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THE COMPANIES ACT (As amended)  
COMPANY LIMITED BY SHARES  
AMENDED AND RESTATED  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**PAIHO SHIH HOLDINGS CORPORATION**  
百和興業股份有限公司

(As adopted by Special Resolutions dated 18<sup>th</sup> June, 2024)

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1. The name of the Company is PAIHO SHIH HOLDINGS CORPORATION  
百和興業股份有限公司.
2. The Registered Office shall be at the offices of Portcullis (Cayman) Ltd, The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.
3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted.
4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of The Companies Act (as amended).
5. Nothing in Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.
6. If the Company is exempted, it shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
8. The share capital of the Company is Five Billion New Taiwan Dollars (NT\$5,000,000,000) divided into 500,000,000 shares of a nominal or par value of Ten New Taiwan Dollars (NT\$10) each.



THE COMPANIES ACT (As amended)  
COMPANY LIMITED BY SHARES  
AMENDED AND RESTATED

ARTICLES OF ASSOCIATION  
OF  
PAIHO SHIH HOLDINGS CORPORATION  
百和興業股份有限公司

(As adopted by Special Resolutions dated 18<sup>th</sup> June, 2024)

INTERPRETATION

1. The Regulations contained or incorporated in Table A of the First Schedule of the Companies Act of the Cayman Islands shall not apply to this Company.
2. (a) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:
  - (i) **Affiliated Company** with respect to any company, any other company that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such first company;
  - (ii) **Applicable Listing Rules** the relevant laws, regulations, rules and code as amended, from time to time, applicable as a result of the original and continued trading or listing of any Shares on any Taiwan stock exchange or securities market, including, without limitation the relevant provisions of Securities and Exchange Act, the Acts Governing Relations Between Peoples of the Taiwan Area and the Mainland Area, or any similar statute and the rules and regulations of the R.O.C. authorities thereunder, and the rules and regulations promulgated by the Financial Supervisory Commission, the TPEX or Taipei Exchange or the Taiwan Stock Exchange;
  - (iii) **Articles** these Articles of Association of the Company in their present form, as amended or substituted from time to time amended or supplemented by Special Resolution;
  - (iv) **Auditors** the Auditors for the time being of the Company, if any;
  - (v) **Audit Committee** has the meaning set forth in Article 85;
  - (vi) **Audit Committee Members** members of the Audit Committee;
  - (vii) **Chairman** has the meaning given thereto in Article 77;
  - (viii) **Class or Classes** any class or classes of Shares as may from time to time be issued by the Company;
  - (ix) **Commission** Financial Supervisory Commission of the Executive Yuan of the R.O.C. or any other authority for the time being administering the Securities and Exchange Act of the R.O.C.;



- (ix-a) Communication Facilities shall mean video, video-conferencing, internet or online conferencing applications, telephone or tele-conferencing and/or any other video-communication, internet or online conferencing application or telecommunications facilities by means of which all Persons participating in a meeting are capable of seeing and hearing and be seen and heard by each other;
- (x) Company PAIHO SHIH HOLDINGS HOLDINGS CORPORATION 百和興業股份有限公司;
- (xi) Directors or Board The directors of the Company for the time being or, as the case may be, the directors assembled as a board or as a committee thereof;
- (xii) electronic shall have the meaning given to it in the Electronic Transactions Law(as amended) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
- (xiii) electronic communication transmission to any number, address or internet website or other electronic delivery methods as may be decided and approved by not less than two-thirds of the vote of the Board, subject to the Law;
- (xiv) Emerging Market the emerging market board of Taipei Exchange in the R.O.C.;
- (xv) "TPEX" or Taipei Exchange or GTSM the Taipei Exchange in the R.O.C.;
- (xvi) Indemnified Person has the meaning given thereto in Article 156;
- (xvii) Independent Director a director who is an independent director as defined in the Applicable Listing Rules;
- (xviii) Law The Companies Act (as amended) of the Cayman Islands and any amendment or other statutory modification thereof for the time being in force in the Cayman Islands and includes every other law incorporated therewith or substituted therefor, and where in these Articles any provision of the Law is referred to, the reference is to that provision as modified by any law for the time being in force;
- (xix) Member or Shareholders a Person who is duly registered as the holder of any Share or Shares in the Register including persons who are jointly so registered, and "Members" or "Shareholders" means two (2) or more of them;
- (xx) Memorandum of Association the memorandum of association of the Company, as amended or substituted from time to time;
- (xxi) Merger a transaction or a series of related transaction whereby the business or assets of a company will be transferred to another company in lieu of the dissolution of the transferor company, provided that any Merger which falls within the definition of "merger and/or consolidation" under the Law shall be subject to the requirements of the Law only;



(xxii)	Month	a calendar month;
(xxiii)	MOPS	The Market Observation Post System maintained by TWSE & GTSM;
(xxiii-a)	Officer	means the officer as defined in the Applicable Listing Rules;
(xxiv)	Ordinary Resolution	a resolution passed by a simple majority of such Shareholders as, being entitled to do so, vote in person or, in the case of such shareholders which are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of the Company held in accordance with these Articles and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled;
(xxv)	paid up	paid up as to the par value and any premium payable in respect of the issue of any Shares and includes credited as paid up;
(xxvi)	Person	any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
(xxvii)	Preferred Shares	has the meaning given thereto in Article 4;
(xxvii-a)	“Realized Capital Reserve” and “Capital Reserve”	has the meaning given thereto in the Applicable Listing Rules ;
(xxviii)	Register or Register of Members	the principal register and any branch register of Members of the Company to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time, as required to be kept pursuant to the Law;
(xxix)	Registered Office	the registered office of the Company for the time being as required under the Law;
(xxx)	Registration Office	such place or places in the R.O.C. or elsewhere where the Board from time to time determine to keep a branch register of Shareholders of the Company in respect of that class of share capital and where (except in cases where the Board otherwise agrees) transfers of other documents of title for Shares are to be lodged for registration and are to be registered;
(xxxi)	Relevant Period	the period commencing from the date on which any of the securities of the Company first become listed on the GTSM or TWSE to and including the date immediately before the day on which none of such securities are so listed (and so that if at any time listing of any such securities is suspended for any reason whatsoever and for any length of time, they shall nevertheless be treated, for the purpose of this definition, as listed);
(xxxii)	R.O.C. or Taiwan	the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;



- (xxxiii) R.O.C. Courts the Taiwan Taipei District Court or any other competent courts in the R.O.C.;
- (xxxiv) R. O. C. Laws the laws and regulations of the R.O.C., including without limitation to the Applicable Listing Rules;
- (xxxv) Seal the common seal of the Company (if applicable) or any facsimile or official seal (if applicable) for the use outside of the Cayman Islands;
- (xxxvi) Secretary any Person for the time being appointed by the Directors to perform any of the duties of the secretary of the Company and including any assistant, deputy, acting or temporary secretary;
- (xxxvii) Shares a share in the capital of the Company. All references to “Shares” herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression “Share” shall include a fraction of a Share;
- (xxxvii-a) Share Exchange means the Company transfers all its issued shares to another company in exchange for the new shares issued to the Shareholders by that company;
- (xxxviii) Share Premium Account the share premium account established in accordance with these Articles and the Law and the R.O.C. Laws;
- (xxxix) Shareholders’ Service Agent The agent licensed by the R.O.C. authorities to provide certain shareholders services in accordance with the Applicable Listing Rules to the Company;
- (xl) signed bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a Person with the intent to sign the electronic communication;
- (xli) Special Resolution means a special resolution of the Company passed in accordance with the Law, being a resolution passed by a majority of not less than two-thirds of such Shareholders as, being entitled to do so, vote in person or, in the case of such shareholders which are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of the Company of which notice, specifying the intention to propose the resolution as a Special Resolution, has been duly given and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled; A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Articles;
- (xlii) Special Resolution Type A a resolution passed by Shareholders, as being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, such Shareholders holding at least a majority of the voting Shares held by all Shareholders attending that meeting, and such meeting attended by Shareholders holding not less than two-thirds of all issued Shares of the Company;



- (xliii) Special Resolution Type B a resolution passed by Shareholders, as being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, such Shareholders holding not less than two-thirds of the voting Shares held by all Shareholders attending that meeting, and such meeting attended by Shareholders holding at least a majority of all issued Shares of the Company;
- (xliv) Spin-off an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to issue new shares to the transferor company or to shareholders of the transferor company;
- (xlv) Transfer Office the place where the principal Register of Members is located;
- (xlv-a) Treasury Shares means Shares that were previously issued but were purchased, redeemed or otherwise acquired by the Company and not cancelled;
- (xlvi) TWSE the Taiwan Stock Exchange;
- (xlvii) Publicly offering new Shares in the R.O.C. Under the R.O.C. Laws, when the Company increases its capital by issuing new Shares in the R.O.C., the Company shall allocate fixed ratio of the total amount of the new Shares for offering in the R.O.C. to the public.
- (xlviii) Virtual Meeting shall mean any general meeting of the Members at which the Members (and any other permitted participants of such meeting) are solely permitted to attend and participate by means of Communication Facilities, or simultaneously permitted to attend and participate by means of Communication Facilities and in physical meeting.
- (b) Unless the context otherwise requires, expressions defined in the Law and used herein shall have the meanings so defined.
- (c) In these Articles unless the context otherwise requires:
- (a) words importing the singular number shall include the plural number and vice-versa;
  - (b) words importing the masculine gender shall include the feminine and neuter genders;
  - (c) a notice provided for herein shall be in writing unless otherwise specified and all reference herein to “in writing” and “written” shall include printing, lithography, photography and other modes of representing or reproducing words in permanent visible form; and
  - (d) “may” shall be construed as permissive and “shall” shall be construed as imperative.
- (d) Heading used herein are intended for convenience only and shall not affect the construction of these Articles.
- (e) Section 8 of the Electronic Transactions Law shall not apply.
- 2A. In the course of conducting its business, the Company shall comply with the Applicable Listing Rules and business ethics, and the Company may take corporate actions to promote public interest in order to fulfill its social responsibilities.



## SHARES

3. Subject to these Articles, the Directors may, in respect of all Shares for the time being unissued:
  - (a) offer, issue, allot and dispose of such Shares to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine, but so that no Share shall be issued at a discount, except in accordance with the provisions of the Law; and
  - (b) grant options with respect to such Shares and issue warrants or similar instruments with respect thereto, in accordance with the provisions of the Law; and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.
4. The Company may issue Shares of different classes with rights which are preferential to those of ordinary Shares issued by the Company (“**Preferred Shares**”) with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors and with the approval of a Special Resolution.
5. Prior to the issuance of any Preferred Shares approved pursuant to the preceding Article 4, these Articles shall be amended to set forth the rights and obligations of the Preferred Shares, including but not limited to the following terms, and the same shall apply to any variation of rights of Preferred Shares:
  - (a) total number of Preferred Shares been authorised to be issued and the numbers of the Preferred Shares already issued;
  - (b) order, fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
  - (c) order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
  - (d) order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of holders of Preferred Shares;
  - (e) other matters concerning rights and obligations incidental to Preferred Shares; and
  - (f) the method by which the Company is authorised or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply.
6. The issue of new ordinary Shares of the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new Shares shall at all times be subject to the sufficiency of the authorised capital of the Company.
7. The Company shall not issue any unpaid Shares or partial paid-up Shares. The Company shall not issue Shares in bearer form. If any subscriber delays payment for Shares to be issued, the Company shall notice such subscribers the designated payment term, no less than one month, and declaring that the failure to pay within the designated payment term will lead to the forfeiture of their right to subscribe the Shares. Where any subscriber fails to pay up within the designated payment term as mentioned above, the Company shall request others to subscribe the Shares.
8. (A) Upon each issuance of new Shares, the Directors may reserve not more than fifteen percent (15%) of the new Shares for subscription by the employees of the Company who are determined by the Board in its reasonable discretion.  
(B) Subject to the R.O.C. Laws, the Company may restrain the Shares subscribed by its employees under previous paragraph from being transferred or assigned to others within a specific period of time which shall in no case be longer than two years.



9. For publicly offering new Shares in the R.O.C., unless otherwise resolved by the Shareholders in general meeting by Ordinary Resolution, if at anytime the Board resolves to issue any new Share under Article 6, the Company shall, after reserving the portion of Shares for subscription by its employees and for public offering in the R.O.C. pursuant to Article 8 and the applicable R.O.C. Laws respectively, first offer such remaining new Shares by a public announcement according to the Applicable Listing Rules, and a written notice to each then Shareholder for their subscriptions in proportion to the number of Shares held by them respectively. The Company shall state in such written notice that if any Shareholder fails to confirm his subscription within the assigned deadline, his right shall be forfeited. Where a fractional percentage of the original Shares being held by a Shareholder is insufficient to subscribe for one new Share, the fractional percentages of the original Shares being held by several Shareholders may be combined for joint subscription of one or more integral new Shares or for subscription of new Shares in the name of a single Shareholder. New Shares left unsubscribed by then Shareholders may be open for public issuance or for subscription by specific Person or Persons through negotiation pursuant to the Applicable Listing Rules.
10. The Shareholders' pre-emptive right prescribed under the preceding Article 9 shall not apply in the event that new Shares are issued due to the following reasons or for the following purpose:
- (a) in connection with a Merger with another company, or the Spin-off of the Company, or pursuant to any reorganization of the Company;
  - (b) in connection with meeting the Company's obligation under Share subscription warrants and/or options granted to the employees;
  - (c) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;
  - (d) in connection with meeting the Company's obligation under Share subscription warrant or Preferred Shares vested with rights to acquire Shares;
  - (e) in connection with carrying out private placement of the Company's Shares;
  - (f) in connection with the issuance of employees restricted Shares; or
  - (g) any other exemptions provided under the R.O.C. Laws.
11. For publicly offering new Shares in the R.O.C., the Company shall allocate ten percent (10%) of the total amount of the new Shares to be issued, for offering in the R.O.C. to the public unless it is not necessary or appropriate, according to the Applicable Listing Rules, for the Company to conduct the aforementioned public offering. Provided however, if a percentage higher than the aforementioned ten percent (10%) is resolved by an Ordinary Resolution to be offered, the percentage determined by such resolution shall prevail.
- 11A. Where a Shareholder holds Shares on behalf of other Persons, such Shareholder may vote each Share separately. The qualifications, scope, methods of exercise, operating procedures and other matters with respect to exercising such voting power shall be compliant with R.O.C. Laws.
- 11B. In the event a Director pledges more than half of the Shares held by such Director at the time he/she/it is elected (the Shares in excess of half of the Shares held by the Director at the time he/she/it is elected shall herein be referred to as "Excess Pledged Shares"), such Director shall not exercise voting power over the Excess Pledged Shares, and the Excess Pledged Shares shall not be counted towards the quorum of the general meeting.





12. (A) Except as specified under subsection (C) hereunder, the Company may, upon resolution by a majority votes at a meeting of the Board attended by two-thirds or more of the Directors, adopt one or more employee incentive programmes pursuant to which Shares, options, warrants, or other similar instruments to acquire Shares may be granted to employees of the Company and/or any of its Affiliated Companies to subscribe for Shares to the extent as permitted by the R.O.C. Laws.
- (B) The warrants to acquire Shares granted to any employee under any employee incentive programmes pursuant to the subsection (A) above shall be non-transferable except by inheritance to the heirs of the employees. Subject to the R.O.C. Laws, the Company may restrain the Shares or instruments to acquire Shares subscribed by its employees except warrants under the previous paragraph from being transferred or assigned to others within a specific period of time which shall in no case be longer than two years.
- (C) The Company may issue restricted shares pursuant to a Special Resolution Type A. Where the quorum for Special Resolution Type A is not met, the Restricted Shares may be issued pursuant to a Special Resolution Type B. The issuance size, issuance price, and issuance terms shall be in accordance with the R.O.C. Laws.
- (D) After reserving a sufficient amount out of the net income to set off the accumulated losses at the end of year (if any), the Company may allocate no less than one thousandth (0.1%) of the income before tax, employee bonuses under this Article 12(D) and director bonuses under Article 80(C), to pay to the employees of the Company and its subsidiaries, either in the form of Shares newly issued for such purpose or in cash, upon resolution by a majority votes at a meeting of the Directors attended by two-thirds or more of the Directors. Such resolution shall be reported to the Shareholders at a general meeting. If the Directors resolves to have the profit distributed by Shares to any employee of the Company or its subsidiaries in accordance with this Article 12(D) , the Directors may resolve to issue new Shares at the same meeting of the Directors.

#### **MODIFICATION OF RIGHTS**

13. If at any time the share capital of the Company is divided into different Classes, all or any of the special rights attached to any such Class (unless otherwise provided by the terms of issue of the Shares of that Class) may only be materially adversely varied or abrogated with the sanction of a resolution passed at a separate meeting of the holders of the Shares of such Class by holders of not less than seventy-five percent (75%) of the issued Shares of that Class as may be present in person or by proxy at a separate general meeting of the holders of the Shares of such Class, but not otherwise. To every such separate meeting, all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be one or more Persons at least holding or representing by proxy one-half in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to the terms of issue of the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him.
14. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that Class, be deemed to be materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them, the redemption of Shares of any Class by the Company.



## REGISTERS

15. The Board shall cause to be kept the Register and there shall be entered therein the particulars required under the Law.
16. Subject to the provisions of the Law, if the Board considers it necessary or appropriate, the Company may establish and maintain a principal or branch register of Shareholders at such location as the Board thinks fit and, during the period of publicly offering new Shares in the R.O.C. , the Company shall keep its branch register of Shareholders in the R.O.C.

## CERTIFICATE

17. (a) Subject to the provisions of the Law, during the period of publicly offering new Shares in the R.O.C., the Company shall issue Shares without printing share certificates for the Shares issued, and details regarding such issue of Shares shall be recorded by the Taiwan Depository & Clearing Corporation in accordance with the Applicable Listing Rules.  
(b) A Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors authorised by the Board.  
(c) If a share certificate is defaced, worn out, lost or destroyed, it may be replaced on such terms and conditions, if any, evidence and indemnity, as the Board thinks fit and where it is defaced or worn out, after delivery up of the old share certificate to the Company for cancellation.

## TRANSFER AND TRANSMISSION OF SHARES

18. Subject to the Law and the R.O.C. Laws, Shares issued by the Company shall be freely transferable, provided that any Shares reserved for issuance to the employees of the Company may be subject to transfer restrictions for a period of not more than two (2) years, or such other period as the Directors may determine in their discretion.
19. (A) Subject to these Articles, any Members may transfer all or any Shares by an instrument of transfer. The instrument of transfer of any Share shall be in writing in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if so required by the Directors, shall also be executed by or on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register in respect of the relevant Shares. Subject to Law and Applicable Listing Rules, transfers may be made by way of book entry by the securities depository. The Register maintained by the Company in respect of the Shares which are registered in the Emerging Market or listed in the "TPEX" or Taipei Exchange or the TSE may be kept by recording the particulars required under Applicable Listing Rules in a form otherwise than legible provided such recording otherwise complies with Applicable Listing Rules. To the extent the Register is kept in a form otherwise than legible it must be capable of being reproduced in a legible form.  
(B) Subject to the requirements of applicable laws of the Cayman Islands, transfer of uncertificated Shares which are traded on the Emerging Market or the "TPEX" or Taipei Exchange or TWSE may be effected by any method of transferring or dealing in securities introduced by TWSE or operated in accordance with the Applicable Listing Rules as appropriate and which have been approved by the Board for such purpose.



- (C) Notwithstanding Article 19(A) above, the Board may, subject to the applicable laws of the Cayman Islands and if so permitted, allow Shares held in uncertificated form to be transferred without an instrument of transfer by means of a relevant system, including that of the Taiwan Depository & Clearing Corporation.
20. Subject to Article 19(C), the Board may decline to register any transfer of any Share unless:
- (a) the instrument of transfer is lodged with the Company, accompanied by the certificate (if any) for the Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - (b) the instrument of transfer is in respect of only one Class of Shares;
  - (c) the Shares concerned are free of any lien in favour of the Company;
  - (d) the instrument of transfer is properly stamped, if required; and
  - (e) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four (4).
21. The registration of transfers may be suspended when the Register is closed in accordance with Article 37.
22. All instruments of transfer that are registered shall be retained by the Company, but any instrument of transfer that the Directors decline to register shall (except in any case of fraud) be returned to the Person depositing the same.
23. The Board may, in its absolute discretion at any time and from time to time, remove any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.
24. Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time stipulate, and which agreement it shall, without giving any reason therefore, be entitled in its absolute discretion to give or withhold) no Shares on the principal register shall be removed to any branch register nor shall Shares on any branch register be removed to the principal register or any other branch register and all removals and other documents of title relating to or affecting the title to any share or other securities of the Company shall be lodged for registration, and be registered, in the case of any Shares on a branch register, at the relevant Registration Office, and, in the case of any Shares on the principal register, at the Transfer Office.
25. Notwithstanding anything contained in these Articles, the Company shall as soon as practicable and on a regular basis record in the principal register all removals of Shares effected on any branch register and shall at all times maintain the principal register and all branch registers in all respects in accordance with the Companies Act.
26. In the case of the death of a Shareholder, the survivor, and the legal personal representative of a deceased where he was the sole or only surviving holder of a Share, shall be the only Persons recognised by the Company as having any title to the Share. In case of a Share registered in the names of two (2) or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor where he was the sole or only surviving holder of a Share, shall be the only Persons recognised by the Company as having any title to the Share.



27. Any Person becoming entitled to a Share in consequence of the death or bankruptcy or winding-up of a Shareholder shall upon such evidence being produced as may from time to time be properly required by the Board, and subject as hereinafter provided, have the right either to be registered as a Shareholder in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt Person before the death or bankruptcy.
28. A Person becoming entitled to a Share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

#### **ALTERATION OF SHARE CAPITAL**

29. The Company may from time to time by Ordinary Resolution:
- (a) increase the share capital by such sum, to be divided into new Shares of such Classes of such par value, as the resolution shall prescribe;
  - (b) consolidate and divide all or any of its share capital into Shares of a larger par value than its existing Shares;
  - (c) subdivide its existing Shares, or any of them, into Shares of a smaller par value than is fixed by the Memorandum of Association;
  - (d) cancel any Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the Shares so cancelled; and
  - (e) if the Company resolves that it be wound up voluntarily because it is unable to pay its debts as they fall due.
30. The Company may by Special Resolution:
- (a) together with the approval of the Board, issue any Preferred Shares in accordance with Article 4 and 5;
  - (b) change its name;
  - (c) change the currency denomination of its share capital;
  - (d) subject to the Law, reduce its share capital, or any capital redemption reserve in any manner authorised by Law;
  - (e) resolves that it be wound up voluntarily for reasons other than the reason stated in Article 29(e) above; and
  - (f) alter or amend the Memorandum of Association or these Articles in accordance with Article 150.
31. (A) The Company may by a Special Resolution Type A:
- (a) enter into, amend, or terminate any contract for lease of its business in whole, or for entrusting business, or for regular joint operation with others;
  - (b) transfer the whole or any material part of its business or assets;
  - (c) take over the transfer of another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (d) distribute part or all of its dividends or bonus by way of issuance of new shares;
  - (e) effect any acquisition, Share Exchange, Merger or Spin-off in accordance with the R.O.C. Laws;
  - (f) apply for the termination of the public offering; and
  - (g) issue employees restricted Shares.



- (B) Alternatively, if the total number of Shares represented by the Shareholders present at such general meeting is not sufficient to meet the quorum criteria specified for passing of a Special Resolution Type A, the Company may effect the above matters by a Special Resolution Type B.
- (C) Notwithstanding, in the event that the Company becomes delisted from TWSE or GTSM as a result of dissolution through Merger, general transfer of its business or assets, undertaking of Share Exchange, or Spin-off where the surviving, existing or newly incorporated company, or transferee company is not a listed company on TWSE or GTSM, such event shall be approved by Shareholders representing not less than two-thirds of the total number of issued Shares.
32. (A) In the event any of the resolutions with respect to the paragraph (a), (b), or (c) of the preceding Article 31(A) is adopted by general meeting in accordance with the provisions of these Articles, any Shareholder who has notified the Company in writing of his objection to such proposal prior to such meeting and subsequently raised his objection at the meeting, may request the Company to redeem all of his Shares at the then prevailing fair price by stating the request price in written notice within 20 days since the resolution of the general meeting; provided, however, that no Shareholder shall have the abovementioned appraisal right if the general meeting resolves on the dissolution of the Company after the completion of transfer of business or assets under the paragraph (b) of Article 31(A). In the event the Company and the aforesaid Shareholder reach an agreement of the price to buy back, the Company shall pay the payment within 90 days since the resolution of the general meeting. If no agreement is reached, the Company shall pay the payment recognized by the Company as a fair price to those Shareholders who do not reach agreement of the price with the Company within 90 days since the resolution of the general meeting. The Company will be deemed to agree the price request by the Shareholder if the Company fails to pay the payment within 90 days since the resolution of the general meeting.
- (B) In the event that any part of the Company's business is spun off or involved in any acquisition, Share Exchange, Merger with any other company, the Shareholder, who has forfeited his right to vote or voted against on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to buy back all of his Shares at the then prevailing fair price. In the further event that the Company and the aforesaid Shareholder reach an agreement of the price to buy back, the Company shall pay the payment within 90 days since the resolution of the general meeting. If no agreement is reached, the Company shall pay the payment recognized by the Company as a fair price to those Shareholders who do not reach agreement of the price with the Company within 90 days since the resolution of the general meeting. The Company will be deemed to agree the price request by the Shareholder if the Company fails to pay within 90 days since the resolution of the general meeting. If no agreement is reached within 60 days since the resolution of the general meeting, the Company shall plead the court for a ruling on the price against all the Shareholders who do not reach an agreement of the price with the Company as the opposite parties within 30 days from such the period. The pleading may be governed by Taiwan Taipei District Court for the first instance.
- (C) Shares for which voting right has been waived by Shareholder with respect to resolutions prescribed in the preceding paragraph shall not be counted in the number of votes of Shareholders present at the general meeting.
- 32A. The Company may carry out private placement of its Shares with the following Persons upon adoption of a Special Resolution:



- (a) Banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other legal persons or institutions approved by the competent authority;
- (b) Persons meeting the conditions prescribed by the competent authority.
- (c) Directors and Officers of the Company or its Affiliated Companies.

**REDEMPTION AND REPURCHASE OF SHARES**

33. **REDEMPTION OF SHARES** - Subject to the Law, the R.O.C. Laws and these Articles, the Company may issue Shares on terms that they are to be redeemed or are liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or the Shareholder on such terms and in such manner as the Company may by Special Resolution, before the issue of such Shares, determine.
34. (A) **REPURCHASE OF SHARES** - Subject to the Law, the R.O.C. Laws and these Articles, and upon the approval of a majority of the Directors present at a Board meeting attended by two-thirds or more of Directors, the Company may repurchase its own Shares from the centralized securities exchange market of TWSE. The number of Shares so repurchased shall not exceed 10 percent of the total number of issued Shares of the Company and the total price thereof shall not exceed the sum of Retained Earnings plus the amount of the Share Premium Account plus the amount of the Realized Capital Reserve. The resolution and the implementation thereof, as well as the explanation for not purchasing the shares for any reason, shall be reported in the most recent general meeting.
- (B) Except as otherwise provided for in Law, R.O.C. Laws and these Articles, the Company shall, by an Ordinary Resolution, reduce its capital by repurchasing and cancelling its Shares. The number of Shares to be repurchased and cancelled shall be pro rata among the Shareholders in proportion to the number of Shares held by each such Shareholder.
- (C) The amount payable to the Shareholders in connection with a repurchase of Shares may be paid in cash or in kind (i.e., non-cash). The assets to be delivered in connection with a repurchase of Shares and the value of such assets shall be approved by an Ordinary Resolution at a general meeting and shall be subject to consent by the Shareholder receiving such assets.
- (D) Prior to such general meeting, the Board shall have the value of assets to be delivered in connection with the repurchase of Shares and the value thereof (as described in the preceding paragraph) be audited and certified by a Certified Public Accountant admitted to practice in the Republic of China and shall provide the Shareholders with such audit of the valuation prior to such general meeting.
35. The redemption or repurchase of any Share shall not be deemed to give rise to the redemption or repurchase of any other Share.
36. Subject to the Law and the R.O.C. Laws, payment in respect of the redemption or repurchase of its own Shares shall be made in a manner authorised by the applicable laws (including the R.O.C. Laws), including out of its profits or the proceeds of a fresh issue of Shares. The Directors may when making payments in respect of redemption or repurchase of Shares, if authorised by the terms of issue of the Shares being redeemed or repurchased with the agreement of the holder of such Shares, make such payment either in cash or in specie.
- 36A. The Shares repurchased by the Company pursuant to the preceding Article 34(A) shall not be treated as cancelled and shall be classified as Treasury Shares. The Shares shall be transferred or cancelled in accordance with the Applicable Listing Rules.



- 36B. (A) To transfer Treasury Shares to employees at less than the average actual repurchase price, the Company shall by a Special Resolution Type B of the most recent general meeting, and shall have listed the following matters in the notice for that general meeting (the Company may not raise the matter by ad hoc motions):
- (a) The exercise price of the Treasury Shares, the price discount percentage, the basis of price calculations, and the reasonableness thereof.
  - (b) The number of Treasury Shares to be transferred, the purpose, and the reasonableness thereof.
  - (c) Qualification requirements for employees subscribing to Shares, and the number of Shares they are allowed to subscribe for.
  - (d) The effect to shareholders' equity:
    - (1) The explanation regarding the amount charged to the Company's expense as a result of the transfer of Treasury Shares, and the dilution effect to the Company's earnings per share.
    - (2) The explanation regarding the financial burden incurred by the Company by transferring Treasury Shares to employees at less than the average actual repurchase price.
- (B) (Deleted.)
- (C) The aggregate number of the Treasury Shares previously approved by the Company's general meetings and transferred to the Company's employees may not exceed 5 percent of the total issued Shares of the Company, and the aggregate number of Treasury Shares subscribed by any single employee of the Company may not exceed 0.5 percent of the total issued Shares of the Company.
- 36C. The transfer of Treasury Shares by the Company to employees in accordance with Law and Applicable Listing Rules may be subject to transfer restriction for a period of not more than two years.

#### **CLOSING REGISTER OR FIXING RECORD DATE**

37. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period. During the period of publicly offering new Shares in the R.O.C., the Register shall be closed at least for a period of sixty (60) days, thirty (30) days and five (5) days immediately before the date of each annual general meeting, each extraordinary general meeting and the record date for a dividend distribution, respectively.
38. Apart from closing the Register, the Directors may fix in advance a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members and for the purpose of determining those Members that are entitled to receive payment of any dividend. In the event the Directors designate a record date in accordance with this Article 38, such record date shall be a date prior to the general meeting and the Directors shall immediately make a public announcement on the website designated by the Commission and the "TPEX" or Taipei Exchange or TWSE pursuant to the Applicable Listing Rules.

#### **GENERAL MEETINGS**

39. All general meetings other than annual general meetings shall be called extraordinary general meetings.



40. (A) The Board may, whenever they think fit, convene a general meeting of the Company; provided that the Company shall in each year hold a general meeting as its annual general meeting within six (6) months after close of each financial year and shall specify the meeting as such in the notices calling it.
- (B) Subject to the Law and these Articles, the Board may establish the rules and procedures of shareholders' meeting of the Company in accordance with the R.O.C. laws, which shall be put into force upon approval by way of an Ordinary Resolution.
41. (A) At these meetings the report of the Directors (if any) shall be presented. Subject to Article 41(B), during the period of publicly offering new Shares in the R.O.C., all physically general meetings shall be held in the R.O.C. For so long as the Shares are registered in the Emerging Market or listed on the "TPEX" or Taipei Exchange or TWSE, if the Board resolves to hold a physically general meeting outside the R.O.C., the Company shall apply for the approval of the "TPEX" or Taipei Exchange (or the TWSE, if applicable) thereof within two (2) days after the Board adopts such resolution. Where a general meeting is to be held outside the R.O.C., the Company shall engage a duly licensed stock service agent within R.O.C. to handle the administration of shareholder services of such general meeting (such as voting).
- (B) General meetings may be held by Virtual Meeting or other methods promulgated by the competent authority for the company law in R.O.C. pursuant to the Applicable Listing Rules. In case where any general meeting at which Communication Facilities are permitted in accordance with these Articles, including any Virtual Meeting, any shareholder who attending and participating by means of use of such Communication Facilities in such a meeting shall be deemed to have attended such meeting in person. The qualifications, scope, methods of exercise, operating procedures and other matters with respect to General meetings held by Virtual Meeting shall be compliant with R.O.C. Laws.
42. (A) During the period of publicly offering new Shares in the R.O.C., any Shareholder or Shareholders entitled to attend general meetings of the Company holding at least three percent (3%) of the paid up share capital of the Company for a period of one year or a longer time as of the date of deposit of the requisition may, by depositing the requisition notice at the Registration Office or the Shareholders Service Agent specifying the objects of the meeting, request the Board to convene an extraordinary general meeting. If the Board does not give notice to Shareholders to convene such meeting within fifteen (15) days after the date of the requisition notice, the requisitionists themselves may convene the general meeting in the same manner.
- (B) Any one or more Members holding in aggregate more than half of the total number of the issued Shares of the Company as at the relevant book close period, for at least three (3) consecutive months may convene an extraordinary general meeting.

#### **NOTICE OF GENERAL MEETING**

43. (A) At least thirty (30) and fifteen (15) days' notices in writing shall be given in manner hereinafter provided, or in such other manner (if any) as may be prescribed by the Company in general meetings, and shall be given to such persons as are entitled to vote or may otherwise be entitled under these Articles of the Company to receive such notices from the Company for any annual and extraordinary general meetings, respectively; provided that, in the case of a shareholder holding less than one thousand (1,000) registered Shares, the aforesaid notices may be given by posting on the MOPS. The notice for a general meeting may be given by means of electronic communication if the Company obtains prior consent from the Shareholders or as permitted by the Law and R.O.C. Laws.





- (B) A notice of general meeting shall specify the place, date and time of the meeting and the reasons for which the meeting held as necessary. Where the meeting is to be held through Communication Facilities, the notice of meeting shall further include (a) instructions on how shareholders can attend the meeting and exercise their rights, (b) countermeasures against Communication Facilities failures caused by force majeure events, (c) the date of the postponed or adjourned meeting in case that the meeting is required to be postponed or adjourned, and (d) appropriate alternative measures for shareholders who have difficulties attending the meeting via Communication Facilities.
- (C) The Company shall publish all related information including the written notice for convening the general meetings, the proxy form, all proposals to be approved and discussed at the meetings, proposals to elect or discharge Directors and all other reasons and explanations for proposals to be discussed at the meetings at least 30 or 15 days prior to any annual or extraordinary general meetings, respectively.
44. (A) The following matters shall be specified in the notice of a general meeting with the description of their material content, and shall not be proposed as ad hoc motions. The aforementioned contents may be published on the website designated by the Commission or the Company, and the URL of the website shall be set forth in the notice of the general meeting:
- (a) election or discharge of Directors;
  - (b) amendments to the Memorandum of Association and/or these Articles;
  - (c) winding-up, Merger, Share Exchange or Spin-off of the Company;
  - (d) entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusting business, or for regular joint operation with others;
  - (e) the transfer of the whole or any material part of its business or assets;
  - (f) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (g) carrying out private placement of its securities;
  - (h) granting waiver to the Director's engaging in any business within the scope of business of the Company;
  - (i) distributing part or all of its dividends or bonus by way of issuance of new Shares;
  - (j) capitalization of the Company's statutory reserve (as defined in the R.O.C. Laws), and Capital Reserve, which are (1) the income derived from the issuance of new Shares at a premium; or (2) the income from the gifts received by the Company, by issuing new Shares to its then Shareholders in proportion to the number of Shares being held by each of them or by cash;
  - (k) transfer of Treasury Shares to employees in accordance with Article 36B;
  - (l) reduction of capital; and
  - (m) application for de-registration as a public company.
- (B) Subject to the Law, the R.O.C. Laws and the preceding paragraph, the Shareholder may raise proposals as ad hoc motions at a general meeting but the proposals shall be directly related to the matters specified in the notice of the general meeting.



45. During the period of publicly offering new Shares in the R.O.C., the Company shall prepare a manual for each general meeting and the relevant materials, and shall be published on the website designated by the Commission and the "TPEX" or Taipei Exchange or TWSE twenty-one (21) days prior to the meeting date of the annual general meeting, or fifteen (15) days prior to the meeting date of the extraordinary general meeting, pursuant to the Applicable Listing Rules and other applicable R.O.C. Laws; provided that, if the paid-in capital of the Company is or more than NTD ten billion or the Shareholders of the Company from foreign investment or China investment provided in the Register in the latest annual general meeting is or more than 30%, the Company shall publish a manual for each general meeting and the relevant materials on the website designated by the Commission and the "TPEX" or Taipei Exchange or TWSE thirty (30) days prior to the meeting date of the annual general meeting. The aforementioned foreign investment and China investment shall be identified pursuant to R.O.C. laws.

#### **PROCEEDINGS AT GENERAL MEETING**

46. No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, the holders of Shares being more than an aggregate of one-half of all Shares in issue present in person or by proxy and entitled to vote shall be a quorum for all purposes.
47. Shareholder(s) holding one percent (1%) or more of the total number of outstanding Shares immediately prior to the relevant book close period may propose in writing or by way of electronic transmission to the Company a proposal for discussion at an annual general meeting in accordance with the rules and procedures of shareholders' meeting of the Company from time to time. Proposals shall be included in the agenda unless otherwise where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) where the matter of such proposal may not be resolved by a general meeting, (c) the proposing Member has proposed a proposal containing more than 300 words, or more than one proposal, or (d) such proposal is submitted on a day beyond the deadline announced by the Company for accepting the Member's proposals; provided however, if any of proposal from such Member(s) is to urge the Company to promote public interests or fulfill its social responsibilities, the board of the Directors may accept such proposal to be discussed at a general meeting.
48. The Chairman of the Board shall preside as chairman at every general meeting of the Company convened by the Board. For a general meeting convened by any other Person having the convening right, such person shall act as the chairman of that meeting; provided that if there are two (2) or more Persons jointly having the convening right, the chairman of the meeting shall be elected from those Persons.
49. If at any general meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting or is unwilling to act as chairman, any Director nominated by the Directors shall preside as chairman, failing which the Shareholders present shall choose any Person present to be chairman of that meeting.
50. The chairman may by Ordinary Resolution (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for more than five (5) days, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.



51. At any general meeting a resolution put to the vote of the meeting shall be decided on a poll. The number or proportion of the votes in favour of, or against, that resolution shall be recorded in the minutes of the meeting.
52. Unless otherwise expressly required by the Law or these Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Shareholders at any general meeting may be passed by an Ordinary Resolution.
53. In the case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

#### **VOTES OF SHAREHOLDERS**

54. Subject to any rights and restrictions for the time being attached to any Share, every Shareholder who is present in person (or in the case of a shareholder being a corporation, by its duly authorised representative) and every Person representing a Shareholder by proxy shall have one vote, and on a poll every Shareholder who is present in person (or in the case of a shareholder being a corporation, by its duly authorised representative) and every Person representing a Shareholder by proxy shall have one vote for each Share of which he or the Person represented by proxy is the holder which is fully paid or credited as fully paid.
55. Where the Company has knowledge that any Shareholder is, under the R.O.C. Laws, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted in the number of votes of shareholders attending the meeting.
56. (A) No vote may be exercised with respect to any of the following Shares:
  - (a) the Treasury Shares held by the Company;
  - (b) the Shares held by any subordinate company (as defined under the R.O.C. Laws, hereinafter the “subsidiary”) of the Company, where the total number of the issued and voting shares or total paid- in capital held by the Company in such a subsidiary represents more than one half of the total number of voting shares or the total paid-in capital of such a subsidiary; or
  - (c) the Shares held by another company, where the Company, together with (i) the holding company of the Company and/or (ii) any subsidiary of the Company, owns, directly or indirectly, more than one-half (1/2) of the total number of the issued and voting Shares or the total paid- in capital of such company.
- (B) The Shares held by any Shareholder having no voting right shall not be counted in the total number of issued Shares while adopting a resolution at a general meeting.
57. In the case of joint holders, the joint holders shall select among them a representative for the exercise of their Shareholder’s rights and the vote of their representative who tenders a vote whether in Person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.
58. A Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person, may vote by proxy.



59. A Shareholder may appoint a proxy to attend a general meeting on his behalf by executing a power of attorney prepared by the Company stating therein the scope of power authorised to the proxy. A Shareholder may only execute one power of attorney and appoint one proxy for each general meeting, and shall serve such written proxy to the Company no later than five (5) days prior to the meeting date. In case the Company receives two or more written proxies from one Shareholder, the first one arriving at the Company shall prevail unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later. The use of proxies and solicitation shall be subject to the relevant R.O.C. Laws and in particular the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” enacted by the Commission.
60. In case a Shareholder has exercised his voting power by way of electronic transmission, and has also authorised a proxy to attend the Shareholders’ meeting on his behalf, then the one whichever is later shall prevail. After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy attends the shareholders' meeting in person, the voting power exercised by the shareholder in person at the meeting shall prevail.
61. The instrument appointing a proxy shall be in the form approved by the Board and be expressed to be for a particular meeting only. The form of proxy shall include at least the following information: (a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Shareholder, proxy recipient and proxy solicitation agent (if any). The form of proxy shall be provided to the Shareholders together with the relevant notice for the relevant general meeting, sent either through post or by electronic transmission as the case may be, and such notice and proxy materials shall be distributed, either through post or by electronic transmission as the case may be, to all Shareholders on the same day.
62. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Shareholder.
63. Except for trust enterprises duly licensed under the R.O.C. Laws or Shareholders’ Service Agencies approved by the Commission, when a Person who acts as the proxy for two or more Shareholders, the number of votes represented by him shall not exceed three percent (3%) of the total number of votes of the Company and the portion of excessive votes represented by such proxy shall not be counted.
64. A Shareholder cannot exercise his own vote or by proxy on behalf of another Shareholder in respect of any matter or proposed matter or arrangement if he may be interested therein and may cause damage to the Company’s interests. Such Shares shall not be counted in determining the number of votes of the Shareholders present at the said meeting.
65. (Deleted.)
66. Subject to the Law, the Company shall adopt electronic means of exercising voting rights; provided that the method for exercising the votes has been described in the notice of the general meeting.
67. A Shareholder who exercises his votes by way of electronic transmission as set forth in the preceding Article 66 shall be counted towards the quorum, but shall be deemed to have waived his votes in respect of any ad hoc motions and the amendments to the contents of the original proposals at such general meeting, subject to the Law.



68. A Shareholder shall deliver his declaration about the votes by way of electronic transmission to the Company no later than the second day prior to the scheduled meeting date of the general meeting; whereas if two (2) or more declarations are delivered to the Company, the first declaration shall prevail unless an explicit statement to revoke the previous declaration is made in the declaration which comes later, subject to the Law.
69. In case a Shareholder who has exercised his/her/its votes by way of electronic transmission and also attends the general meeting in person, the voting power exercised by the shareholder in person at the meeting shall prevail.
70. In case the procedure for convening a general meeting of Members or the method of adopting resolutions is in violation of the Law, R.O.C. Laws or these Articles, a Shareholder may, within thirty (30) days from the date of the resolution, submit a petition to the Taiwan Taipei District Court or the competent court in Cayman Islands for an appropriate remedy, including but not limiting to request the court to invalidate and cancel the resolution adopted therein.

#### **CORPORATIONS ACTING BY REPRESENTATIVES AT MEETING**

71. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such Person as it thinks fit to act as its representative at any meeting of the Company or of any Class of Members of the Company, and the Person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company.

#### **DIRECTORS**

72. Unless otherwise determined by the Company in general meeting, the number of Directors shall be no less than five (5) Directors and no more than eleven (11) Directors, the exact number of Directors to be determined from time to time solely by an Ordinary Resolution of the general meeting. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association. During the period in which the Company is listed on TWSE or TPEx, Directors with registered residence address in the R.O.C. shall constitute more than half of the members of the Board, and the Directors shall include such number of Independent Directors two of whom shall have registered residence address in R.O.C. The qualifications of such Independent Directors shall be in compliance with applicable law, rules or regulations or the Applicable Listing Rules or other applicable R.O.C. Laws required for a foreign issuer.
73. The general meeting of the Shareholders may appoint any natural Person or corporation to be a Director. At a general meeting of election of Directors, the number of votes exercisable in respect of one Share shall be the same as the number of Directors to be elected, and the total number of votes per Share may be consolidated for election of one candidate or may be split for election of two (2) or more candidates. A candidate to whom the ballots cast represents a prevailing number of votes shall be deemed a Director so elected. Where a legal person is a Shareholder, such legal person or its representative(s) may be elected as a Director/Directors.
74. (A) The Company shall adopt a candidate nomination mechanism for the election of the Directors which is in compliance with R.O.C. Laws. The rules and procedures for such candidate nomination shall be in accordance with the Law, these Articles, the Applicable Listing Rules and other applicable R.O.C. Laws. The Directors and Independent Directors shall be elected at the same general meeting provided that the votes shall only cumulate in respect of such number of Directors nominated within the same category (namely, Directors or Independent Directors) of directors to be appointed.



- (B) Subject to the Law and these Articles, the Board may adopt or amend the rules and procedures of the Board meeting, and the election of the Directors in accordance with the R.O.C. Laws. The adoption of the procedures of the Board meeting shall be approved by the Board meeting and reported to the general meeting; with regard to the amendment of the procedures of the Board meeting, the Board may be authorized to resolve it. The amendment and adoption of the procedures of the election of the Directors shall be approved by the Board and an Ordinary Resolution.
75. Subject to these Articles, the term for which a Director will hold office shall be three (3) years; thereafter he may be eligible for re-election. In case no election of new Directors is effected after expiration of the term of office of the existing Directors, the term of office of such Directors shall be extended until the time new Directors are elected and assume their office subject to these Articles and internal rules of the Company from time to time. Where all the Directors are re-elected prior to the expiration of the term of the existing Directors without resolving that the existing Directors will not be discharged until the expiry of their present term, then all the existing Directors shall be discharged and the appointment of the newly elected Directors shall be effective upon such resolution being made.
76. A Director may be discharged at any time by a Special Resolution Type A adopted at a general meeting. Alternatively, if the total number of Shares represented by the Shareholders present at such general meeting is not sufficient to meet the quorum criteria specified for passing of a Special Resolution Type A, the Company may effect the above matter by a Special Resolution Type B.
77. The Board shall have a Chairman (the “**Chairman**”) elected and appointed by a majority of the Directors present at the Board meeting the quorum of which shall be two-thirds of all of the Directors then in office. The period for which the Chairman will hold office will also be determined by a majority of the Directors present at the Board meeting with a quorum of at least two-thirds of all of the Directors then in office. The Chairman shall preside as chairman at every meeting of the Board. To the extent the Chairman is not present at a meeting of the Board within fifteen (15) minutes after the time appointed for holding the same, the attending Directors may choose one of their number to be the chairman of the meeting.
78. The Board may, from time to time, and except as required by the applicable Laws and R.O.C. Laws, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.
79. A Director shall not be required to hold any Shares in the Company by way of qualification.

#### **DIRECTORS' FEES AND EXPENSES**

80. (A) The Company shall establish a compensation committee (the “Compensation Committee”) to determine and conduct periodical reviews on the Company’s policy for compensation of the Company’s Directors. The rules governing the establishment of the Compensation Committee and the exercise of powers by the Compensation Committee with regard to member qualification, exercise of power and related issues shall be duly resolved and promulgated by the Board, in accordance with the regulations of the R.O.C. The compensation shall include salaries of the Company’s Directors and Officers, stock options and other forms of rewards.



- (B) The Directors shall receive such remuneration as proposed by the Compensation Committee in accordance with the value of contribution of the Director in the business operation of the Company, with reference to the average standard in the industry, performance of the Company and the reasonableness and relevancy of future risks, no matter the Company profits or losses at such year, and thereafter submitted for approval by the Board.
- (C) Without prejudice to the generality of the preceding paragraph (B), after reserving a sufficient amount out of the net income to set off the accumulated losses at the end of year (if any), the Company may allocate no more than three percent of the income before tax, employee bonuses under Article 12(D) and director bonuses under this Article 80(C), to pay to the Directors in cash, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds or more of the Directors. Such resolution shall be reported to the Shareholders at a general meeting.
81. With respect to the preceding Article 80, each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any Class of Shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.
82. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and approved by an Ordinary Resolution, and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

#### **INDEPENDENT DIRECTORS AND THE AUDIT COMMITTEE**

83. The number of Independent Directors of the Company shall not be less than three (3) and not less than one-third of the total number of Directors. When an Independent Director ceases to act, resulting in a number of Directors lower than that minimum number required three (3) Persons, an election for Independent Director shall be held at the next following general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election within sixty (60) days from the date on which the situation arose.
84. Independent Directors shall possess professional knowledge and there shall be restrictions on their shareholding and the positions they may concurrently hold. They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence shall apply to the relevant securities laws and regulations of the R.O.C.. A legal person Shareholder/or its representative(s) who already serves as the Director may not be concurrently appointed or elected as an Independent Director; in the event that such legal person or its representative(s) has been elected as Independent Director, such legal person or its representative(s) shall be dismissed from its Independent Director post.
85. (a) The Company may establish an Audit Committee.
- (b) In the case of an Audit Committee that has been established by the Company, the Audit Committee shall comprise all the Independent Directors. It shall not be fewer than three (3) Persons in number, one of whom shall be the convenor, and at least one of whom shall have accounting or financial expertise.



- (c) A resolution of the Audit Committee shall be approved by one-half or more of all Audit Committee Members.
  - (d) Subject to the Law and these Articles, the Board may establish the rules and procedures of Audit Committee of the Company in accordance with the R.O.C. Laws. The amendment of rules and procedures of Audit Committee of the Company shall be approved by the Board meeting.
86. (a) In the case of an Audit Committee that has been established by the Company, the following matters shall be subject to the approval of one-half or more of all Audit Committee Members and be submitted to the Directors for a resolution:
- (1) adoption or amendment of an internal control system;
  - (2) assessment of the effectiveness of the internal control system;
  - (3) adoption of or amendment to handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, monetary loans to others, or endorsements or guarantees for others;
  - (4) a matter bearing on the personal interest of a Director;
  - (5) a transaction related to material asset or derivatives;
  - (6) a material monetary loan, endorsement, or provision of guarantee;
  - (7) the offering, issuance, or private placement of any equity-type securities;
  - (8) the engagement or dismissal of an attesting chartered public accountant, or the compensation given thereto;
  - (9) the appointment or discharge of a financial, accounting, or internal auditing officer; and
  - (10) annual financial reports and semi-annual reports;
- (b) With the exception of subparagraph 10, any matter under a subparagraph of the preceding paragraph (a) of this Article 86 that has not been approved with the approval of one-half or more of all Audit Committee Members may be undertaken upon the approval of two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the meeting of Directors.
- (c) In the case of an Audit Committee that has been established by the Company, the fairness and reasonableness of the plan of merger/consolidation or acquisition and the transactions shall be reviewed by the Audit Committee, and then report the review result to the Board and the general meeting. Audit Committee shall commission one or more independent expert to provide opinion on the reasonability of the share exchange ratio or distribution of cash or other assets during such review. The Company shall deliver the review result of Audit Committee and the opinions of independent experts to the Shareholders together with the notice to convene the general meeting.
- (d) The documents required to deliver to the Shareholders provided in the preceding paragraph shall be deemed as having been delivered to the Shareholders if the Company has disclosed the same content as therein on a website designated by the competent securities authority and those documents have been prepared and placed in the venue of the general meeting for Shareholders' review.
- 86A (A) The Shareholder(s) who has/have been continuously holding 1 percent or more of the total number of the issued Shares for over six months may request in writing any Independent Director, who is also a member of the Audit Committee, to institute, for and on behalf of the Company, an action against a Director; such action may be instituted in the Taiwan Changhua District Court as the court of first instance.





- (B) In case the Independent Director, who is also the member of the Audit Committee, fails to institute an action within 30 days after having received the request made under the preceding paragraph, the Shareholder(s) filing such request under the preceding paragraph may institute the action for and on behalf of the Company; such action may be instituted in the Taiwan Changhua District Court as the court of first instance.

#### **ALTERNATE DIRECTOR OR PROXY**

87. Any Director may in writing appoint another Director to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to act in such Director's place at any meeting of the Directors at which he is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall not be an Officer of the Company and shall be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.
88. Any Director may appoint another Director to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

#### **POWERS AND DUTIES OF DIRECTORS**

89. Subject to the Law, these Articles, R.O.C. Laws and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.
90. The Directors may from time to time appoint any Person, whether or not a Director to hold such office in the Company, including but not limited to, the office of the chief executive officer, president, one or more vice-presidents, chief financial officer or controller, treasurer, assistant treasurer, or Officer, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and powers and duties. Any Person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their members to the office of managing director upon like terms, but any such appointment shall cease to be effective if any managing director ceases from any cause *ipso facto* to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.
91. The Directors may appoint a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors.



92. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors, and shall report to the Directors after the exercise of the powers so delegated.
93. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.
94. (A) The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in Articles 95, 96 and 97 shall not limit the general powers conferred by this Article.
- (B) Where any resolution adopted or any power exercised by the Board or committees contravenes these Articles or a resolution passed at a general meeting, thereby causing loss or damage to the Company, all Directors taking part in the adoption of such resolution shall be liable to compensate the Company for such loss or damage; provided, those Directors whose disagreement appears on record or is expressed in writing shall be exempted from liability.
- (C) Directors shall bear fiduciary duties to the Company and shall exercise the due care of a good administrator in conducting the business of the Company. If a Director acts contrary to such duties and does not exercise due care of a good administrator (“Act of Breach of Duty”), such Director shall be liable for the damages sustained by the Company therefrom. If Act of Breach of Duty is motivated by the Director’s personal gain or the gain of others, the Company may, by an Ordinary Resolution, treat the earnings generated therefrom as earnings of the Company. If a Director, in conducting the business of the Company, violates any Applicable Listing Rules thus causing damage to any Persons, such Director shall be jointly and severally liable with the Company for the damage caused to such other Persons.
- (D) Officers of the Company, within the scope of their duties, bears the same liabilities as the Directors.
- (E) The Directors may subscribe for liability insurance for Directors and Officers with respect to liabilities resulting from the exercise of their duties during their terms of service in order to mitigate and diversify the risk of material harm to the Company and Shareholders arising from the wrongdoings or negligence of Directors or Officers.
95. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any Persons to be members of such committees or local boards and may appoint any Officers or agents of the Company and may fix the remuneration of any such Persons.



96. The Directors from time to time and at any time may delegate to any such committee, local board, Officer or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any Person so appointed and may annul or vary any such delegation, but no Person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
97. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

### **BORROWING POWERS OF DIRECTORS**

98. (A) Subject to these Articles, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.
- (B) Subject to the Law and these Articles, the Directors may establish the handling guidelines for the Company's monetary loans to others, and endorsements or guarantees for others in accordance with the R.O.C. Laws, which shall be put into force upon approval by way of an Ordinary Resolution.

### **THE SEAL**

99. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary or in the presence of any one or more Persons as the Directors may appoint for the purpose and every Person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.
100. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such Person or Persons as the Directors shall for this purpose appoint and such Person or Persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary or in the presence of any one or more Persons as the Directors may appoint for the purpose.
101. Notwithstanding the foregoing, a Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

### **DISQUALIFICATION AND CHANGES OF DIRECTORS**

102. The office of Director shall be vacated, if such Director:
- (a) committed a felony (including but not limiting to an offence under Statute for Prevention of Organizational Crimes of the R.O.C.) and is subsequently adjudicated guilty by a final judgment, and has not commenced to serve the term



of the sentence yet, or has commenced to serve the term of sentence but not served the full term, or less than five years have elapsed from the date of completion of the full sentence, expiry of probation period or date in which he has been pardoned ;

- (b) commits any criminal offence of fraud, breach of trust or misappropriation and is subsequently punished with imprisonment for a term of more than one year, and has not commenced to serve the term of the sentence yet, or has commenced to serve the term of sentence but not served the full term or less than two years have elapsed from the date of completion of the full sentence, expiry of probation period or date in which he has been pardoned;
- (c) is adjudicated guilty by a final judgment for committing the offense as specified in the Anti-corruption Act of R.O.C., and has not commenced to serve the term of the sentence yet, or has commenced to serve the term of sentence but not served the full term or less than two years have elapsed from the date of completion of the full sentence, expiry of probation period or date in which he has been pardoned;
- (d) becomes bankrupt or had liquidation proceeding commenced against him by a court under the laws of any country or makes any arrangement or composition with his creditors generally;
- (e) has been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- (f) loses all or part of legal capacity as defined under the R.O.C. Laws or becomes subject to the order of commencement of assistance due to incapacity pursuant to relevant Taiwan law and the order has not yet been revoked;
- (g) dies or is found to be or becomes of unsound mind or becomes a patient for any purpose of any statute or applicable law relating to mental health and the Directors resolved that his office is vacated;
- (h) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under any provisions of any law or enactment;
- (i) resigns his office by notice in writing to the Company;
- (j) is removed from office pursuant to Article 76; or
- (k) has been ordered to be discharged by the R.O.C. Courts on the grounds that such Director has, in the course of performing his duties, committed serious violations of the Law, R.O.C. Laws or these Articles, or acts resulting in material damage to the Company, upon a petition by the Company or Shareholder(s) to the R.O.C. Courts for remedies including the discharge of such Director, in accordance with the requirements of the R.O.C. Laws or these Articles.
- (l) during a Director's (other than Independent Director) term of office, sells or transfers some or all of his Shares such that he holds less than one half of the total number of Shares which he holds (or held) at the commencement of the relevant Register Closure Period.



- 102A If any person is proposed for appointment as a Director (each such person a "proposed director") (other than Independent Director), at a general meeting (the "relevant general meeting"), such proposed director's appointment shall not become effective (regardless of whether such appointment is purportedly approved at the relevant general meeting, and any resolution which purports to approve such appointment shall be invalid and ineffective), if the proposed director sells or transfers some or all of his Shares such that he holds less than one half of the total number of Shares which he holds (or held) at the commencement of the relevant Register Closure Period, either:
- (a) during the period after the relevant general meeting, but prior to the commencement of such proposed director's term of office; or
  - (b) during the relevant Register Closure Period.

For the purposes of the preceding Article 102 and this Article 102-1, the "Register Closure Period" means, in relation to any general meeting, the period during which the Register of Members of the Company is closed for transfers of shares prior to such general meeting up to and including the date of such general meeting.

103. The following relationships shall not exist among more than half of the Company's Directors: (1) A spousal relationship; or (2) A familial relationship within the twice removed degree of kinship as defined under the R.O.C. laws.
104. When the Company convenes a general meeting for the election of Directors and the original selectees do not meet the conditions stipulated in the preceding Article 103, the election of the Director receiving the lowest number of votes among those Directors not meeting the conditions shall be deemed invalid and void. When a Person serving as Director violates the preceding Article 103, that Person shall cease to act as a Director.
105. When the number of Directors falls below five (5) due to a Director ceasing to act for any reason, the Company shall hold a by-election for Director at the next following general meeting of Shareholders. When the number of Directors falls short by one-third of the total number of Directors of the same term elected pursuant to these Articles, the Company shall convene an extraordinary general meeting within sixty (60) days of the occurrence of that fact to hold a by-election for Directors.

#### **PROCEEDINGS OF DIRECTORS**

106. Subject to the Law, these Articles, R.O.C. Laws, questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote. A Director may, and on the requisition of a Director shall, at any time summon a meeting of the Directors.
107. A Director may participate in any meeting of the Board, or of any committee appointed by the Board of which such Director is a member, by means of videoconferencing.
108. Unless otherwise provided, the quorum necessary for the transaction of the business of the Directors shall be more than one-half of the Directors. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.



109. (A) A Director who has a personal interest in the matter under discussion at a Board meeting shall explain the nature and essential contents of such personal interest to the Board. In the event of any merger/consolidation and acquisition of the Company, any Director who has a personal interest in the transaction shall explain the essential contents and the reason of its approval or dissent to the resolution of merger/consolidation and acquisition to the Board and at the general meeting. The Company shall also clarify the essential contents of such personal interest and the reason of its approval or dissent to the resolution of the merger/consolidation and acquisition in the notice of the general meeting. The aforementioned contents may be published on the website designated by the Commission or the Company, and the URL of the website shall be set forth in the notice of the general meeting. Where the spouse of a Director, or a blood relative within the second degree of kinship of a Director, or any companies, which have a controlling or subordinate relation with a Director, who has a personal interests in the matters under discussion at a meeting of the board of Directors, such Director shall be deemed to have a personal interest in the matter.
- (B) A Director cannot vote his own vote or by proxy on behalf of another Director in respect of any contract or proposed contract or arrangement when he may be interested therein and may cause damage to the Company's interests. The voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting (but shall still be counted in the quorum for such meeting).
110. Notwithstanding the preceding Articles, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.
111. Subject to these Articles, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
112. The Directors shall cause all minutes to be made in books or loose-leaf folders provided for the purpose of recording:
- (a) all appointments of Officers made by the Directors;
  - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
  - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
113. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held unless there is any evidence to the contrary.
114. The continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for convening a general meeting within sixty (60) days for the purpose of holding a by-election, but for no other purpose.



115. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, the chairman shall be determined pursuant to the rule and procedure of such committee.
116. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present.
117. Subject of the Laws, these Articles, or an invalidating Ordinary Resolution, all acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.
118. The following actions require the approval of a majority of the votes of the Directors present at a Board meeting attended by at least two-thirds of all Directors:
- (a) entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusted business, or for regular joint operation with others;
  - (b) the sale or transfer of the whole or any material part of its business or assets;
  - (c) taking over the transfer of another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (d) the election of Chairman of the Board pursuant to these Articles; and
  - (e) issuance of corporate bonds.

#### **DIVIDENDS**

119. Subject to any rights and restrictions for the time being attached to any Shares, after the loss off-setting proposals is passed by Ordinary Resolution, the Company may by Ordinary Resolution (or pursuant to Article 31, if applicable) declare dividends and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor. The Company shall not pay dividends or bonuses when there are no surplus earnings.



120. (a) After off-setting accumulative losses and paying taxes, the Directors may, before recommending any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves for the benefit of the Company which shall, at the discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit. The Director may, pursuant to the Law and Applicable Listing Rules, set aside an additional reserve or reserves (“Special Reserve(s)”) for such purposes as authorized by the Ordinary Resolution. Earnings of a financial year, after paying all relevant taxes, off-setting accumulated losses and setting aside Special Reserves, if necessary, and other adjustment(s) to undistributed profits of that year, may be declared and distributed, alone or together with the retained earnings accrued from prior years (including the distributable amount of Special Reserves authorized by an Ordinary Resolution) by an Ordinary Resolution or a Special Resolution (if applicable), provided that, all dividends may be distributed and paid in cash by the approval of a majority of the votes of the Directors present at a Board meeting attended by at least two-thirds of all Directors, and such resolution shall be reported to the Shareholders at a general meeting.
- (b) Taking into account the capital expenditure, business expansion, and making a sound financial plan for sustainable development of the Company, by Ordinary Resolution or Article 31(if applicable), according to capital expenditure plan and capital requirements in the future, the Company will allocate dividends yearly to the Shareholders. Total amount of dividends shall not be lower than twenty-five percent (25%) of the Company’s after-tax profit after deducting the losses, accounting for the Company’s reserve as resolved by general meetings of the Company and other adjustment(s) to undistributed profits of that year. The ratio of distributions of cash dividends shall not be lower than twenty percent (20%) of the total amounts of cash dividends and stock dividends that recommended by the Directors.
121. Any dividend may be paid by cheque sent through the post to the registered address of the Shareholder or Person entitled thereto, or in the case of joint holders, to the representative of such joint holders at his registered address or to such Person and such address as the Shareholder or Person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the Person to whom it is sent or to the order of such other Person as the Shareholder or Person entitled, or such joint holders as the case may be, may direct.
122. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the number of the Shares held by the Shareholders. Subject to any rights for the time being attached to Preferred Shares (if any) that are preferential for allocating dividends to those of ordinary Shares, if any dividends are not fully paid, the Company shall make a public announcement on the Company’s website or MOPS.
123. If several Persons are registered as joint holders of any Share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the Share.
124. No dividend shall bear interest against the Company.
125. Unless there are surplus earned by the Company, no dividend shall be declared or paid or made otherwise than in accordance with the Law and the Articles.





- 125A (A) Where the Company incurs no loss, it may, subject to the Law and R.O.C. Laws, by a Special Resolution Type A, distribute its Capital Reserve (including a Share Premium Account and endowments received by the Company) in whole or in part, by paying cash to its Shareholders in proportion to the number of Shares held by them respectively.
- (B) Alternatively, if the total number of Shares represented by the Shareholders present at such general meeting is not sufficient to meet the quorum criteria specified in the preceding paragraph (A), the Company may effect the above matters by a Special Resolution Type B.

**ACCOUNTS, AUDIT, AND ANNUAL RETURN AND DECLARATION**

126. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
127. The books of account shall be kept at the Registered Office or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
128. No Shareholder (not being a Director) or other person shall have any right of inspecting any account or book or document of the Company except as conferred by the Law and R.O.C. Laws or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.
129. After the end of each financial year, the Board shall prepare and submit the financial statements and records and such other reports and documents as may be required by the Law and the R.O.C. Laws to the annual general meeting of Shareholders for its ratification and after the meeting shall distribute to each Shareholder the copies of ratified financial statements and the resolutions on the earning distribution and/or loss offsetting. However, the Company may notify its Shareholders by way of a public announcement of the abovementioned statements and resolutions.
130. The Board shall keep copies of the yearly business report and financial statements at the office of its Shareholders Service Agent before ten (10) days of the annual general meeting and any of its Shareholders is entitled to inspect such documents during normal business hours of such service agent. The Board shall keep copies of the Articles, the minutes of every general meeting of the Shareholders and the financial statements, the Register and the counterfoil of corporate bonds issued by the Company at the business office of its Shareholders Service Agent located in the Republic of China. Any Shareholder may request at any time, by submitting evidentiary document(s) to show his interests involved and indicating the scope of requested matters, an access to inspect and to make copies of the above documents, and the Company shall procure its Shareholders Service Agent to provide such access. The Board or any person who is entitled to call or convene a general meeting under these Articles may demand the Company or the Shareholders Service Agent to provide the Register of Members.
131. Save for otherwise provided under these Articles, Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.
132. The accounts relating to the Company's affairs shall only be audited in such manner and with such financial year end as may be determined from time to time by the Directors, or required by the Applicable Listing Rules or other R.O.C. Laws.



133. The Directors in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

#### **AUDIT**

134. The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his remuneration.
135. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
136. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

#### **CAPITALISATION OF RESERVE**

137. (A) Subject to the Law and R.O.C. Laws, and where the Company incurs no loss, it may, with the authority of a Special Resolution Type A:
- (a) resolve to capitalise an amount standing to the credit of reserves (including a Share Premium Account, capital redemption reserve, profit and loss account and endowments received by the Company);
  - (b) appropriate the sum resolved to be capitalised to the Shareholders in proportion to the number of Shares held by them respectively and apply that sum on their behalf in or towards paying up in full unissued Shares or debentures of a nominal amount equal to that sum, and allot the Shares or debentures, credited as fully paid, to the Shareholders (or as they may direct) in those proportions, or partly in one way and partly in the other;
  - (c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;
  - (d) authorise a Person to enter (on behalf of all the Shareholders concerned) into an agreement with the Company providing for the allotment to the Shareholders respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, and any such agreement made under this authority being effective and binding on all those Shareholders; and
  - (e) generally do all acts and things required to give effect to the resolution.
- (B) Alternatively, if the total number of Shares represented by the Shareholders present at such general meeting is not sufficient to meet the quorum criteria specified in the preceding paragraph (A), the Company may effect the above matters by a Special Resolution Type B.
- (C) Except as otherwise provided for in Law, R.O.C. Laws and these Articles, the credit of reserve shall not be used except for covering the losses of the Company.

#### **TENDER OFFER**

138. Within seven (7) days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Listing Rules, the Board shall resolve to recommend to the Shareholders whether to accept or object to the tender offer and make a public announcement of the following:



- (a) the types and amount of the Shares held by the Directors and the Shareholders holding more than ten percent (10%) of the outstanding Shares in its own name or in the name of other Persons;
- (b) recommendations to the Shareholders on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefor;
- (c) whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any;
- (d) The types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Shareholders holding more than ten percent (10%) of the outstanding Shares held in its own name or in the name of other Persons.

#### **SHARE PREMIUM ACCOUNT**

- 139. The Directors shall in accordance with the Law establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.
- 140. There shall be debited to any Share Premium Account on the redemption of a Share the difference between the nominal value of such Share and the redemption price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Law, out of capital.
- 141. The Company shall at all times comply with the provisions of the Law in relation to the share premium account, the premiums attaching to Shares and the capital redemption reserve fund.

#### **WINDING UP**

- 142. Subject to the Law, if the Company shall be wound up, and the assets available for distribution amongst the Shareholders shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Shareholders in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Shareholders in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
- 143. Subject to the Law, if the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Law and in compliance with the Applicable Listing Rules, divide amongst the Shareholders in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different Classes. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Shareholders as the liquidator, with the like sanction shall think fit, but so that no Shareholder shall be compelled to accept any asset whereon there is any liability.
- 144. The Company shall keep all statements, records of account and documents for a period of ten (10) years from the date of the completion of liquidation, and the custodian thereof shall be appointed by the liquidator or the Company by Ordinary Resolution.



## NOTICES

145. Subject to the Law and except as otherwise provided in these Articles, any notice or document may be served by the Company or by the Person entitled to give notice to any Shareholder either personally, or by facsimile, or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to such Shareholder at his address as appearing in the Register, or to the extent permitted by all applicable laws and regulations, by posting on the MOPS or the Company's website, by electronic means by transmitting it to any electronic mail number or address such Shareholder may have positively confirmed in writing for the purpose of such service of notices. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands as their representative in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
146. Any Shareholder present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
147. Any notice or other document, if served by:
- post or courier, shall be deemed to have been served five days after the time when the letter containing the same is posted or delivered to the courier;
  - facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
  - recognised courier service, shall be deemed to have been served forty-eight (48) hours after the time when the letter containing the same is delivered to the courier service; or
  - electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail, subject to the Law.

In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service

148. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder in accordance with the terms of these Articles shall notwithstanding that such Shareholder be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Shareholder as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the Share.
149. Notice of every general meeting of the Company shall be given to:
- all Shareholders holding Shares with the right to receive notice as at the record date and who have supplied to the Company an address for the giving of notices to them; and
  - every Person entitled to a Share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting and has informed the Company with the supporting documents as requested by and satisfactory to the Company.

No other Person shall be entitled to receive notices of general meetings.



## AMENDMENT OF MEMORANDUM AND ARTICLES

150. Subject to the Law, R.O.C. Laws and the Articles including without limitation Articles 13 and 14, the Company may at any time and from time to time by a Special Resolution alter or amend the Memorandum of Association or these Articles in whole or in part, or change the name of the Company.

### ORGANISATION EXPENSES

151. The preliminary and organisation expenses incurred in forming the Company shall be paid by the Company and may be amortised in such manner and over such period of time and at such rate as the Directors shall determine and the amount so paid shall in the accounts of the Company, be charged against income and/or capital.

### OFFICES OF THE COMPANY

152. The Registered Office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company, in addition to its Registered Office, may establish and maintain an office in the Cayman Islands or elsewhere as the Directors may from time to time determine.

### INFORMATION

153. The Board shall keep at the office of its Shareholders Service Agent in the R.O.C. copies of these Articles, the minutes of every meeting of the Shareholders and the financial statements, the Register of Members and the counterfoil of corporate bonds issued by the Company. Any Shareholder of the Company may request, by submitting evidentiary document(s) to show his interests involved and indicating the scope of interested matters, an access to inspect and to make copies of the Memorandum and Articles of Association and accounting books and records.
154. Without prejudice to the rights set forth in these Articles, no Shareholder shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the members of the Company to communicate to the public.
155. The Board shall be entitled to release or disclose to any regulatory or judicial authority any information in its possession, custody or control regarding the Company or its affairs to any of its Shareholder including, without limitation, information contained in the Register of Members and transfer books of the Company.

### INDEMNITY

156. Every Director (including for the purposes of this Article 156 any alternate Director appointed pursuant to the provisions of these Articles), the Managing Directors, every alternate Directors, every Auditors, every Secretary and other Officer for the time being and from time to time of the Company (each an "**Indemnified Person**") shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, wilful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.
157. No Indemnified Person shall be liable to the Company unless such liability arises through such Indemnified Person's own dishonesty, wilful default or fraud.



### **NON-RECOGNITION OF TRUSTS**

158. Subject to the proviso hereto, no Person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or (except only as otherwise provided by these Articles or as the Law requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the Register, provided that, notwithstanding the foregoing, the Company shall be entitled to recognise any such interests as shall be determined by the Directors in their absolute discretion.

### **FINANCIAL YEAR**

159. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.

### **REGISTRATION BY WAY OF CONTINUATION**

160. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article 160, the Directors may cause an application to be made to the Registrar of Companies in the Cayman Islands to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

### **LITIGATION AND NON-LITIGATION AGENT**

161. The Company shall appoint a litigation and non-litigation agent which is deemed as the responsible person in Taiwan in accordance with the Applicable Listing Rules. Such agent shall have domicile in Taiwan.

