

Chailease Holding Company Limited

Reviewing Standards and Handling Procedures for Proposals submitted by Shareholders

Confidential document

Adopted by Board of Directors on December 14, 2017

Adopted by Board of Directors on May 10, 2019

Article 1 (Purpose and Basis of Enactment)

For the purpose of providing the procedures of handling shareholder proposals, the Rules is promulgated pursuant to the Company Act and other related laws and regulations.

Article 2 (Qualifications and Restrictions on Shareholder Proposal)

A Shareholder holding one (1) percent or more of the outstanding shares of the Company is entitled to submit a shareholder proposal to the shareholders meeting; but in any event, the submission is limited to one (1) proposal for each submitting shareholder. If a shareholder submitted more than one proposal, all proposals submitted by the shareholder are excluded from the shareholders meeting.

If a shareholder of a joint shareholders proposal appears as shareholder(s) in other shareholder proposal(s), the shareholder is deemed to submit more than one (1) proposal.

The shareholder (holding one (1) percent of the outstanding shares of the Company) mentioned in the preceding paragraph of this Article includes, in addition to a single shareholder, shareholders who hold collectively one (1) percent or more of the outstanding shares of the Company.

The shareholder mentioned in paragraph one of this Article means a shareholder holding directly, instead of holding through the account(s) of other person(s), the outstanding shares of the Company.

Article 3 (The Division for Accepting Shareholder Proposal)

All shareholder proposals should be submitted to the Legal Division of the Company.

Article 4 (The Receiving, Submitting Period and Place of Shareholder Proposal)

The Board of Directors of the Company is charged with the responsibility of adopting a resolution, after having conducted examination, on matters relating to shareholder proposal(s), and managing the period and place for submitting shareholder proposal(s).

Pursuant to the resolution of the Board of Directors in the preceding paragraph, the Company should, through the Market Observation Post System and the webpage of the Company, publish before the day the settlement of the Company's shares is temporarily

suspended pending the completion of the shareholders meeting of the Company:

1. The Company expects to receive shareholder proposal(s);
2. The period, which should not be less than ten (10) days, of accepting shareholder proposal(s);
3. The place, including the address and the Division of the Company, for receiving shareholder proposal(s); and
4. The reviewing standards and procedures for shareholder proposal(s).

Article 5 (Service of Shareholder Proposal)

Shareholder proposal(s) should be submitted in writing by service at the published place for receiving shareholder proposal(s).

1. A shareholder submitting a shareholder proposal (“submitting shareholder”) should mail the proposal in writing through postal service, with the indication of the name of the shareholder and account number, to the place designated for receiving the proposal. The envelope enclosing the proposal should be entitled “Documents for Shareholder Proposal” and delivered by registered postal service.

2. The writing mentioned in the preceding paragraph should bear the seal of the submitting shareholder. If the Company does not maintain a sample of the seal of a submitting shareholder, the shareholder should register the seal with the Company after submitting a proposal.

The board of directors may, according to the actual development of the information system, decide that the shareholder proposal can be submitted by way of electronic transmission and specify its decision in the announcement.

Article 6 (Limitation on Words and Participation in the Discussion of Proposal)

A shareholder proposal is limited to 300 words. If a shareholder proposal contains more than 300 words, the proposal shall be excluded from the shareholders meeting. The board of directors is not obliged to notify the submitting shareholder(s) to delete or amend the wording.

For the calculation of the 300 word limit, the title of the proposal, explanation, and punctuations shall be included.

Any attachments or diagrams of the shareholder proposal shall not be included for the calculation of the word limit, nor are they attached in the notice to convene a regular meeting of shareholders. The attachments and diagrams are only for the reference of the Board of Directors’ review.

Provided that the shareholder proposal meets the word limit but involves indecent, immoral or defamatory statements, the company shall have the discretion to amend its wording.

A shareholder submitting shareholder proposal should participate personally or through

an appointee in the shareholders meeting for the discussion of the proposal.

Article 7 (Situations for Excluding Shareholder Proposal)

The Board of Directors should examine shareholder proposals. Unless any of the following is satisfied, the shareholder proposal(s) shall be included:

1. A proposal relates to a subject that the Shareholders Meeting is unable to resolve;
2. When the Company suspended the settlement of the shares of the Company pursuant to paragraph 3 of Article 165 of the Company Act, a shareholder holds less than one (1) percent of the outstanding shares of the Company;
3. A shareholder proposal is submitted outside the period within which a shareholder proposal may be submitted.
4. If the shareholder proposal exceeds 300 words or the shareholder is deemed to submit more than one (1) proposal pursuant to Article 2 hereof.

A shareholder proposal urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of shareholder proposals.

The so-called “A Subject that the Shareholders Meeting Is Unable to Resolve” in clause one of the first paragraph includes the following situations:

1. Matters that are not exclusive to shareholders meeting specified in the law or articles of association of the Company, but should be resolved by the board of directors;
2. The law or the Company's articles of association provide that the board of directors is required to submit a proposal to the shareholders meeting, or should complete specific administrative work before submitting a proposal to the shareholders meeting;
3. A shareholder proposal is likely to violate the law(s), regulation(s) or the Company's articles of association;
4. A shareholder proposal may not be implemented due to the limitation of the legal capacity and the rights of the Company;
5. A shareholder proposal does not substantially relate to the business of the Company;
6. A shareholder proposal has become moot;
7. A shareholder proposal conflicts with any proposal of the Board of Directors of the Company;
8. A shareholder proposal relates the election of the director(s) of the Company;
9. A shareholder proposal relates to the day-to-day operations of the Company;
10. A shareholder proposal relates to personal interest or complaints of the shareholder, and has nothing to do with the nature of shareholders right;
11. Any other circumstances where a shareholder proposal is considered to be inappropriate to be submitted to the shareholders meeting.

Article 8 (Procedures for Handling Shareholder Proposal)

The Legal Division of the Company (“Legal Division”) should indicate receipt and take note of the text of shareholder proposal(s), and submit the shareholder proposal to review by the responsible division. Thereafter, the responsible division should submit the text,

attachment(s) along with the its opinion to the Chairman of the Board of Directors for notification and signature, before submitting them to the meeting of the Board of Directors for report and resolution. After reviewing by the Board of Directors, a shareholder proposal should be excluded without engaging in additional review from the shareholders meeting if the proposal was submitted outside the period within which a shareholder proposal may be submitted.

Once the Board of Directors approves by resolution that a shareholder proposal should be submitted to the general shareholders meeting for discussion, the Chairman is authorized to determine at its discretion the order of the proposal in the agenda and how the proposal to be presented in the shareholders meeting.

The shareholder submitting a shareholder proposal should be notified of the result of the review by writing through registered postal service. With regard to a shareholder proposal excluding from the shareholders meeting, the Board of Directors should explain the reason for such exclusion during the shareholders meeting.

Article 9 (Publication of Shareholder Proposal and Reviewing Result)

The Company will publish, through the Market Observation Post System maintained by the Taiwan Stock Exchange, the text(s) of shareholder proposal(s) two (2) days after the period for submitting shareholder proposal terminates. The Company should, in addition to notifying the shareholder submitting a shareholder proposal of the result of the review of and the reason for excluding the shareholder proposal, publish on the Market Observation Post System maintained by the Taiwan Stock Exchange and include the shareholder proposal in the notice of the assembly of the shareholders meeting. The publication and notice mentioned in the preceding paragraph should occur two (2) days after the resolution of the Board of Directors or thirty (30) days before the assembly of the general shareholders meeting, whichever is earlier.

The Company should publish through the Market Observation Post System maintained by the Taiwan Stock Exchange the resolution on shareholder proposal(s) two (2) days after the general shareholders meeting.

Article 10 (Effective Date)

The Reviewing Standards and Handling Procedures for Proposals submitted by Shareholders, including revisions, should become effective upon the resolution of the Board of Directors.