	31,504,947	79
1XXX	Total Assets		\$ 45,658,596	100	\$ 39,676,647	100

(Continued)

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2021		December 31, 2020					
LIABILITIES AND EQUITY			Notes	Amount	%	Amount	%			
Current liabilities										
2100	Short-term borrowings	6(11)	\$	3,635,000	8	\$	1,190,000	3		
2110	Short-term notes and bills payable			900,000	2		230,000	1		
2130	Current contract liabilities	6(20) and 7(3)		523,916	1		524,432	2		
2150	Notes payable			17,976	-		18,609			
2170	Accounts payable			851,400	2		779,903	2		
2180	Accounts payable to related parties	7(3)		54,881	-		58,648	-		
2200	Other payables	6(12) and 7(3)		3,237,600	7		2,881,662	7		
2250	Current provisions	6(14)		-	-		8,037	-		
2280	Current lease liabilities	7(3)		1,346,917	3		1,282,354	3		
2320	Long-term liabilities, current portion			46,667	-		-	-		
2399	Other current liabilities			503	-		923	-		
21XX	Total current liabilities			10,614,860	23		6,974,568	18		
Non-current liabilities										
2540	Long-term borrowings	6(13)		2,615,393	6		-	-		
2550	Non-current provisions	6(14)		430,648	1		407,915	1		
2570	Deferred tax liabilities	6(27)		-	-		78	-		
2580	Non-current lease liabilities	7(3)		2,321,313	5		2,286,733	6		
2600	Other non-current liabilities	6(17)		293,267	1		267,381	-		
25XX	Total non-current liabilities			5,660,621	13		2,962,107	7		
2XXX	Total Liabilities			16,275,481	36		9,936,675	25		
Equity attributable to owners of parent										
Share capital		6(18)								
3110	Common shares			43,171,964	94		38,171,964	96		
Capital surplus										
3200	Capital surplus			286	-		-	-		
Retained earnings		6(19)								
3350	Accumulated deficit		(13,789,135)	(30)	(8,431,990)	(21)
3400	Other equity									
	Other equity			-	-	(2)	-		
31XX	Total equity attributable to owners of the parent			29,383,115	64		29,739,972	75		
36XX	Non-controlling interests			-	-		-	-		
3XXX	Total Equity			29,383,115	64		29,739,972	75		
Significant contingent liabilities and unrecognized contract commitments										
Significant events after the balance sheet date		11								
3X2X	Total Liabilities and Equity		\$	45,658,596	100	\$	39,676,647	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

YEARS ENDED DECEMBER 31, 2021 AND 2020

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

		Years ended December 31,				
		2021		2020		
	Notes	Amount	%	Amount	%	
4000	Operating revenue	6(20) and 7(3)	\$ 12,646,665	100	\$ 13,587,443	100
5000	Operating costs	6(4)(25) and 7(3)	(12,643,883)	(100)	(13,901,570)	(102)
5900	Gross profit or loss		2,782	-	(314,127)	(2)
	Operating expenses	6(25), 7(3)(4)				
6100	Selling expenses		(3,994,140)	(32)	(3,820,562)	(28)
6200	Administrative expenses		(952,407)	(8)	(1,263,723)	(9)
6450	Expected credit loss	12(2)	(48,668)	-	(95,893)	(1)
6000	Total operating expenses		(4,995,215)	(40)	(5,180,178)	(38)
6900	Operating loss		(4,992,433)	(40)	(5,494,305)	(40)
	Non-operating income and expenses					
7100	Interest income	6(21)	12,265	-	26,568	-
7010	Other income	6(22) and 7(3)	133,118	1	140,697	1
7020	Other gains and losses	6(23)	60,376	1	13,259	-
7050	Finance costs	6(24) and 7(3)	(84,674)	(1)	(59,245)	-
	Share of income from associates and joint ventures accounted for using equity method		(37,793)	-	20,590	-
7000	Total non-operating income and expenses		83,292	1	141,869	1
7900	Loss before tax		(4,909,141)	(39)	(5,352,436)	(39)
7950	Income tax expense	6(27)	(465,000)	(3)	(467,544)	(4)
8200	Loss		(\$ 5,374,141)	(42)	(\$ 5,819,980)	(43)
	Other comprehensive income (loss), net					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plans	6(15)	\$ 21,245	-	\$ 1,092	-
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(27)	(4,249)	-	(218)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		16,996	-	874	-
	Components of other comprehensive income that may be reclassified to profit or loss					
8361	Exchange differences on translation		2	-	(16)	-
8360	Components of other comprehensive income that may be reclassified to profit or loss		2	-	(16)	-
8300	Other comprehensive income, net		\$ 16,998	-	\$ 858	-
8500	Total comprehensive loss		(\$ 5,357,143)	(42)	(\$ 5,819,122)	(43)
	Profit (loss), attributable to:					
8610	Owners of the parent		(\$ 5,374,141)	(42)	(\$ 5,828,401)	(43)
8620	Non-controlling interests		\$ -	-	\$ 8,421	-
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		(\$ 5,357,143)	(42)	(\$ 5,827,529)	(43)
8720	Non-controlling interests		\$ -	-	\$ 8,407	-
9750	Basic losses per share	6(28)	(\$ 1.35)		(\$ 1.53)	
9850	Diluted losses per share	6(28)	(\$ 1.35)		(\$ 1.53)	

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
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent					
		Share capital	Capital surplus	Retained earnings	Other equity		
			Changes in net assets of associates accounted for under equity method	Accumulated deficit	Exchange difference on translation of foreign financial statements	Total	Non-controlling interests
Notes	Common shares						Total equity
Year 2020							
	Balance at January 1, 2020	\$ 38,171,964	\$ -	(\$ 2,604,463)	\$ -	\$ 35,567,501	\$ 188,392
	Loss	-	-	(5,828,401)	-	(5,828,401)	8,421
	Other comprehensive income (loss)	-	-	874	(2)	872	(14)
	Total comprehensive (loss) income	-	-	(5,827,527)	(2)	(5,827,529)	8,407
6(29)	Change in non-controlling interests	-	-	-	-	-	95,978
	Proceeds from disposal of subsidiaries	-	-	-	-	-	(292,777)
	Balance at December 31, 2020	\$ 38,171,964	\$ -	(\$ 8,431,990)	(\$ 2)	\$ 29,739,972	\$ -
Year 2021							
	Balance at January 1, 2021	\$ 38,171,964	\$ -	(\$ 8,431,990)	(\$ 2)	\$ 29,739,972	\$ -
	(Loss) profit	-	-	(5,374,141)	-	(5,374,141)	-
	Other comprehensive income	-	-	16,996	2	16,998	-
	Total comprehensive (loss) income	-	-	(5,357,145)	2	(5,357,143)	-
6(18)	Issuance of shares	5,000,000	-	-	-	5,000,000	-
	Changes in net assets of associates accounted for under equity method	-	286	-	-	286	-
	Balance at December 31, 2021	\$ 43,171,964	\$ 286	(\$ 13,789,135)	\$ -	\$ 29,383,115	\$ -

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

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Years ended December 31,	
	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(\$ 4,909,141)	(\$ 5,352,436)
Adjustment to reconcile loss before tax to net cash (used in) provided by operating activities:			
Depreciation	6(25)	3,732,855	4,282,481
Amortization	6(25)	1,783,331	1,657,183
Amortization on assets recognized as incremental costs to obtain contract with customers	6(9)	1,924,300	1,858,896
Expected credit loss	12(2)	48,668	95,893
Net gain on financial assets at fair value through profit or loss	6(23)	- (	507)
Interest expense	6(24)	84,674	59,245
Interest income	6(21)	(12,265) (	26,568)
Share of loss (profit) of associates accounted for using equity method		37,793 (	20,590)
Gain on disposal of property, plant and equipment	6(23)	(58,169) (	1,410)
Gain on disposal of investments	6(23)	- (	11,981)
Provision for litigation loss	6(23)	-	1,138
Reversal of provision	6(22)	(8,037) (	1,248)
Gains arising from lease modifications	6(23)	(1,152) (	561)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	16,528
Contract assets		(40,814) (	56,479)
Notes receivable		2,614 (	3,355)
Accounts receivable		161,223 (	445,960)
Accounts receivable due from related parties		(4,999) (	96,685)
Other receivables		(25,763)	196
Inventories		(82,638)	60,873
Prepayments		(471,202)	213,267
Assets recognized as incremental costs to obtain contract with customers		(2,182,779) (	1,924,120)
Changes in operating liabilities			
Contract liabilities		(516)	229,730
Notes payable		(633) (	2,374)
Accounts payable		71,497	171,405
Accounts payable due from related parties		(3,767)	43,482
Other payables		(148,312)	397,329
Other current liabilities		(420) (	10,326)
Provisions		- (	9,334)
Net defined benefit liabilities		(15,340) (	14,291)
Other non-current liabilities		57,920	8,907
Cash (used in) provided by operations		(61,072)	1,118,328
Income tax paid		(413) (	24,669)
Income tax refund received		309	13,511
Net cash (used in) provided by operating activities		(61,176)	1,107,170

(Continued)

ASIA PACIFIC TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Years ended December 31,	
		2021	2020
	Notes		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net cash outflow on loss control of subsidiaries		- (\$	423,840)
Acquisition of property, plant and equipment	6(29)	(2,778,710)	(1,008,889)
Proceeds from disposal of property, plant and equipment		1,454	9,332
Increase in refundable deposits		(248,946)	(247,020)
Decrease in refundable deposits		265,357	1,153,005
Acquisition of intangible assets	6(8)	(54,809)	(505,105)
Decrease in other current assets - restricted deposits		38,632	51,941
Increase in other non-current assets		(11,470,826)	(162,690)
Increase in other non-current assets - restricted deposits		(48,897)	(11,902)
Interest received		13,459	29,082
Dividend received		17,725	21,271
Net cash used in investing activities		(14,265,561)	(1,094,815)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(30)	2,445,000	(360,000)
Increase (decrease) in short-term notes and bills payable	6(30)	670,000	(520,000)
Proceeds from long-term borrowings	6(30)	2,662,110	-
Repayments of long-term borrowings	6(30)	(833)	-
Increase in guarantee deposits received	6(30)	49,042	60,228
Decrease in guarantee deposits received	6(30)	(44,491)	(58,316)
Repayments of principal portion of lease liabilities	6(30)	(1,538,826)	(1,502,826)
Proceeds from issuance of shares	6(18)	5,000,000	-
Interest paid		(82,984)	(59,760)
Changes in non-controlling interests		-	95,978
Net cash provided by (used in) financing activities		9,159,018	(2,344,696)
Effect of exchange rate		-	(30)
Decrease in cash and cash equivalents		(5,167,719)	(2,332,371)
Cash and cash equivalents at beginning of the year		5,871,722	8,204,093
Cash and cash equivalents at end of the year		\$ 704,003	\$ 5,871,722

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

Independent Auditors' Report Translated from Chinese

PWCR21003094

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, 2021 and 2020, 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, 2021 and 2020, 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. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional 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, 2021 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 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, right-of-use assets and intangible assets, please refer to Notes 4(14) ,(15) 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, right-of-use assets, intangible assets and other operating assets, please refer to Note 5(2). For details of account items, please refer to Notes 6(6), (7) , (8) and (9).

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.

Emphasis of matter – Significant events after the balance sheet date

The Board of Directors of Asia Pacific Telecom Co., Ltd. resolved to merge with Far EasTone Telecommunications Co., Ltd. on February 25, 2022. Details are provided in Note 11 in the Company's financial statement.

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.

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

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

1. Identify and assess the risks of material misstatement of the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wu, Yu-Lung

Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2022

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 independent auditors' report 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
DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		Notes	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 701,008	1	\$ 5,868,549	15
1140	Current contract assets	6(20)	288,588	1	245,524	1
1150	Notes receivable, net	6(3)	2,867	-	5,481	-
1170	Accounts receivable, net	6(3)	1,391,345	3	1,602,687	4
1180	Accounts receivable due from related parties, net	6(3) and 7(3)	18,347	-	13,348	-
1200	Other receivables		415,455	1	65,512	-
1220	Current tax assets	6(27)	4,015	-	3,911	-
130X	Inventories	6(4)	254,255	1	171,617	1
1410	Prepayments	7(3)	619,666	1	116,534	-
1470	Other current assets	6(5) and 8	36,733	-	75,365	-
11XX	Total current assets		<u>3,732,279</u>	<u>8</u>	<u>8,168,528</u>	<u>21</u>
Non-current assets		6(2)				
1560	Non-current contract assets	6(20)	185,236	-	186,035	-
1550	Investments accounted for using equity method		152,662	-	208,066	1
1600	Property, plant and equipment	6(6) and 7(3)	9,777,910	22	9,079,005	23
1755	Right-of-use assets	6(7) and 7(3)	4,129,388	9	4,017,384	10
1780	Intangible assets	6(8) and 7(3)	9,472,741	21	10,544,652	27
1840	Deferred tax assets	6(27)	3,287,577	7	3,756,904	9
1900	Other non-current assets	6(9)(10), 7(3) and 8	14,920,750	33	3,716,017	9
15XX	Total non-current assets		<u>41,926,264</u>	<u>92</u>	<u>31,508,063</u>	<u>79</u>
1XXX	Total Assets		<u>\$ 45,658,543</u>	<u>100</u>	<u>\$ 39,676,591</u>	<u>100</u>

(Continued)

ASIA PACIFIC TELECOM CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2021		December 31, 2020					
LIABILITIES AND EQUITY			Notes	Amount	%	Amount	%			
Current liabilities										
2100	Short-term borrowings	6(11)	\$	3,635,000	8	\$	1,190,000	3		
2110	Short-term notes and bills payable			900,000	2		230,000	1		
2130	Current contract liabilities	6(20) and 7(3)		523,916	1		524,432	2		
2150	Notes payable			17,976	-		18,609	-		
2170	Accounts payable			851,400	2		779,903	2		
2180	Accounts payable to related parties	7(3)		54,881	-		58,648	-		
2200	Other payables	6(12) and 7(3)		3,237,547	7		2,881,606	7		
2250	Current provisions	6(14)		-	-		8,037	-		
2280	Current lease liabilities	7(3)		1,346,917	3		1,282,354	3		
2320	Long-term liabilities, current portion	6(13)		46,667	-		-	-		
2399	Other current liabilities			503	-		923	-		
21XX	Total current liabilities			10,614,807	23		6,974,512	18		
Non-current liabilities										
2540	Long-term borrowings	6(13)		2,615,393	6		-	-		
2550	Non-current provisions	6(14)		430,648	1		407,915	1		
2570	Deferred tax liabilities	6(27)		-	-		78	-		
2580	Non-current lease liabilities	7(3)		2,321,313	5		2,286,733	6		
2600	Other non-current liabilities	6(17)		293,267	1		267,381	-		
25XX	Total non-current liabilities			5,660,621	13		2,962,107	7		
2XXX	Total Liabilities			16,275,428	36		9,936,619	25		
Share capital		6(18)								
3110	Common shares			43,171,964	94		38,171,964	96		
Capital surplus										
3200	Capital surplus			286	-		-	-		
Retained earnings		6(19)								
3350	Accumulated deficit		(13,789,135)	(30)	(8,431,990)	(21)
Other equity										
3400	Other equity			-	-	(	2)	-	
3XXX	Total Equity			29,383,115	64		29,739,972	75		
Significant contingent liabilities and unrecognized contract commitments										
Significant events after the balance sheet date		11								
3X2X	Total Liabilities and Equity		\$	45,658,543	100	\$	39,676,591	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

YEARS ENDED DECEMBER 31, 2021 AND 2020

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

		Years ended December 31,			
		2021		2020	
	Notes	Amount	%	Amount	%
4000	Operating revenue	6(20) and 7(3)	\$ 12,646,665 100	\$ 13,268,014 100	
5000	Operating costs	6(4)(25) and 7(3)	(12,643,883) (100)	(13,630,733) (102)	
5900	Gross profit or loss		2,782 -	(362,719) (2)	
	Operating expenses	6(25), 7(3)(4)			
6100	Selling expenses		(3,994,140) (32)	(3,807,038) (29)	
6200	Administrative expenses		(952,310) (8)	(1,249,103) (9)	
6450	Expected credit loss	12(2)	(48,668) -	(94,426) (1)	
6000	Total operating expenses		(4,995,118) (40)	(5,150,567) (39)	
6900	Operating loss		(4,992,336) (40)	(5,513,286) (41)	
	Non-operating income and expenses				
7100	Interest income	6(21)	12,256 -	25,344 -	
7010	Other income	6(22) and 7(3)	133,118 1	141,784 1	
7020	Other gains and losses	6(23)	60,462 1	13,962 -	
7050	Finance costs	6(24) and 7(3)	(84,674) (1)	(59,122) -	
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net		(37,967) -	27,920 -	
7000	Total non-operating income and expenses		83,195 1	149,888 1	
7900	Loss before tax		(4,909,141) (39)	(5,363,398) (40)	
7950	Income tax expense	6(27)	(465,000) (3)	(465,003) (4)	
8200	Loss		(\$ 5,374,141) (42)	(\$ 5,828,401) (44)	
	Other comprehensive income, net				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans	6(15)	\$ 21,245 -	\$ 1,092 -	
8349	Income tax related to components of other comprehensive (loss)	6(27)	(4,249) -	(218) -	
8310	Components of other comprehensive income that will not be reclassified to profit or loss		16,996 -	874 -	
	Components of other comprehensive income that may be reclassified to profit or loss				
8361	Exchange differences on translation		2 -	(2) -	
8360	Components of other comprehensive income that may be reclassified to profit or loss		2 -	(2) -	
8300	Other comprehensive income, net		\$ 16,998 -	\$ 872 -	
8500	Total comprehensive loss		(\$ 5,357,143) (42)	(\$ 5,827,529) (44)	
9750	Basic losses per share	6(28)	(\$ 1.35)	(\$ 1.53)	
9850	Diluted losses per share	6(28)	(\$ 1.35)	(\$ 1.53)	

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
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		<u>Share capital</u>	<u>Capital surplus</u>	<u>Retained earnings</u>	<u>Other equity</u>	
			<u>Changes in net assets of associates accounted for under equity method</u>	<u>Accumulated deficit</u>	<u>Exchange difference on translation of foreign financial statements</u>	<u>Total equity</u>
	<u>Notes</u>	<u>Common shares</u>				
<u>Year 2020</u>						
Balance at January 1, 2020		\$ 38,171,964	\$ -	(\$ 2,604,463)	\$ -	\$ 35,567,501
Loss		-	-	(5,828,401)	-	(5,828,401)
Other comprehensive income (loss)		-	-	874	(2)	872
Total comprehensive loss		-	-	(5,827,527)	(2)	(5,827,529)
Balance at December 31, 2020		<u>\$ 38,171,964</u>	<u>\$ -</u>	<u>(\$ 8,431,990)</u>	<u>(\$ 2)</u>	<u>\$ 29,739,972</u>
<u>Year 2021</u>						
Balance at January 1, 2021		\$ 38,171,964	\$ -	(\$ 8,431,990)	(\$ 2)	\$ 29,739,972
Loss		-	-	(5,374,141)	-	(5,374,141)
Other comprehensive income		-	-	16,996	2	16,998
Total comprehensive (loss) income		-	-	(5,357,145)	2	(5,357,143)
Issuance of shares	6(18)	5,000,000	-	-	-	5,000,000
Changes in net assets of associates accounted for under equity method		-	286	-	-	286
Balance at December 31, 2021		<u>\$ 43,171,964</u>	<u>\$ 286</u>	<u>(\$ 13,789,135)</u>	<u>\$ -</u>	<u>\$ 29,383,115</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
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Years ended December 31,	
	Notes	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 4,909,141)	(\$ 5,363,398)
Adjustments			
Adjustment to reconcile loss before tax to net cash (used in) provided by operating activities:			
Depreciation	6(25)	3,732,855	4,279,965
Amortization	6(25)	1,783,331	1,656,715
Amortization on assets recognized as incremental costs to obtain contract with customers	6(9)	1,924,300	1,858,896
Expected credit loss	12(2)	48,668	94,426
Net gain on financial assets at fair value through profit or loss	6(23)	-	(486)
Interest expense	6(24)	84,674	59,122
Interest income	6(21)	(12,256)	(25,344)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method		37,967	(27,920)
Gains on disposal of property, plant and equipment	6(23)	(58,169)	(1,410)
Gains on disposal of long-term equity investments	6(23)	-	(11,981)
Provision for litigation loss	6(23)	-	1,138
Reversal of provision	6(22)	(8,037)	(1,248)
Gains arising from lease modifications	6(23)	(1,152)	(561)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	486
Contract assets	(	40,814)	(56,479)
Notes receivable		2,614	(2,464)
Accounts receivable		161,223	(321,083)
Accounts receivable due from related parties	(	4,999)	7,607
Other receivables	(	25,763)	(594)
Inventories	(	82,638)	175,028
Prepayments	(	471,201)	276,100
Assets recognized as incremental costs to obtain contract with customers	(	2,182,779)	(1,924,120)
Changes in operating liabilities			
Contract liabilities	(	516)	225,541
Notes payable	(	633)	(1,749)
Accounts payable		71,497	279,837
Accounts payable to related parties	(	3,767)	19,481
Other payables	(	148,309)	270,362
Other current liabilities	(	420)	(10,326)
Provisions		-	(9,334)
Net defined benefit liabilities	(	15,340)	(14,291)
Other non-current liabilities		57,920	8,907
Cash (used in) provided by operations	(	60,885)	1,440,823
Income tax paid	(	413)	(841)
Income tax refund		309	13,511
Net cash (used in) provided by operating activities		(60,989)	1,453,493

(Continued)

ASIA PACIFIC TELECOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Years ended December 31,	
	Notes	2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of investments accounted for using equity method		\$ -	\$ 3,100
Acquisition of property, plant and equipment		(2,778,710)	(1,389,961)
Proceeds from disposal of property, plant and equipment		1,454	9,332
Increase in refundable deposits		(248,946)	(230,059)
Decrease in refundable deposits		265,357	1,153,005
Acquisition of intangible assets	6(8)	(54,809)	(505,105)
Decrease in other current assets - restricted deposits		38,632	53,636
Increase in other non-current assets		(11,470,826)	(162,690)
Increase in other non-current assets - restricted deposits		(48,897)	(11,902)
Interest received		13,450	27,832
Cash dividend received		17,725	21,271
Net cash used in investing activities		(14,265,570)	(1,031,541)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(29)	2,445,000	(355,000)
Increase (decrease) in short-term notes and bills payable	6(29)	670,000	(520,000)
Proceeds from long-term borrowings	6(29)	2,662,110	-
Repayments of long-term borrowings	6(29)	(833)	-
Increase in guarantee deposits received	6(29)	49,042	59,060
Decrease in guarantee deposits received	6(29)	(44,491)	(58,316)
Repayments of principal portion of lease liabilities	6(29)	(1,538,826)	(1,501,320)
Proceeds from issuance of shares	6(18)	5,000,000	-
Interest paid		(82,984)	(59,637)
Net cash provided by (used in) financing activities		9,159,018	(2,435,213)
Decrease in cash and cash equivalents		(5,167,541)	(2,013,261)
Cash and cash equivalents at beginning of the year		5,868,549	7,881,810
Cash and cash equivalents at end of the year		\$ 701,008	\$ 5,868,549

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

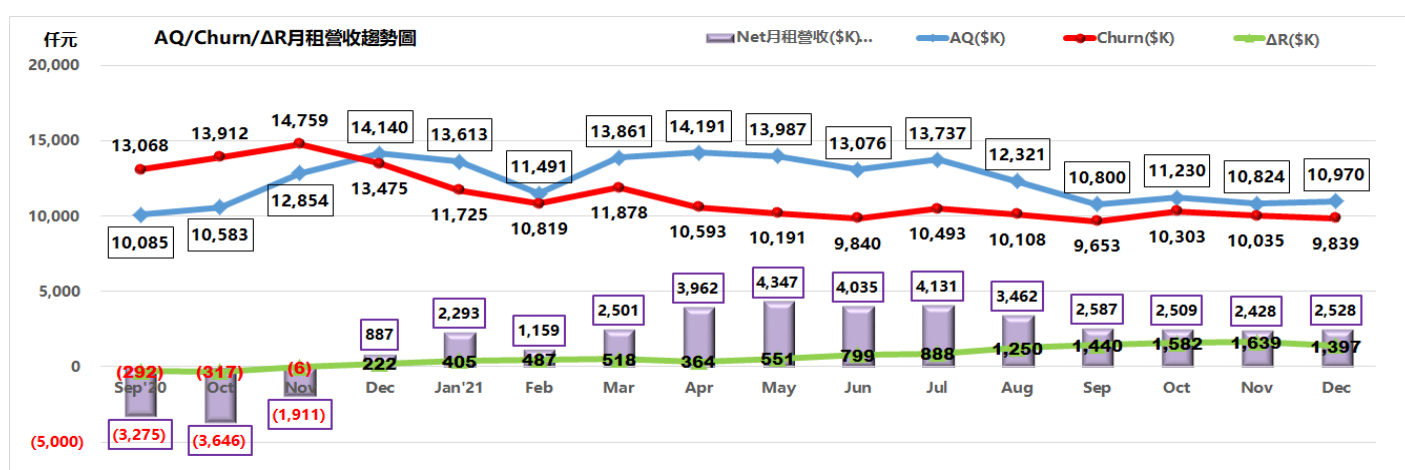
The Implementation of Strengthening Business Operation Plan on 2021

I. Business Strategy:

i. Telecom revenue

Since the Company started providing the MVNO 5G service in October 2020, its primary leading indicator of telecom revenue, AQ (additions) - Churn (unsubscriptions) + ΔR (renewals), turned positive in December 2020 and has remained positive for four consecutive quarters. In addition, the co-spectrums and co-network 5G MOCN business model, cooperating with Far EasTone Telecommunications Co., Ltd. (hereinafter referred to as "FET"), was launched on August 12, 2021. Compared to the MVNO business model, the MOCN business model gives the Company greater autonomy over its tariff plan. The Company's efforts to promote the migration of 4G customers to 5G in the future will drive up ARPU (average revenue per user). The relevant data and trends from the fourth quarter of 2020 to the fourth quarter of 2021 are as follows.

行網營收指標	Sep'20	Oct	Nov	Dec	Jan'21	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AQ(\$K)	10,085	10,583	12,854	14,140	13,613	11,491	13,861	14,191	13,987	13,076	13,737	12,321	10,800	11,230	10,824	10,970
Churn(\$K)	13,068	13,912	14,759	13,475	11,725	10,819	11,878	10,593	10,191	9,840	10,493	10,108	9,653	10,303	10,035	9,839
ΔR (\$K)	(292)	(317)	(6)	222	405	487	518	364	551	799	888	1,250	1,440	1,582	1,639	1,397
Net月租營收(\$K) =AQ-Churn+ ΔR	(3,275)	(3,646)	(1,911)	887	2,293	1,159	2,501	3,962	4,347	4,035	4,131	3,462	2,587	2,509	2,428	2,528



ii. Revenue from the fixed network and new services:

Revenue from the fixed network and new services decreased by 2.88% and increased by 3.37% respectively in the fourth quarter of 2021 compared to the same period of the previous year. To maintain the revenue for the fixed network and expand the revenue for new services, the Company will continue to implement the

following action plans:

1. The fixed network and ISP:

In the fixed network product line, we must continue to consolidate our existing customers and prepare relevant plans in the face of competitive pricing from other telecommunication operators. Strategically speaking, we will strive to compete for international Internet operators and seize government bids for fixed network data to expand our backbone businesses in the sales of large bandwidth, such as in global telecom and domestic and foreign Internet enterprises. Also, we will continue to introduce new technologies in industrial areas to reduce network installation and maintenance costs and expand the market share of fixed networks.

2. New services:

(1). The Company focuses on digital applications in ICT, IoT, and smart products, and is working with vertical partners to focus on 5G private networks in enterprises.

(2). The Company continues to strengthen the competitiveness of related applications and solutions.

II. Financial Overview:

The consolidated income and financial analysis of the Company for 2021 are as follows:

Unit: NT\$ thousand

Item	2021 (audited number)	2020 (audited number)	Increase/ decrease	Increase/decrease Ratio
Total operating revenue	12,646,665	13,587,443	(940,778)	(6.92%)
Operating costs	12,643,883	13,901,570	(1,257,687)	(9.05%)
Gross operating profit (loss)	2,782	(314,127)	316,909	100.89%
Operating expenses	4,995,215	5,180,178	(184,963)	(3.57%)
Net operating loss	(4,992,433)	(5,494,305)	501,872	9.13%
Net loss before tax	(4,909,141)	(5,352,436)	443,295	8.28%
Net loss for the current period	(5,374,141)	(5,819,980)	445,839	7.66%

Explanation:

1. The market's fierce competition and the increase in 5G ARPU (average revenue per user) that only affected one quarter led to no significant increase of the overall ARPU improvement for the year and a decrease in telecom revenue compared to the same period of the previous year. The decrease in operating costs was due to depreciation useful life expiration of partial telecom equipment and the decrease in the cost of goods sold, resulting in the Company's gross operating profit (loss) changing from a loss to a profit in 2021.
2. The decrease in operating expenses was mainly due to the decrease in marketing advertising expenses and computer software amortization and maintenance fees compared to the same period of the previous year.
3. In November 2019 and September 2021, the company completed capital increase in cash of NT\$10 billion and NT\$5 billion by private placement of ordinary share. However, due to the payment of NT\$9,947 million in spectrum costs to FET in September to acquire the right to use co-spectrums and co-network network capacity in the 3.5GHz frequency band and the subsequent sharing of its capital expenditure and maintenance costs for the construction of 3.5GHz base stations, the new loans led to a decrease in the current ratio and quick ratio from 42.93% and 34.60% to 35.19% and 26.96% respectively. The debt ratio also slightly increased from 32.29% to 35.65%.

Attachment V

The Implementation of the Company's 2019 Private Issuance of Ordinary Shares for Capital Increase

Item	First private issuance of ordinary shares in 2019 Issuing date: December 27, 2019
Type of securities in private issuance	Ordinary shares
Date and amount of approved by the Shareholders' Meeting	The Company's extraordinary shareholders meeting has adopted a resolution on October 2, 2019, to increase capital by issuing no more than 1,500,000,000 ordinary shares through private offering, which may be issued in one to three batches within a year.
Basis for and reasonableness of pricing	<p>I. Pursuant to the "Directions for Public Companies Conducting Private Placements of Securities", the Company shall use a reference price of the higher of the following two calculations: (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.</p> <p>II. 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 by the extraordinary Shareholders' Meeting.</p>
The method to determine specific investor(s)	Subject to Article 43-6 of the Securities and Exchange Act and the Ministry of Finance Securities & Futures Commission Letter No. (2002) Taiwan-Finance-Securities-(1)-0910003455 issued on June 13, 2002.
Reasons for the necessity of the 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 of the consideration	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.	Paragraph 2, Article 43-6 of the Securities and Exchange Act	700,000	Substantial shareholder with shareholding of more than 10%	The representative of the legal person director serves as the company manager
	Hyield Venture Capital Co., Ltd.		300,000	The Corporate shareholder of the Company	None
Actual subscription price	NT\$10.00 per share.				
Price variance between actual subscription price and reference price	The actual subscription price was NT\$10.00 per share, which is 104.71% of the reference price of NT\$9.55.				
Impact on shareholders' equity for conducting private placement (such as an increase in accumulated loss)	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 implementation plan	As at the end of the fourth quarter of 2021, NT\$10,000,000 thousand had been spent on repaying bank loans, purchasing machinery and equipment,paying 5G spectrum bidding fees and the expenditure required for the development of 5G, which have been fully implemented.				
Realization of benefits of the private placement	The capital increase has strengthened the Company's overall financial structure and the flexibility of capital adjustment, which is expected to create direct or indirect benefits to the Company's operations and bring positive benefits to shareholders' equity.				

The Implementation of the Company's 2021 Private Issuance of Ordinary Shares for Capital Increase

Item	First private issuance of ordinary shares in 2021 Issuing date: October 8, 2021
Type of securities in private issuance	Ordinary shares
Date and amount of approved by the Shareholders' Meeting	The Company's extraordinary shareholders meeting has adopted a resolution on April 22, 2021, to increase capital by issuing no more than 750,000,000 ordinary shares through private offering, which may be issued in one to three batches within a year.
Basis for and reasonableness of pricing	<p>I. Pursuant to the "Directions for Public Companies Conducting Private Placements of Securities", the Company shall use a reference price of the higher of the following two calculations: (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.</p> <p>II. Pursuant to the pricing principle stated in the preceding paragraph, the reference price of NT\$9.79 was set at the simple average closing price of the common shares on 5 business days before the price determination date on May 6, 2021, after adjustment for capital reduction. The private offering price was set at NT\$10.00, or 102.15% of the reference price, which complies with the resolution by the extraordinary Shareholders' Meeting.</p>
The method to determine specific investor(s)	Subject to Article 43-6 of the Securities and Exchange Act and the Ministry of Finance Securities & Futures Commission Letter No. (2002) Taiwan-Finance-Securities-(1)-0910003455 issued on June 13, 2002.
Reasons for the necessity of the 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 of the consideration	September 10, 2021

	Target of private placement	Qualifications	Number of stock subscribed (thousand shares)	Relationship with the Company	Participation in the operations of the Company
Placee profile	Far EasTone Telecommunications Co., Ltd.	Paragraph 2, Article 43-6 of the Securities and Exchange Act	500,000	Substantial shareholder with shareholding of more than 10%	None
Actual subscription price	NT\$10.00 per share.				
Price variance between actual subscription price and reference price	The actual subscription price was NT\$10.00 per share, which is 102.15% of the reference price of NT\$9.79.				
Impact on shareholders' equity for conducting private placement (such as an increase in accumulated loss)	<p>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).</p> <p>Therefore, the shareholders' equity is more protected.</p>				
Use of capital raised through private placement and progress of the implementation plan	As at the end of the third quarter of 2021, NT\$5,000,000 thousand had been spent on paying 5G related expenses (share of the cost of 3.5G frequency band in co- spectrums and co-network with Far EasTone Telecommunications Co., Ltd.) which have been fully implemented.				
Realization of benefits of the private placement	The capital increase has strengthened the Company's overall financial structure and the flexibility of capital adjustment, which is expected to create direct or indirect benefits to the Company's operations and bring positive benefits to shareholders' equity.				

Asia Pacific Telecom Co., Ltd.

Table of Comparison Before and After Amendment to the "Articles of Association"

Articles After Amendment	Original Articles	Reasons for Amendments
<p>Article 2: The scope of the Company's business activities includes:</p> <ol style="list-style-type: none"> <u>1.</u> CC01060 Wired Communication Equipment and Apparatus Manufacturing. <u>2.</u> CC01070 Wireless Communication Machinery and Equipment Manufacturing. <u>3.</u> CC01080 Manufacture of Electronic Parts and Components. <u>4.</u> CC01110 Manufacture of Computers and Peripheral Equipment. <u>5.</u> CC01120 Manufacture and Reproduction of Magnetic and Optical Media. <u>6.</u> CD01020 Manufacture of Railway Vehicles and Parts. <u>7.</u> E601010 Assembly of Electric Appliance. <u>8.</u> E603050 Automatic Control Equipment Engineering <u>9.</u> E603080 Traffic Signals Installation Engineering. <u>10.</u> E603090 Lighting Equipment Installation Engineering. <u>11.</u> E701010 Telecommunications Engineering. <u>12.</u> E701020 Equipment Installation Industry of Satellite TV KU Channel and C Channel. Construction. 	<p>Article 2: The scope of the Company's business activities includes:</p> <ol style="list-style-type: none"> <u>1.</u> <u>G901011 Type I Telecommunications.</u> <u>2.</u> <u>G902011 Type II Telecommunications.</u> <u>3.</u> CC01060 Wired Communication Equipment and Apparatus Manufacturing. <u>4.</u> CC01070 Wireless Communication Machinery and Equipment Manufacturing. <u>5.</u> CC01080 Manufacture of Electronic Parts and Components. <u>6.</u> CC01110 Manufacture of Computers and Peripheral Equipment. <u>7.</u> CC01120 Manufacture and Reproduction of Magnetic and Optical Media. <u>8.</u> CD01020 Manufacture of Railway Vehicles and Parts. <u>9.</u> E601010 Assembly of Electric Appliance. <u>10.</u> E603050 Automatic Control Equipment Engineering <u>11.</u> E603080 Traffic Signals Installation Engineering. <u>12.</u> E603090 Lighting Equipment Installation Engineering. <u>13.</u> E701010 Telecommunications Engineering. <u>14.</u> E701020 Equipment Installation Industry of Satellite TV KU Channel and C Channel. Construction. 	<p>※</p> <p>(1) The company completed the registration and transitioned to the control of Telecommunications Management Act on November 4 2020.</p> <p>The NCC also informed that franchise license previously obtained in accordance with the Telecommunications Act has lost its validity, so deleted business items G901011 Type I Telecommunications. and G902011 Type II Telecommunications.</p> <p>(2) Pursuant to the Ministry of Economic Affairs on August 12, 2020, No. 10902419890, deleted the business item "F401021 Import Business of Telecommunications Controls Radio Frequency Equipment.</p> <p>(3) Adjustment of business items scope and number.</p>

Articles After Amendment	Original Articles	Reasons for Amendments
<u>13.</u> E701030 Installation Engineering of Telecommunications Controls Radio Frequency Equipment. <u>14.</u> EZ06010 Traffic Signing Engineering. <u>15.</u> F108031 Wholesale of Medical Instruments. <u>16.</u> F113010 Wholesale of Machinery. <u>17.</u> F113020 Wholesale of electrical Appliances. <u>18.</u> F113030 Wholesale of Precise Instrument. <u>19.</u> F113070 Wholesale of Telecommunication Equipment. <u>20.</u> F113110 Wholesale of Batteries. <u>21.</u> F114080 Wholesale of Railway Vehicles and Parts. <u>22.</u> F118010 Wholesale of Information Software. <u>23.</u> F119010 Wholesale of Electronic Materials. <u>24.</u> F108031 Retail of Medical Instruments. <u>25.</u> F213010 Retail of Electrical Appliances. <u>26.</u> F213040 Retail of Precise Instrument. <u>27.</u> F213060 Retail of Telecommunication Equipment. <u>28.</u> F214080 Retail of Railway Vehicles and Parts. <u>29.</u> F214990 Retail of Other Means of Transportation and Parts <u>30.</u> F218010 Retail of Information Software. <u>31.</u> F219010 Retail of Electronic Materials. <u>32.</u> F401010 International Trade.	<u>15.</u> E701030 Installation Engineering of Telecommunications Controls Radio Frequency Equipment. <u>16.</u> EZ06010 Traffic Signing Engineering. <u>17.</u> F108031 Wholesale of Medical Instruments. <u>18.</u> F113010 Wholesale of Machinery. <u>19.</u> F113020 Wholesale of electrical Appliances. <u>20.</u> F113030 Wholesale of Precise Instrument. <u>21.</u> F113070 Wholesale of Telecommunication Equipment. <u>22.</u> F113110 Wholesale of Batteries. <u>23.</u> F114080 Wholesale of Railway Vehicles and Parts. <u>24.</u> F118010 Wholesale of Information Software. <u>25.</u> F119010 Wholesale of Electronic Materials. <u>26.</u> F108031 Retail of Medical Instruments. <u>27.</u> F213010 Retail of Electrical Appliances. <u>28.</u> F213040 Retail of Precise Instrument. <u>29.</u> F213060 Retail of Telecommunication Equipment. <u>30.</u> F214080 Retail of Railway Vehicles and Parts. <u>31.</u> F214990 Retail of Other Means of Transportation and Parts <u>32.</u> F218010 Retail of Information Software. <u>33.</u> F219010 Retail of Electronic Materials. <u>34.</u> F401010 International Trade. <u>35.</u> F401021 Import Business of Telecommunications Controls	

Articles After Amendment	Original Articles	Reasons for Amendments
<u>33.</u> F401181 Import Business of Measuring Instrument. <u>34.</u> G903010 Telecommunications. <u>35.</u> H701040 Specialized Area Development. <u>36.</u> I103060 Management Consulting Services. <u>37.</u> I301040 Third-Party Payment Services. <u>38.</u> IG03010 Energy Technology Services. <u>39.</u> I301010 Information Software Services. <u>40.</u> I301020 Data Processing Services. <u>41.</u> I301030 Electronic Information Supply Services. <u>42.</u> IE01010 Telecommunications Number Agencies. <u>43.</u> IZ99990 Other Industrial and Commercial Services. <u>44.</u> J101050 Environment Technical Testing. <u>45.</u> JE01010 Rental and Leasing Activities. <u>46.</u> ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	<u>Radio Frequency Equipment.</u> <u>36.</u> F401181 Import Business of Measuring Instrument. <u>37.</u> G903010 Telecommunications. <u>38.</u> H701040 Specialized Area Development. <u>39.</u> I103060 Management Consulting Services. <u>40.</u> I301040 Third-Party Payment Services. <u>41.</u> IG03010 Energy Technology Services. <u>42.</u> I301010 Information Software Services. <u>43.</u> I301020 Data Processing Services. <u>44.</u> I301030 Electronic Information Supply Services. <u>45.</u> IE01010 Telecommunications Number Agencies. <u>46.</u> IZ99990 Other Industrial and Commercial Services. <u>47.</u> J101050 Environment Technical Testing. <u>48.</u> JE01010 Rental and Leasing Activities. <u>49.</u> ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	
Article 31: The Articles of Association was established on May 3, 2000. The 1st amendment was made on May 14, 2001; The 2nd amendment was made on June 24, 2002; The 3rd amendment was made on June 25, 2004; The 4th amendment was made on October 26, 2007; The 5th amendment was made on	Article 31: The Articles of Association was established on May 3, 2000. The 1st amendment was made on May 14, 2001; The 2nd amendment was made on June 24, 2002; The 3rd amendment was made on June 25, 2004; The 4th amendment was made on October 26, 2007; The 5th amendment was made on	※ Added the date and number of the current amendment.

Articles After Amendment	Original Articles	Reasons for Amendments
<p>June 23, 2010; The 6th amendment was made on June 24, 2011; The 7th amendment was made on June 20, 2012; The 8th amendment was made on June 20, 2014; The 9th amendment was made on June 25, 2015; The 10th amendment was made on June 22, 2016; The 11th amendment was made on June 20, 2018; The 12th amendment was made on June 19, 2019; The 13th amendment was made on June 17, 2020; The 14th amendment is to be made on August 25, 2021; <u>The 15th amendment is to be made on June 20, 2022.</u> which shall come into force upon the adoption of a resolution of the general shareholders' meeting.</p>	<p>June 23, 2010; The 6th amendment was made on June 24, 2011; The 7th amendment was made on June 20, 2012; The 8th amendment was made on June 20, 2014; The 9th amendment was made on June 25, 2015; The 10th amendment was made on June 22, 2016; The 11th amendment was made on June 20, 2018; The 12th amendment was made on June 19, 2019; The 13th amendment was made on June 17, 2020; The 14th amendment is to be made on August 25, 2021, which shall come into force upon the adoption of a resolution of the general shareholders' meeting.</p>	

Asia Pacific Telecom Co., Ltd.
Table of Comparison Before and After Amendment to the
"Regulations Governing the Acquisition and Disposal of Assets"

Articles After Amendment	Original Articles	Reasons for Amendments
<p>Article 3: Qualification of external expert</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: (I)~(III) (omitted).</p> <p><u>Appraisal reports or opinion letters shall be prepared or issued in accordance with the following self-regulatory provisions enacted by their respective industrial associations:</u></p> <p><u>I. Prior to accepting an assignment, they shall carefully evaluate their own professional capabilities, practice experience, and independence.</u></p> <p><u>II. When working on an assignment, they shall adopt and implement adequate operating procedures in formulating a conclusion and use the conclusion as the basis for issuing the report or opinion letter. The procedures implemented, data collected, and conclusions reached shall be fully and accurately recorded in the working papers.</u></p> <p><u>III. They shall conduct an item-by-item evaluation on the appropriateness and</u></p>	<p>Article 3 : Qualification of external expert</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: (I)~(III) (omitted).</p>	<p>1.The Article is amended pursuant to Directive No. 1110380465 to amend Article 5 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on January 28, 2022.</p> <p>2. Added the article requiring appraisal reports or opinion letters to be prepared or issued in accordance with the self-regulatory provisions enacted by their respective industrial associations.</p>

Articles After Amendment	Original Articles	Reasons for Amendments
<p><u>reasonableness of the data sources, parameters, and information used as the basis of the appraisal report or opinion letter.</u></p> <p><u>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who are involved in the preparation and issuance of the report or opinion letter, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations</u></p>		
<p>Article 4 : Appraisal procedure</p> <p>I. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is</p>	<p>Article 4 : Appraisal procedure</p> <p>I. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is</p>	<p>1.The Article is amended pursuant to Directive No. 1110380465 to amend Article 9 、 10 、 11 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on January 28, 2022.</p> <p>2. Clarify that external experts should follow the self-regulatory provisions enacted by their respective industrial associations and remove the text stipulating that accountants should follow the Statement of Auditing Standards.</p>

Articles After Amendment	Original Articles	Reasons for Amendments
<p>NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. <p>(IV) (omitted).</p> <p>II. The Company, when acquiring or disposing of securities, prior to the date of occurrence of the event, shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant</p>	<p>NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall <u>be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. <p>(IV) (omitted).</p> <p>II. The Company, when acquiring or disposing of securities, prior to the date of occurrence of the event, shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant</p>	

Articles After Amendment	Original Articles	Reasons for Amendments
<p>prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>III. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>IV~VII (omitted).</p>	<p>prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>III. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>IV~VII (omitted).</p>	
<p>Article 5: Handling procedures for related party transactions</p> <p>I. (omitted).</p> <p>II. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or</p>	<p>Article 5: Handling procedures for related party transactions</p> <p>I. (omitted).</p> <p>II. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or</p>	<p>1. The Article is amended pursuant to Directive No. 1110380465 to amend Article 15 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on January 28, 2022.</p> <p>2. Strengthen the management of related party</p>

Articles After Amendment	Original Articles	Reasons for Amendments
<p>subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the majority of the Audit Committee and submitted for resolution at the Board of Directors. 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, <u>If transactions appear in the Company or the affiliated companies that are not publicly listed and the transaction amount reaches 10% of the total company assets, the Company shall report such information to the Shareholders' Meeting for approval. The contract can be signed and the payment can be made after the approval is obtained. Transactions between the Company and its subsidiaries or between subsidiaries are exempt from this regulation:</u></p> <p>(I)~(VII) (omitted).</p> <p>III. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8, Paragraph 1, Subparagraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by <u>Shareholders' Meeting</u> 、the Board of Directors need not be counted toward the transaction amount.</p> <p>IV~VIII (omitted)</p>	<p>subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the majority of the Audit Committee and submitted for resolution at the Board of Directors. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting:</p> <p>(I)~(VII) (omitted).</p> <p>III. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8, Paragraph 1, Subparagraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors need not be counted toward the transaction amount.</p> <p>IV~VIII (omitted)</p>	<p>transactions.</p>

Articles After Amendment	Original Articles	Reasons for Amendments
<p>Article 8: Public disclosure of information and reporting</p> <p>I. Under any of the following circumstances, in acquiring or disposing of assets, the Company shall publicly disclose and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days counting inclusively from the date of occurrence of the event: (I)~(V) (omitted) (VI)Where an asset transaction other than any of those referred to in the preceding five subparagraphs or an investment in the mainland China area, reaches 20 percent or more of paid-in capital or NT\$300 million. Provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds <u>or foreign bonds with credit ratings not lower than the sovereign rating of our country.</u> 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows: (I)~(IV) (omitted) II. (omitted)</p>	<p>Article 8:Public disclosure of information and reporting</p> <p>II. Under any of the following circumstances, in acquiring or disposing of assets, the Company shall publicly disclose and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days counting inclusively from the date of occurrence of the event: (I)~(V) (omitted) (VI)Where an asset transaction other than any of those referred to in the preceding five subparagraphs or an investment in the mainland China area, reaches 20 percent or more of paid-in capital or NT\$300 million. Provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds. 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows: (I)~(IV) (omitted) II. (omitted)</p>	<p>The Article is amended pursuant to Directive No. 1110380465 to amend Article 31 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Committee on January 28, 2022.</p>

Appendices

- I. Articles of Association/ Page 58-64
- II. Rules of Procedure for Shareholders' Meeting/ Page 65-70
- III. Regulations Governing the Acquisition and Disposal of Assets/ Page 71-81
- IV. Shareholding Status from All Directors/ Page 82

Articles of Association of Asia Pacific Telecom Co., Ltd.

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

Thirteenth amendment approved by the Shareholders' Meeting on June 17, 2020

Fourteenth amendment approved by the Shareholders' Meeting on August 25, 2021

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. CD01020 Rail Vehicle and Parts Manufacturing.
9. E601010 Electric Appliance Construction.
10. E603050 Automatic Control Equipment Engineering.
11. E603080 Traffic Signs Installation Engineering.
12. E603090 Illumination Equipments Construction.
13. E701010 Telecommunications Construction.
14. E701020 Channel KU and C of Satellite TV Equipments and Materials Construction.
15. E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction.
16. EZ06010 Traffic Marking Engineering
17. F108031 Wholesale of Drugs, Medical Goods.
18. F113010 Wholesale of Machinery.
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 Track Vehicle and Component Parts Thereof.
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 Track Vehicle and Component Parts Thereof.

31. F214990 Retail Sale of Other Traffic Means of Transport and Component Parts Thereof.
32. F218010 Retail Sale of Computer Software.
33. F219010 Retail Sale of Electronic Materials.
34. F401010 International Trade.
35. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
36. F401181 Measuring Instruments Import
37. G903010 Telecommunications.
38. H701040 Specific Area Development
39. I103060 Management Consulting Services.
40. I301040 The third-party payment.
41. IG03010 Energy Technical Services.
42. I301010 Software Design Services.
43. I301020 Data Processing Services.
44. I301030 Digital Information Supply Services.
45. IE01010 Telecommunications Number Agencies.
46. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified.
47. J101050 Environmental Testing Services
48. JE01010 Rental and Leasing Business.
49. 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 or more Directors representing the Company, and issued after being duly authenticated pursuant to the law.

The Company may issue shares without printing share certificate, 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: The Company shall have eleven directors, who shall be appointed by the board of shareholders by competent candidates for a term of three years and may be eligible for re-election. The election of directors shall adopt the candidate nomination system as specified in Article 192-1 of the Company Act.

The Company shall obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

The Board of Directors shall establish an Audit Committee, Remuneration Committee, and may set up relevant functional committees to provide reference for the decision-making of the Board of Directors.

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:

- I. The Company's Business Plan.
- II. Annual financial reports which are signed or sealed by the chairman, manager, and accounting manager.
- 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 Assets," "Guidelines for Derivatives Trading," and "Regulations Governing Material Financial Business Behaviors of Making of Endorsements/Guarantees."
- V. Fundraising, issuance or private offering of securities with equity rights.
- VI. Performance evaluation and compensation standards of managerial officers.
- VII. Compensation structure and system of directors.
- VIII. Appointment or dismissal of the General Manager, Deputy General Managers, Finance, Accounting, or Audit Managers.
- IX. Matters related to the directors' own interests.
- X. Loaning of capital or making of endorsements/guarantees.
- XI. Appointment, dismissal, and compensation of CPAs.

- XII. Set up, terminal, or alternations of branch organizations.
- XIII. Approval of budget and decisions.
- XIV. Proposal of surplus allocations.
- XV. Approval of reinvestments.
- XVI. Approval of acquisition or transfer of specialized technology and patents, and technical partnership contracts.
- XVII. Approval of amendment to the Company's Articles of Association and changes to paid-in capital.
- XVIII. Approval of the Company's dissolution or merger.
- XIX. Approval of external loans.
- XX. Approval of setting asset as pledge.
- XXI. Approval of the annual Audit Plan.
- XXII. Approval of various Company procedures and regulations.
- XXIII. Carry out resolutions from Shareholders' Meetings.
- XXIV. Formulation and amendment of the organizational rules 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.

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 thirteenth amendment was made on June 17, 2020. The 14th amendment is to be made on August 25, 2021, which shall come into force upon the adoption of a resolution of the general shareholders' meeting.

Asia Pacific Telecom Co., Ltd.

Rules of Procedure for Shareholders' Meetings

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.
Amendment approved by the Shareholders' Meeting on June 17, 2020
Amendment approved by the Shareholders' Meeting on August 25, 2021

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 the 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, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular 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 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 addressees, the meeting notice may be given in electronic form.

Matters pertaining to election or dismissal of directors, change of the Charter, reduction of capital, application for cessation of public offering, lifting of the non-compete clause for the Company' directors, capital increase from earnings, capitalization of capital surplus, dissolution, merger, spin-off, or any matters as set forth in Paragraph 1 of Article 185, Articles 26-1 and Article 43-6 of the Securities and Exchange Act, as well as Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed and explained in the reasons for convening the meeting and cannot be proposed through an extempore motion; its main content can be placed on the website designated by the competent securities authority or the Company; such a website shall be stated in the notice.

The reasons for convening the shareholders' meeting have specified the general re-election of directors and the date of their appointment. After the completion of the re-election in the shareholders' meeting, the same meeting shall not change the date of appointment by extraordinary motion or other means.

Shareholders holding 1 percent or more of the total number of issued shares may submit the Company a proposal for discussion at the regular 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. If a proposal submitted by a shareholder falls into the circumstances as specified in Paragraph 4, Article 172-1 of the Company Act, the Board of Directors shall not include such proposal in the agenda. Shareholders may submit proposals to

urge the Company to promote public interests or fulfill its social responsibilities. Only one matter shall be allowed in each proposal pursuant to Article 172-1 of the Company Act. Where a proposal contains more than one matter, such proposal would not be included in the agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the Company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten 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 regular shareholders' meeting and take part in 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 directors to act as chair. Where the Chairman does not make such a designation, the 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 chairman shall call the meeting to order at the appointed meeting time together with such information as the number of non-voting rights and the number of shares present. 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. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). 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, and schedule sufficient time for voting.

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

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting

rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail. Except as otherwise provided in the Company Act and in this Corporation'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. At the time of a vote, for each proposal, the chair or a person designated by the chair 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.

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.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

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, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of those not elected as directors and the number of voting rights thereof.

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.

This Corporation 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 voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.

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.

Asia Pacific Telecom Co., Ltd.

Regulations Governing the Acquisition and Disposal of Assets

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 Shareholders' Meeting on June 20, 2012.
Fifth amendment approved by the Shareholders' Meeting on June 20, 2014.
Sixth amendment approved by the Shareholders' Meeting on June 25, 2015.
Seventh amendment approved by the Shareholders' Meeting on June 15, 2017.
eighth amendment approved by the Shareholders' Meeting on June 19, 2019.

Article 1: Purpose and compliance

These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and Regulations Governing the Acquisition and Disposal of Assets by Public Companies stipulated by Financial Supervisory Commission in order to strengthen asset management and implement information disclosure in practice.

Article 2: Scope and definition of asset

I. The term "assets" as used in these Regulations includes the following:

- (I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- (II) Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- (III) Membership.
- (IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- (V) Right-of-use assets.
- (VI) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- (VII) Derivatives.
- (VIII) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- (IX) Other major assets.

II. Terms used in these Regulations are defined as follows:

- (I) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- (II) Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law:
Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- (III) Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (IV) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- (V) Certified public accountant (CPA), attorneys, and securities underwriters: Professional personnel or institutions holding relevant licenses.
- (VI) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. Provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- (VII) Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- (VIII) Securities exchange: "Domestic securities exchange" refers to the location where securities establish trading counters and engage in transaction pursuant to the definition stated in Regulations Governing Securities Trading on the Taipei Exchange; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

Article 3: Qualification of external expert

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- (I) May not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- (II) May not be a related party or de facto related party of any party to the transaction.
- (III) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of one another.

Article 4: Appraisal procedure

IV. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (V) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (VI) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (VII) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to

perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

3. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

4. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

(VIII) No more than three months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.

V. The Company, when acquiring or disposing of securities, prior to the date of occurrence of the event, shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

VI. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

VII. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

VIII. When the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

IX. Any transaction involving major assets or derivatives 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.

X. The calculation of the transaction amounts referred to in Paragraphs 1 to 3 of this Article shall be made in accordance with Article 8, Paragraph 1, Subparagraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have obtained professional appraisal report or opinion from certified public accountant need not be counted toward the transaction amount.

Article 5: Handling procedures for related party transactions

I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal

report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 4. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 7 of Article 4.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

- II. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the majority of the Audit Committee and submitted for resolution at the Board of Directors. 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:
 - (I) The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.
 - (II) The reason for choosing the related party as a transaction counterparty.
 - (III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraphs 6 and 7 of this Article.
 - (IV) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
 - (V) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - (VI) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 4.
 - (VII) Restrictive covenants and other important stipulations associated with the transaction.
- III. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8, Paragraph 1, Subparagraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors need not be counted toward the transaction amount.
- IV. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may pursuant to Paragraphs 1 and 2 of the preceding Article delegate the Chairman of the Board to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:
 - (I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
 - (II) Acquisition or disposal of real property right-of-use assets held for business use.
- V. When a matter is submitted for discussion by the Board of Directors pursuant to Paragraph 2 of this Article, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
- VI. When acquiring real property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following

means:

(I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

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

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

When acquiring real property or right-of-use assets thereof from a related party, the Company shall appraise the cost of the real property or right-of-use assets thereof in accordance with Subparagraphs 1 and 2, and shall also engage a CPA to check the appraisal and render a specific opinion.

When acquiring real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraphs 2 to 5 of this Article, and the preceding three subparagraphs do not apply:

(I) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.

(II) More than five years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.

(III) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

(IV) The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

VII. When the results of the Company's appraisal conducted in accordance with Subparagraphs 1 and 2 of Paragraph 6 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 8 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

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

1. Where undeveloped land is appraised in accordance with the means in the preceding paragraph, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property

market sale or leasing practices.

- (II) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

- VIII. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with Paragraphs 6 and 7 of this Article are uniformly lower than the transaction price, the following steps shall be taken:

- (I) A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property or right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
- (II) The Audit Committee shall comply with Article 218 of the Company Act mutatis mutandis pursuant to Article 14-4 of the Securities and Exchange Act.
- (III) Actions taken pursuant to the Subparagraphs 1 and 2 shall be reported to the Shareholders' Meeting, and the details of the transaction shall be disclosed in the Annual Report and any investment prospectus.

Where the Company has set aside a special reserve under the preceding subparagraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent

Article 6: Handling procedures for mergers, demergers, acquisitions, and transfer of shares

- I. When conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

When submitting for discussion by the Board of Directors, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

- II. When participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the Shareholders' Meeting and include it along with the expert opinion referred to in the preceding paragraph when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
- Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.
- III. When participating in a merger, demerger, or acquisition, the Company shall convene a Board of Directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- When participating in a transfer of shares, the Company shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- IV. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- V. When participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the listed circumstances below, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
- (I) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - (II) An action, such as a disposal of major assets, which affects the company's financial operations.
 - (III) An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.
 - (IV) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - (V) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (VI) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- VI. The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- (I) Handling of breach of contract.
 - (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

- (III) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- (IV) The manner of handling changes in the number of participating entities or companies.
- (V) Preliminary progress schedule for plan execution, and anticipated completion date.
- (VI) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- VII. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.
- VIII. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Paragraphs 3, 4, 7, and 9 of this Article.
- IX. The Company shall prepare a full written record of the following information and retain it for five years for reference:
 - (I) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - (II) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 - (III) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

The Company shall, within two days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in sub-subparagraphs 1 and 2 of the preceding subparagraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of Subparagraphs 1 and 2 of this Paragraph.

Article 7: Operating procedures

- I. Acquisition or disposal of fixed asset shall be conducted following the Company's procurement, purchase, or contractual engineering procedures.
- II. Pursuant to the Regulations or relevant laws, the acquisition and disposal of assets 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.

- III. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- IV. Conditions where Article 185 of the Company Act apply in the acquisition or disposal of asset, a prior resolution from the Shareholders' Meeting shall be obtained.
- V. Transaction for short or long-term investments including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities and asset-backed securities in a domestic or foreign securities exchanges or the Taipei Exchange (TPEX) shall be approved by the Board of Directors or delegated to the Chairman or the General Manager.
- VI. Prior to acquiring or disposing of securities from a company which is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall submit to the Board of Directors and receive approval from the majority of the Directors in attendance.
- VII. Acquisition or disposal of short or long-term quoted securities investment shall be conducted by a unit designated by the Chairman or the General Manager and assisted by the Finance Department.
- VIII. Acquisition or disposal of real property shall be conducted by a unit designated by the Chairman or the General Manager and assisted by the finance department.
- IX. Acquisition or disposal of other fixed assets shall be conducted by a responsible unit and assisted by the finance department.

Article 8: Public disclosure of information and reporting

- I. Under any of the following circumstances, in acquiring or disposing of assets, the Company shall publicly disclose and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days counting inclusively from the date of occurrence of the event:
 - (I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (II) Merger, demerger, acquisition, or transfer of shares.
 - (III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
 - (IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more.
 - (V) Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount is expected to reach NT\$500 million or more.
 - (VI) Where an asset transaction other than any of those referred to in the preceding five subparagraphs or an investment in the mainland China area, reaches 20 percent or more of paid-in capital or NT\$300 million. Provided, this shall not apply to the following circumstances:
 - 1. Trading of domestic government bonds.
 - 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities

investment trust enterprises.

The amount of transactions above shall be calculated as follows:

- (I) The amount of any individual transaction.
- (II) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- (III) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
- (IV) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

In acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for five years except where another act provides otherwise.

- II. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days counting inclusively from the date of occurrence of the event:

- (I) Change, termination, or rescission of a contract signed in regard to the original transaction.
- (II) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- (III) Change to the originally publicly announced and reported information.

Article 9: Acquisition of total amounts of real property and right-of-use assets thereof or securities not for business use, and limits on individual securities.

- I. Total amounts of real property and right-of-use assets thereof acquired by the Company and each subsidiary not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholders' equity in the most recent financial statements. Acquisition of individual real property and right-of-use assets thereof not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholders' equity in the most recent financial statements.
- II. Total amounts of marketable securities acquired by the Company and each subsidiary not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholder's equity in the most recent financial statements. Acquisition of individual marketable securities not for business use may not exceed 20 percent of the Company and each subsidiary's total stockholder's equity in the most recent financial statements.
- III. "Total stockholder's equity" on the most recent financial statements" refers to data denoted on financial statements audited by CPA.

Article 10: Management procedures

- I. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on the Regulations Governing the Acquisition and Disposal of Assets and conduct audit of relevant implementations, and prepare an audit report. If any material violation is discovered, all the Audit Committee shall be notified in writing.
- II. Regulations Governing the Acquisition and Disposal of Assets from the Company's subsidiaries shall be in accordance with the Regulations. Information that must be publicly announced and reported in accordance with the provisions of the Article 7 on acquisitions and disposals of assets by a subsidiary that is not itself a domestic public company shall be immediately reported to the Company for public disclosure.

Article 11: Additional provisions

- I. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in Paragraph 1 of Article 8 in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing.
- II. The Company's "Guidelines for Derivatives Trading" has been separately established and enforced.
- III. 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.
- IV. The Regulations Governing the Acquisition and Disposal of Assets will be implemented upon resolution from the Board of Directors and approval from the Shareholders' Meeting, and the same procedure shall also be followed whenever there is any amendment thereto.

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.

- V. When the Regulations on Procedures for the Acquisition and Disposal of Assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Appendix IV

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

- I. Types and total number of shares issued: 4,317,196,399 shares of ordinary shares.
- II. Minimum shares required to be held by all Directors: 129,515,892 shares (3.0%)
- III. Shareholding from all Directors has reached the legally stipulated ownership of shares.

Book closure date: April 22, 2022

Title	Name of Director or corporate shareholder	Number of shares held as of book closure date
Chairman	Baoxin International Investment Co., Ltd. Representative: Peng Chen	708,730
Director	Taiwan Railways Administration, MOTC Representative: Dennis L.S.Ju	261,829,777
Director	Taiwan Railways Administration, MOTC Representative: Tung-Chun Tsao	261,829,777
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Hsiu-Mei Liu	89,087,877
Director	Yu Sheng Investment Co., Ltd. Representative: Chung-Cheng Tseng	8,215,177
Director	Baoxin International Investment Co., Ltd. Representative: Wen-Lin ,Kung	708,730
Director	Baoxin International Investment Co., Ltd. Representative: Yuen Han, Chao	708,730
Director	Vacancy to be filled (Note)	—
Independent Director	Li-Chun, Chen	—
Independent Director	Jaclyn Tsai	—
Independent Director	Zheng-Yi,Shon	—
Total number of shares held by all Directors		359,841,561

(Note) : Institutional director Far EasTone Telecommunications Co., Ltd (Representative: Vivian, Lee) to resign on April,18,2022.