

KWONG LUNG ENTERPRISE CO., LTD.
Class A preferred shares issuance and conversion

1. Name of Preferred Share:
Class A preferred share of Kwong Lung Enterprise Co., Ltd (hereinafter referred to as "the Company") (hereinafter referred to as "this preferred share").
2. Issuance amount, number of shares and total issue amount:
The total number of shares to be issued this time is 18,200,000 shares, with par value of NT\$ 10 per share, and the issue price is NT\$ 50 per share, with a total amount of NT\$ 910,000,000.
3. Issued Date:
December 20, 2018 (hereinafter referred to as "Issued Day").
4. Expiration Date
This preferred share doesn't have expiration date.
5. Rights and Obligations of Preferred Share:
 - (1) Dividend
The annual interest rate of preferred share is 5% (the five-year IRS interest rate of the pricing date (November 20th, 2018) is 0.9050%+ the fixed mark-up interest rate [4.0950%]). Based on the issue price per share, the fixed mark-up interest rate will be adjusted to [1.0950%] from the next business day after seven years from the issue date. The five-year IRS interest rate will be reset on the next business day five years after the issue date and every five years thereafter. The pricing date for interest rate reset is two Taipei financial business days before the interest rate reset date, and the five-year IRS is the arithmetic average of the interest rate indicator which is priced at 11: 00 a.m. on Taipei financial business day based on the five-year interest rate exchange quotation of Reuters "TAIFXIRS" and "COSMOS3". If the above quotation cannot be obtained on the interest rate reset date, it shall be decided by the Company in accordance with the principle of good faith and reasonable market conditions.
 - (2) Dividend Release
If there is a surplus in this year's final accounts of the Company, in addition to paying taxes according to law, the company should first make up for the losses of previous years and set aside statutory surplus reserves according to law, and then set aside or turn around special surplus reserves according to the articles of association. If there is a surplus, the dividends distributed by preferred shares in the current year can be distributed preferentially. The Company has the discretion to distribute the dividend of preferred shares. If the dividend of preferred shares is distributed due to no surplus or insufficient surplus in the company's annual final accounts, the company shall decide not to distribute the dividend of preferred shares, and the preferred shareholders shall not object to it. This preferred share is non-accumulative, and its undistributed or insufficient dividends will not be accumulated for deferred payment in future surplus years. Dividends of preferred shares are paid once a year in cash. The board of directors will set a benchmark date to pay the dividends paid in the previous year. The number of dividends issued in the year of issuance and annual recovery is calculated according to the actual number of days of issuance in the current year, and the distributed dividends will be recognized in the dividend voucher.
 - (3) Exceed Dividend Distribution

The preferred shares shall not participate in the distribution of surplus and capital reserve into cash and capital allocation of ordinary shares except for receiving dividends according to the aforementioned dividend.

(4) Withdrawal of This Preferred Share

The Company may, from the day after the expiration of five years (December 21st, 2023), issue the “Notice of Withdrawal of Preferred Shares” to the shareholders of this special share by announcement and letter at the original actual issue price at any time to withdraw all or part of the preferred shares. The preferred shares that has been withdrawn shall continue the rights and obligations of the previous issuance conditions. In the current year of withdrawal of this preferred share, if the shareholders' meeting of the Company decides to pay dividends, the dividends payable up to the date of withdrawal shall be calculated according to the actual number of days of issuance in the current year.

(5) Distribution of Surplus Property

The sequence in which the preferred shareholders distribute the surplus property of the Company takes precedence over the ordinary shareholders, and is the same as that of all preferred shareholders issued by the company, and is lower than that of ordinary creditors, provided that it does not exceed the amount of preferred shares that have been issued and circulated at that time according to the issue price.

(6) Voting Right and Election Right

Shareholders of preferred shares have no right to vote or elect, but they can be elected as directors , and have the right to vote at preferred shareholders' meetings or shareholders' meetings involving the rights and obligations of preferred shareholders.

(7) Conversion of Common Shares

This preferred share cannot be converted within one year from the date of issuance (December 20, 2018). From the day after the expiration of one year (December 21, 2019), the shareholders of this preferred share can apply for partial or full conversion of the preferred shares they hold according to the ratio of one preferred share to one common share (the conversion ratio is 1: 1), and the minimum unit of conversion is one share. After the preferred shares are converted into common shares, their rights and obligations are the same as those of common shares. The annual dividend of preferred shares is calculated according to the ratio of the actual number of days issued in the current year to the number of days spent in the whole year. However, those who are converted into common shares before the dividend ex-dividend date of each year shall not participate in the dividend distribution of preferred shares in the current year, but may participate in the distribution of common shares surplus and capital reserve.

(8) When the Company issues new shares with cash capital increase, the preferred shareholders and common shareholders have the same share options for new shares.

6. Conversion Target:

The Company will fulfill its conversion obligation by issuing new shares of the Company's common shares, and the renewed new shares will be delivered by account book transfer, without printing entity.

7. Conversion Period

From December 21, 2019 (the day after the expiration of one year from the date of issuance of this preferred share), except for the fifteen business days before the stop of the transfer of the Company's unpaid rights issue, the stop of

the transfer of cash dividends or the stop of the transfer of cash capital increase and subscription, to the base date of rights distribution, from the base date of capital reduction to the day before the start of trading of capital reduction and stock renewal, and other periods during which the transfer of the Company's common shares is suspended according to law, the preferred shareholders may at any time request the Company to convert them into newly issued common shares of the Company in accordance with these Measures, and handle them in accordance with the provisions of Articles 8 and 10 of these Measures.

8. Procedure of Requesting to Convert

- (1) The holder of the preferred shares shall go to the original trading broker to fill out the "Application for Conversion (Transferring) / Repurchasing (Redemption/Put) /Cancellation/Subscription /Performance /Return Account Book (Expense Voucher) of Securities", indicating that the passbook containing the preferred shares shall be converted and checked together, and the trading broker shall apply to Taiwan Depository & Clearing Corporation Co., Ltd. (hereinafter referred to as "TDCC"). Once the application is made, it shall not be allowed. After receiving the application, the TDCC will send it to the shareholder service agency of the Company, and the conversion will become effective when it is delivered to the shareholder service agency of the Company. The Company's shareholder service agency will complete the conversion procedures within five business days after delivery, and directly transfer the Company's common shares to the original preferred shareholders' centralized insurance accounts.
- (2) When overseas Chinese and foreigners apply to convert their preferred shares into common shares of the Company, they will all be allocated by the TDCC through account book transfer.

9. GTSM Listing of Converted Common Shares:

The common shares renewed after conversion of this preferred shares will be traded in TPEX from the delivery date, and will be announced with the consent between the Company and TPEX. The Company's common shares are issued without entity, and the converted common shares are traded in TPEX from the delivery date in an entity-free manner.

10. Registration of Change of Share Capital:

This Company shall, within fifteen days after the end of each quarter, announce the amount of common shares delivered in the previous quarter due to the conversion of this special share, and apply to the company registration authority for registration of change of share capital at least once every quarter.

11. Cancellation of Preferred Share:

The converted or withdrawn preferred shares will be canceled and will not be issued again.

12. Shareholder Service and Tax:

The preferred shares and the renewed common shares are registered, and their transfer, registration of changes, pledge and loss shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies", and other tax matters shall be handled in accordance with the relevant provisions of the then tax law.

13. The preferred shares shall entrust the Company's shareholder service to handle interest payment, conversion, withdrawal and other matters.

14. Any matters not covered in the issuance and conversion method of preferred shares shall be handled in accordance with relevant laws and regulations.

The 1st amendment was made on May 31, 2022