

THIRTEENTH AMENDED AND RESTATED  
MEMORANDUM AND ARTICLES OF ASSOCIATION  
OF

**Asia Plastic Recycling Holding Limited**

(as adopted by a Special Resolution passed on June 15, 2023)

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THE COMPANIES ACT (AS REVISED)  
COMPANY LIMITED BY SHARES  
**THIRTEENTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION**  
**OF**  
**Asia Plastic Recycling Holding Limited**

(as adopted by a Special Resolution passed on June 15, 2023)

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1. The name of the company is Asia Plastic Recycling Holding Limited.
2. The Registered Office of the Company shall be at the offices of Vistra (Cayman) Limited, Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands or at such other place within the Cayman Islands as the Board may from time to time decide.
3. Subject to the following provisions of this Memorandum of Association, the objects for which the Company is established are unrestricted.
4. Subject to the following provisions of this Memorandum of Association, 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 Revised) of the Cayman Islands (as amended from time to time).
5. Nothing in this Memorandum of Association 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. The Company 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. When conducting business, the Company shall comply with the laws and regulations as well as business ethics, and may take actions that will promote public interests in order to fulfil its social responsibilities.
8. The liability of each member is limited to the amount from time to time unpaid on such

member's shares.

9. The share capital of the Company is NTD3,600,000,000.00 divided into 360,000,000 ordinary shares of a nominal or par value of NTD10.00 each.

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THE COMPANIES ACT (AS REVISED)  
COMPANY LIMITED BY SHARES  
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**INTERPRETATION**

1. The Regulations contained or incorporated in Table A of the First Schedule of the Companies Act (As Revised) of the Cayman Islands (as amended from time to time) shall not apply to this Company.
2. (1) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:-

Applicable Listing Rules	the relevant laws, regulations, rules and codes 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 the Securities and Exchange Act of the R.O.C., the Company Act of the R.O.C., the Business Mergers And Acquisitions Act of the R.O.C., the Act Governing Relations Between Peoples of the Taiwan Area and the Mainland Area of the R.O.C., or any similar laws, statutes 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 (including the Emerging Market) and the TWSE (where applicable);
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Articles	these Articles of Association of the Company in their present form, as amended, substituted or supplemented from time to
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	time by a Special Resolution;
Board	the board of Directors of the Company comprising all the Directors;
Capital Reserve	means (1) the Share Premium Account, (2) income from endowments received by the Company and (3) other items required to be treated as Capital Reserve pursuant to the Applicable Listing Rules;
Chairman	has the meaning given thereto in Article 63;
Class or Classes	any class or classes of Shares as may from time to time be issued by the Company;
Commission	the Financial Supervisory Commission of the R.O.C. or any other authority for the time being administering the Securities and Exchange Act of the R.O.C.;
Company	Asia Plastic Recycling Holding Limited;
Consolidation	the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company within the meaning of the Law and the Applicable Listing Rules;
Director	a director of the Company for the time being who collectively form the Board, and “Directors” means 2 or more of them;
electronic	shall have the meaning given to it in the Electronic Transactions Law (As Revised) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force including every other law incorporated therewith or substituted therefore;

Emerging Market	the emerging market board of the TPEX in the R.O.C.;
Financial Statements	has the meaning set out in Article 109;
Independent Directors	those Directors appointed as "Independent Directors" pursuant to the requirements of the Applicable Listing Rules;
Juristic Person	a firm, corporation or other organization which is recognised by the Law and the Applicable Listing Rules as a legal entity;
Law	the Companies Act (As Revised) of the Cayman Islands and any amendment or other statutory modification thereof and every other act, order, regulation or other instrument having statutory effect (as amended from time to time) for the time being in force in the Cayman Islands applying to or affecting the Company, the Memorandum of Association and/or these Articles, 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;
Member or Shareholder	a Person who is duly registered as the holder of any Share or Shares in the Register and includes each subscriber to the Memorandum of Association pending entry in the Register of such subscriber and "Members" or "Shareholders" means 2 or more of them;
Memorandum of Association	the memorandum of association of the Company, as amended or substituted from time to time;
Merger	the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such company as the surviving company within the meaning of the Law and the Applicable Listing Rules;

Month	a calendar month;
NTD	New Taiwan Dollars;
Ordinary Resolution	a resolution passed by a simple majority of such Members as, being entitled to do so, vote in person or, in the case of any Members being corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy, present at a general meeting of the Company held in accordance with these Articles;
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;
Preferred Shares	has the meaning given thereto in Article 4;
Private Placement	an offer by the Company of its Shares, bonds and other securities approved by the Commission to specific persons pursuant to the Applicable Listing Rules;
Register	the register of Members of the Company to be maintained at such place within or outside the Cayman Islands;
Registered Office	the registered office of the Company for the time being as required under the Law;
Relevant Period	the period commencing from the date on which any of the securities of the Company first become listed on the Emerging Market, the TPEx, the TWSE or any Taiwan stock exchange or securities market 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);

R.O.C. or Taiwan	the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;
R.O.C. Courts	the Taiwan Taipei District Court or any other competent courts in the R.O.C.;
Seal	the common seal of the Company;
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;
Share	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;
Share Premium Account	the share premium account of the Company established in accordance with these Articles and the Law;
Shareholders Service Agent	the agent licensed by the R.O.C. authorities and having its offices in the R.O.C. to provide shareholder services, in accordance with the Applicable Listing Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C., to the Company;
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;

Special Reserve has the meaning set out in Article 102;

Special Resolution a special resolution of the Company passed in accordance with the Law, being a resolution passed by a majority of at least two-thirds of such Members as, being entitled to do so, vote in person or, in the case of any Members being corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy, present at a general meeting of the Company held in accordance with these Articles, of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given.

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;

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 give shares, cash or other assets to the transferor company or to shareholders of the transferor company;

Statutory Reserve has the meaning set out in Article 101;

Subordinate Company any company (i) of which a majority of the total outstanding voting shares or the total amount of the capital stock is held by the Company; (ii) in which the Company has a direct or indirect control over the management of the personnel, financial or business operation of that company; (iii) of which a majority of directors in such company are

contemporarily acting as directors in the Company; or (iv) of which a majority of the total outstanding voting shares or the total amount of the capital stock of such companies and the Company are held by the same Members;

**Supervisor** a person who monitors the Company's business, management and operation in accordance with these Articles;

**TDCC** the Taiwan Depository & Clearing Corporation;

**TPEx** the Taipei Exchange, originally named as GreTai Securities Market (GTSM), in Taiwan;

**Treasury Shares** Shares that have been purchased by the Company and have not been cancelled but have been held continuously by the Company since they were purchased, in accordance with the Law and the Applicable Listing Rules; and

**TWSE** the Taiwan Stock Exchange Corporation.

(2) Unless the context otherwise requires, expressions defined in the Law and used herein shall have the meanings so defined.

(3) 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 gender 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.

- (4) Headings used herein are intended for convenience only and shall not affect the construction of these Articles.

## SHARES

3. Subject to the Law and these Articles, the Board may, in respect of all Shares for the time being unissued:
- (a) offer, issue and allot 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 the Applicable Listing Rules; 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 Applicable Listing Rules; and, for such purposes, the Board may reserve an appropriate number of Shares for the time being unissued.
4. The Company, subject to the Memorandum of Association and these Articles including by approval of a Special Resolution adopted at a general meeting in accordance with Article 5, may issue Shares of different Classes with rights which are preferential or inferior 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.
5. Prior to the issuance of any Preferred Shares approved pursuant to the preceding Article, 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) the total number of Preferred Shares that have been authorized to be issued and the numbers of the Preferred Shares already issued;
  - (b) the order, fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
  - (c) the order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
  - (d) the order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of Members of such Preferred Shares;
  - (e) other matters concerning rights and obligations incidental to Preferred Shares; and
  - (f) the conditions and method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply.

6. Subject to the sufficiency of the authorised share capital of the Company and these Articles, the issue of new ordinary Shares in 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 Company shall not issue any unpaid Shares or partial paid-up Shares.
7. (1) The Company may issue Shares without printing share certificates. Any share certificate of the Company, if any, shall not be the bearer certificate. During the Relevant Period, the Company shall not issue share certificates and the share certificates existing prior to the Relevant Period shall be cancelled, provided that the Register shall be conclusive evidence of the entitlement of a Person to Shares recorded against his name.
- (2) During the Relevant Period, the Company shall in compliance with the Law and the Applicable Listing Rules and subject to receipt of the subscription price from each subscriber, deliver, or cause its Shareholders' Service Agent to deliver Shares by book-entry transfer to the subscribers within thirty (30) days from the date the Board resolves to issue Shares. The Company shall make a public announcement in accordance with Applicable Listing Rules prior to the delivery of such Shares.
- (3) When the total number of Shares in every issuance has been subscribed to in full, the Company shall immediately request each of the subscribers for payment. Where the Company issues Shares at a premium, the amount in excess of par value shall be collected at the same time with the payment for Shares. Where a subscriber delays payment for Shares as mentioned above, the Company shall prescribe a period of not less than one (1) month and call upon each subscriber to pay up, declaring that in case of default of payment within that prescribed period the subscriber's right shall be forfeited. After the Company have made the aforesaid call, the subscribers who fail to pay accordingly shall forfeit their rights and the Shares subscribed to by them shall be otherwise sold. Under such circumstances, the Company may hold the subscriber liable for compensating the damage, if any, resulting from such default in payment.
- (4) For the avoidance of doubt, a subscriber who fails to pay up the Shares pursuant to Paragraph (3) of this Article will not be considered a Member until the Shares to be subscribed are paid in full, and only if the Shares the subscriber subscribed have been paid in full may the subscriber's name be entered in the Register.
- (5) The Company shall neither issue Shares without par value nor convert its Shares from Shares with par value to Shares without par value.

8. During the Relevant Period:

- (a) upon each issuance of new Shares, the Board may reserve not more than fifteen percent (15%) of the new Shares for subscription by the employees of the Company and/or its Subordinate Companies, as determined by the Board in its reasonable discretion pursuant to the Law and the Applicable Listing Rules; and
  - (b) where the Company issues new Shares for cash consideration, after the Board reserving certain percentage of the new Shares for subscription by the employees of the Company and/or its Subordinate Companies pursuant to subparagraph (a) of this Article, the Company shall allocate ten percent (10%) (or such greater percentage as may be determined by an Ordinary Resolution) of the total number of the new Shares to be issued for offering in the R.O.C. to the public unless (i) the Commission, the Emerging Market, the TPEx and/or the TWSE (where applicable) considers such public offering unnecessary or inappropriate or (ii) the Applicable Listing Rules provide otherwise .
9. During the Relevant Period, subject to an Ordinary Resolution, upon each issuance of new Shares for cash consideration, the Company shall, after reserving the portion of Shares for subscription by the employees of the Company and/or its Subordinate Companies and public offering in the R.O.C. pursuant to Article 8, first offer such remaining new Shares, by a public announcement and a written notice to each existing Member respectively, stating that in case the Member fails to confirm his subscription within the prescribed period his subscription right shall be forfeited, for their subscription in proportion to the number of Shares held by it, provided that:
- (a) where any fractional Share held by a Member is insufficient to subscribe for one new Share, the fractional Shares being held by several Members 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 Member;
  - (b) the existing Member(s) may assign and transfer his subscription right to other Persons independently of his original Shares; and
  - (c) new Shares left unsubscribed may be offered to the public or to specific Persons through negotiation.
10. (1) Subparagraph (a) of Article 8 and Article 9 shall not apply whenever the new Shares are issued due to the following reasons:
- (a) in connection with a Merger or a Consolidation of the Company or the Spin-off of the Company's business, or pursuant to any reorganization of the Company save as otherwise provided by these Articles;
  - (b) in connection with meeting the Company's obligation under Share subscription warrants and/or options granted to the employees;

- (c) in connection with distribution of the employees' compensation;
- (d) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;
- (e) in connection with meeting the Company's obligation under Share subscription warrant or Preferred Shares vested with rights to acquire Shares; or
- (f) in connection with issuance of new Shares to the existing Members by capitalisation of the Company's reserves in accordance with these Articles.

(2) Article 8 and Article 9 shall not apply to any of the following circumstances:

- (a) the Company, as the surviving company, issues new Shares for a Merger, or the Company issues new shares for the Merger between its subsidiary and other companies;
- (b) all new Shares are issued as consideration for being acquired by the other company with the intention of takeover;
- (c) all new Shares are issued as consideration for the acquisition of issued shares, business, or assets of other companies;
- (d) new Shares are issued for the share exchange entered into by the Company;
- (e) new Shares are issued for a Spin-off effected by the transferor company;
- (f) new Shares are issued in connection with any Private Placement conducted pursuant to Article 11-2; or
- (g) new Shares are issued in connection with any other event otherwise prohibited, limited, restricted or exempted to so apply pursuant to the Law and/or the Applicable Listing Rules.

(3) New Shares issued for any of the circumstances in the preceding Paragraph may be paid up in cash or assets as required for the business of the Company.

11. Subject to the Applicable Listing Rules, the Company may, upon adoption of a resolution passed by a majority of the Directors present at a meeting of the Board attended by two-thirds or more of the total number of Directors, enter into a share subscription right agreement with the employees of the Company and/or its Subordinate Companies whereby the employees may subscribe, within a specific period of time, for a specific number of Shares of the Company at an agreed subscription price. Upon execution of the said agreement, the Company shall issue to each employee a share subscription warrant. Such issued share subscription warrant shall be non-assignable, except for transfer by inheritance or intestacy.

11-1. The Company may, with the authority of a Special Resolution, issue new Shares to employees of the Company and/or its Subordinate Companies subject to any restrictions

and conditions as approved by such Special Resolution, provided that Articles 8 and 9 shall not apply. In respect of the issuance of Shares to employees in the preceding sentence, the number of Shares to be issued, issue price, issue conditions, restrictions and other matters shall be subject to the Applicable Listing Rules and the Law.

- 11-2. During the Relevant Period and subject to the Applicable Listing Rules, the Company may, with the sanction of a Special Resolution, conduct a Private Placement with any of the following Persons in the R.O.C.:
- (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other Juristic Persons or institutions approved by the Commission;
  - (b) natural persons, Juristic Persons, or funds meeting the conditions prescribed by the Commission; or
  - (c) directors, supervisors, officers and managers of the Company or its affiliated enterprises.
12. The Company may by a Special Resolution reduce its share capital in the manner authorised, and subject to any conditions prescribed, by the Law and the Applicable Listing Rules.
13. During the Relevant Period, any issuance, conversion or cancellation of the Shares or any other equity securities (including but not limited to warrants, options or bonds), capitalisation and shareholder services, shall comply with the Law, the Applicable Listing Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C..

## **MODIFICATION OF RIGHTS**

14. Whenever the share capital of the Company is divided into different Classes of shares, including where Preferred Shares are issued, subject to Article 38 and in addition to a Special Resolution, the special rights attached to any Class shall be varied or abrogated with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of such Class. To every such separate general meeting and all adjournments thereof, all the provisions of these Articles relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply.
15. 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 or the redemption or purchase of Shares of any Class by the Company.

## **REGISTER**

16. (1) The Board shall cause to be kept the Register at such place within or outside the Cayman Islands as it deems fit. During the Relevant Period, the Register shall be entered therein the particulars required under the Law and the Applicable Listing Rules, and shall be made available at its Shareholders Service Agent's office in the R.O.C. The Board or any other authorized conveners of general meetings of the Company may request that the Company or the Company's Shareholders' Service Agent provide a copy of the Register for inspection.
- (2) Notwithstanding anything contained in these Articles and subject to the Law, during the Relevant Period, the relevant information of the Members shall be recorded by TDCC, and the Company shall recognize each person identified in the records provided by TDCC to the Company as a Member and such records shall form part of the Register as at the date of receipt of such records by the Company.

## **REDEMPTION AND REPURCHASE OF SHARES**

17. During the Relevant Period, all Preferred Shares may be redeemed as authorised by the Law, provided that the privileges accorded to holders of the Preferred Shares by these Articles shall not be impaired under the Law and the Applicable Listing Rules.
18. (1) Subject to the Law, the Applicable Listing Rules and other provision of this Article, upon the approval of a majority of the Board present at a Board meeting attended by two-thirds or more of Directors, the Company may purchase its own Shares, either for cancellation or to be held as Treasury Shares, upon such terms and manner and subject to such conditions as the Board thinks fit, PROVIDED ALWAYS that such purchase is effected in accordance with the provisions of the Law and the Applicable Listing Rules. During the Relevant Period, except purchases of Shares carried out pursuant to Article 18-1(1), the number of Shares to be purchased by the Company from time to time shall not exceed ten percent (10%) of the total number of issued and outstanding Shares and the total amount of the shares to be purchased by the Company shall not exceed the aggregate amount of retained earnings, premium on capital stock, and realized capital reserve. The resolutions of Board approving a purchase of Shares listed on the TWSE, how such resolutions are implemented, and the failure of any purchase of Shares as approved by such resolutions (if any) shall be reported to the Shareholders at the next general meeting.



- (2) Subject to the Law, where the Company holds Treasury Shares, the Company may cancel any or all of the Treasury Shares, or transfer any or all of the Treasury Shares to the employees of the Company and/or any of its Subsidiary Companies, at which the terms of such transfer and qualifications of the employees shall be determined by the Board, subject to Paragraph (3) of this Article. The Board may impose a lock-up period restricting the transfer of any Treasury Shares transferred to the employees pursuant to this Paragraph (2) for a term of up to two (2) years.
- (3) Subject to Paragraph (4) of this Article, the Company may, by way of a Special Resolution passed at the immediate preceding general meeting of the Company, transfer the Treasury Shares to the employees of the Company and/or any of its Subsidiary Companies for a price that is below the average price that the Company has paid to purchase such Treasury Shares (the “**Discount Transfer**”), provided that the following matters shall be specified in the notice of such general meeting with the description of their major contents, and shall not be proposed as ad hoc motions:
- (a) the transfer price of the Treasury Shares as determined by the Board, the discount rate used for the Discount Transfer, and the calculation basis of the Discount Transfer, and the basis of such determination;
  - (b) the amount of the Treasury Shares to be transferred pursuant to, and the purpose of, the Discount Transfer, and the basis of such determination;
  - (c) the qualification and terms of the employees of the Company and/or any of its Subsidiary Companies to whom the Treasury Shares are transferred and the amount of Treasury Shares for which such employees may subscribe pursuant to the Discount Transfer; and
  - (d) matters that may affect Shareholders' rights:
    - (i) any expenses that may be incurred and dilution of per share profit, if any, due to the Discount Transfer, in accordance with the Applicable Listing Rules; and
    - (ii) any burden on the Company caused by the Discount Transfer, in accordance with the Applicable Listing Rules.
- (4) The total aggregate amount of the Treasury Shares that are transferred to the employees of the Company and/or any of its Subordinate Companies pursuant to the Discount Transfer in accordance with Paragraph (3) of this Article shall not exceed five percent (5%) of the total number of issued and outstanding Shares of the Company, and the aggregate amount of the Treasury Shares transferred to each employee shall not exceed point five percent (0.5%) of the total number of issued and outstanding Shares of the

Company.

- (5) Subject to the Law and the Applicable Listing Rules, the Company shall not be entitled to exercise the rights of a Shareholder in respect of any Treasury Shares.

18-1. (1) Subject to the Law and the Applicable Listing Rules, the Company may carry out a compulsorily purchase and cancellation of its Shares on a pro rata basis (rounded up or down to the nearest whole number) among the Shareholders in proportion to the number of Shares held by each such Shareholder subject to approval by a Special Resolution. The purchase price payable to the Shareholders in connection with a purchase of Shares described in the preceding sentence may be paid in cash or in kind. Any purchase price to be paid in kind shall be subject to approval by a Special Resolution and shall be subject to individual consent by the Shareholder(s) receiving such payment in kind. Prior to convening the general meeting for approving such purchase of Shares, the Board shall determine the monetary equivalent value of any purchase price to be paid in kind and have such value audited and certified by a certified public accountant in the R.O.C.

(2) For the avoidance of doubt, where the proposed purchase and cancellation of Shares is not on a pro rata basis, subject to the Law and the Applicable Listing Rules, the Board is empowered to authorize and carry out such repurchase without approval by Special Resolution in accordance with the preceding paragraph.

19. Any Shares redeemed in accordance with Article 17, and any Shares purchased for cancellation in accordance with Paragraph (1) of Article 18, shall be treated as cancelled immediately on redemption or purchase, as the case may be.

## **TRANSFER AND TRANSMISSION OF SHARES**

20. Subject to the Law and Applicable Listing Rules and unless otherwise provided by these Articles, Shares issued by the Company shall be freely transferable.

21. The Company shall not be obligated to recognize any transfer or assignment of Shares unless the name/title and residence/domicile of the transferor and transferee have been recorded in the Register. The registration of transfers shall be suspended when the Register is closed in accordance with Article 22.

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

22. (1) The Board may fix in advance the record date(s) for (a) determining the Members entitled to receive any dividend, distribution or issue; (b) determining the Members

entitled to receive notices of, attend or vote at any general meeting or any adjournment thereof in person, by proxy or by way of electronic transmission; and (c) any other purposes as determined by the Board.

In the event the Directors designate record date(s) for (b) in accordance with this Article, such record date(s) shall be date(s) prior to the general meeting.

- (2) During the Relevant Period, the Register shall be closed for transfers (the “**Book Closure Period**”) at least for a period of sixty (60) days before the date of each annual general meeting, thirty (30) days before the date of each extraordinary general meeting and five (5) days before the target date for a dividend, bonus or other distribution. For the purpose of calculating the Book Closure Period, the respective convening date of the general meeting or the relevant target date shall be included.

### GENERAL MEETINGS

23. 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 or such other period as may be permitted by the TPEX or TWSE (where applicable). The annual general meeting shall be convened by the Board.
24. All general meetings other than annual general meetings shall be called extraordinary general meetings. The Board may, whenever they think fit, convene an extraordinary general meeting of the Company.
25. During the Relevant Period, all general meetings to be held in physical locations shall be held in the R.O.C.
26. (1) Any one or more Member(s) holding at least three percent (3%) of the total issued Shares of the Company for a period of one (1) year or a longer time may, by depositing the requisition notice specifying the proposals to be resolved and the reasons, request the Board to convene an extraordinary general meeting. If the Board does not give notice to Members to convene such meeting within fifteen (15) days after the date of the requisition notice, the proposing Member(s) may convene a general meeting.
- (2) Any one or more Member(s) continuously holding more than half of the total issued Shares of the Company for a period of no less than three (3) months may convene an extraordinary general meeting. The number of Shares held by such Member or Members and the holding period of which such Member or Members hold such Shares shall be calculated and determined based on the Register as of the first day of the Book Closure Period.

27. During the Relevant Period, the Company shall engage a Shareholders' Service Agent within the R.O.C. to handle the administration of general meetings, including but not limited to, the voting matters.

### **NOTICE OF GENERAL MEETING**

28. At any time other than during the Relevant Period, at least seven (7) days notice in writing prior to the scheduled date of any annual general meetings and five (5) days notice in writing prior to the scheduled date of any extraordinary general meeting shall be given to each Member. During the Relevant Period, at least thirty (30) days notice in writing prior to the scheduled date of any annual general meetings and fifteen (15) days notice in writing prior to the scheduled date of any extraordinary general meeting shall be given to each Member, and subject to the Law and the Applicable Listing Rules, the Company may make a public announcement of a notice of general meeting to Members holding less than 1,000 Shares instead of delivering the same to each Member. The period of notice shall be exclusive of the day on which it is served and of the day on which the general meeting is to be held. Such notice shall specify the place, the day and the time of meeting and the agenda and the proposals to be resolved at the general meeting. The notice for a general meeting may be given by means of electronic communication if the Company obtains prior consent from the Members or as permitted by the Law and the Applicable Listing Rules.
- 28-1.(1) The Company shall make public announcements with regard to notice of general meeting, proxy form, summary information and details about items to be proposed at the meeting for approval, discussion, election or dismissal of Directors at least thirty (30) days prior to any annual general meeting or at least fifteen (15) days prior to any extraordinary general meeting.
- (2) If the Company allows the Shareholders to exercise the votes and cast the votes in writing or by way of electronic transmission in accordance with Article 46, the Company shall also send to the Shareholders the information and documents as described in the preceding paragraph, together with the voting right exercise forms.
29. For the purpose of these Articles, the following matters shall be regarded as special business and be specified in the notice of general meeting with the description of their major contents, and shall not be proposed as ad hoc motions; the major contents may be posted on the website designated by the R.O.C. competent authorities or the Company, and such website shall be indicated in the notice:
- (a) election or discharge of Directors or Supervisors (if any);
  - (b) amendments to the Memorandum of Association and/or these Articles;

- (c) any capital reduction or compulsory purchase and cancellation of Shares pursuant to Paragraph (1) of Article 18-1;
  - (d) applying for the approval of ceasing the status as a public company;
  - (e) winding-up, Merger/Consolidation, share exchange or Spin-off of the Company;
  - (f) entering into, amendment to, or termination of any contract for lease, management by others, or regular joint operation with others of its business in whole;
  - (g) the transfer of the whole or any material part of its business or assets;
  - (h) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (i) carrying out a Private Placement of any equity-type securities issued by the Company;
  - (j) granting a waiver to the Director's non-competition obligation;
  - (k) distributing part or all of its dividends or bonus by way of issuance of new Shares; and
  - (l) capitalisation of the Statutory Reserve of the Company, the Share Premium Account of the Company and/or the endowments received by the Company in the Capital Reserve, by issuing new Shares and/or cash to its existing Member in proportion to the number of Shares being held by each of them.
30. During the Relevant Period, the Company shall prepare a manual for each general meeting, and such manual and relevant materials shall be published on the website designated by the Commission, the TPEX or TWSE (where applicable) twenty-one (21) days prior to the scheduled date of the relevant annual general meeting and fifteen (15) days prior to the scheduled date of the relevant extraordinary general meeting pursuant to the Applicable Listing Rules. However, in the event the Company's total paid-in capital as of the close of the most recent financial year reaches NT\$10 billion or more, or when the aggregate number of Shares held by the foreign investors and Mainland Chinese investors reached thirty percent (30%) or more as recorded in the Register at the time of holding of the general meeting in the most recent financial year, the Company shall upload the electronic files of the abovementioned manual and relevant materials thirty (30) days prior to the scheduled date of the relevant annual general meeting.

## **PROCEEDINGS AT GENERAL MEETINGS**

31. (1) No business, other than the appointment of a chairman of the meeting, shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, the Members present in person or by proxy or (in the case of a Member being a corporation)

- by its duly authorised representative representing more than one-half of the total issued and outstanding Shares with voting rights shall be a quorum of Members for all purposes.
- (2) When a general meeting is held, a Member may participate in the general meeting through the medium of video conference call or any other form of communications designated and announced by the competent authority set forth in the Company Act of the R.O.C.; provided that in case of calamities, unforeseen incidents, or force majeure, the competent authority set forth in the Company Act of the R.O.C. may announce and designate that during a prescribed period the Company shall hold a general meeting by means of video conference call or any other form of communications without regard to lack of express provisions in these Articles. A Member participating in this way is deemed to be present in person at the general meeting.
- (3) With respect to participation of a general meeting through the medium of video conference call referred to in the preceding Paragraph, the Company shall comply with the conditions, operating procedures and other matters prescribed by the Applicable Listing Rules.
32. (1) One or more Member(s) holding one percent (1%) or more of the total issued Shares of the Company may submit to the Company not more than one proposal in writing or by way of electronic transmission for resolution at an annual general meeting.
- (2) Prior to the commencement of the period in which the Register is closed for transfers before an annual general meeting, the Company shall make a public announcement of the place and the period for Members to submit proposals; provided that the period for submitting such proposals shall not be less than ten (10) days.
- (3) The Member who has submitted a proposal shall attend, in person or by a proxy, such general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
- (4) The Board shall include a proposal submitted by Member(s) unless:
- (a) the proposal involves matters which cannot be settled or resolved at a general meeting under the Law, the Applicable Listing Rules and these Articles;
  - (b) the number of Shares held by the proposing Member(s) is less than one percent (1%) of the total issued Shares in the Register upon commencement of the Book Closure Period before the relevant annual general meeting of the Company;
  - (c) the proposal contains more than one matter;
  - (d) the proposal contains more than three hundred (300) words; or
  - (e) the proposal is submitted after the expiration of the specified period announced by the Company for submitting proposals.

- (5) If a proposal submitted by Member(s) is intended to urge the Company to promote public interests or fulfil its social responsibilities, the Board may include the proposal notwithstanding that one of the circumstances set forth in the preceding Paragraph (4) of this Article applies.
- (6) The Company shall, prior to the despatch of a notice of the relevant annual general meeting, inform all the proposing Members of whether their proposals are accepted or not, and shall list in the notice of the relevant annual general meeting all the accepted proposals. The Board shall explain at the relevant annual general meeting the reasons for excluding any proposal submitted by Members.
33. The Chairman shall preside as chairman at every general meeting of the Company convened by the Board. For a general meeting convened by any Person other than the Board, such Person shall act as the chairman of that meeting; provided that if there are two or more Persons jointly convening such meeting, the chairman of the meeting shall be elected from those Persons.
34. If at any general meeting the Chairman is not present or is unwilling to act as chairman, he shall appoint one of the Directors to act on his behalf. In the absence of such appointment, the Directors present may choose one of them to be the chairman of that general meeting.
35. A general meeting may be adjourned by an Ordinary Resolution from place to place within five (5) days, 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 general meeting is adjourned for more than five (5) days, notice of the time and location of the adjourned meeting shall be given as in the case of an original meeting.
36. At any general meeting, a resolution put to the vote of the meeting shall be decided on a poll.
37. Unless otherwise expressly required by the Law, the Applicable Listing Rules or these Articles, any matter proposed for approval by the Members at general meeting shall be passed by an Ordinary Resolution.
38. Subject to the Law and the Applicable Listing Rules, the Company may by a Special Resolution:
- (a) enter into, amend, or terminate any contract for lease, management by others, or regular joint operation with others of its business in whole;
  - (b) transfer the whole or any material part of its business or assets;
  - (c) acquire the whole business or assets of other(s), 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 Spin-off of the Company's business, Consolidation and/or Merger;
  - (f) enter into any share exchange;
  - (g) be voluntary wound up;
  - (h) carry out a Private Placement;
  - (i) grant a waiver to the Directors' non-competition obligation, or approve a Director to engage in activities in competition with the Company;
  - (j) change its name;
  - (k) change the currency denomination of its share capital;
  - (l) 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;
  - (m) consolidate and divide all or any of its share capital into Shares of a larger par value than its existing Shares;
  - (n) subdivide its existing Shares, or any of them, into Shares of a smaller par value than is fixed by the Memorandum of Association;
  - (o) cancel any Shares that, at the date 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;
  - (p) subject to these Articles (including without limitation Articles 14 and 15), alter or amend the Memorandum of Association or these Articles, in whole or in part;
  - (q) reduce its share capital and any fund of the capital redemption reserve in any manner authorised by the Law and the Applicable Listing Rules;
  - (r) appoint an inspector to examine the affairs of the Company under the Law;
  - (s) issue new Shares to employees of the Company and/or its Subordinate Companies subject to any restrictions and conditions; and
  - (t) apply for the approval of ceasing the status as a public company.
39. Notwithstanding anything contained in these Articles, unless otherwise provided by the Law and the Applicable Listing Rules, in case the Company is dissolved after participating in the merger/consolidation or the Company is delisted from the TPEx or TWSE due to the general transfer (or the assignment of all rights and delegation of all duties of the Company), the transfer of business or assets of the Company, any share exchange or any Spin-off entered into or carried out by the Company while the surviving, transferee, existing or newly incorporated company is not a listed company (including TWSE/TPEx listed company), any such action aforementioned shall be approved by the affirmative vote of at least two-thirds (2/3) of the total votes cast by the Members of the Company.



40. (1) In the event any of the resolutions with respect to the matter(s) as set out in Subparagraphs (a), (b) or (c) of Article 38 is adopted at a general meeting, a Member who has notified the Company in writing of his objection to such proposal prior to that meeting and subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Member shall have the abovementioned appraisal right if the resolution to be adopted is in relation to the matter(s) set out in Paragraph (b) of Article 38 and at the same meeting the resolution for the winding up of the Company is also adopted.
- (2) In the event that the Company resolves to carry out any part of the Company's business is involved in any Spin-Off, Consolidation, Merger, acquisition or share exchange (collectively, the "**Merger and Acquisition**"), a Member expressing his dissent in accordance with the Applicable Listing Rules may request the Company to purchase all of his Shares at the then prevailing fair price in accordance with the Law.
- (3) Without prejudice to the Law, a Member who votes against or waives his voting right at the meeting may request the Company to repurchase all of his Shares pursuant to Paragraph (2) of this Article. In the event the Company and such Member fail to reach an agreement on the purchase price within sixty (60) days following the date of the resolution, the Company shall, within thirty (30) days after such sixty (60) days period, file a petition against all Members who fail to reach such an agreement (collectively, the "**Dissenting Members**") with the R.O.C. Court for a ruling on the appraisal price, and may designate Taiwan Taipei District Court of the R.O.C. as the court of first instance. Any and all votes waived by a Member referred to in this Paragraph shall not be counted toward the number of votes represented by the Members present at a general meeting.
- (4) Without prejudice to the Law, a Member making a request pursuant to Paragraphs (1) or (2) of this Article shall make such request in writing within twenty (20) days after the date of the general meeting adopting resolutions with respect to the matter(s) as set out in Subparagraph (a), (b) or (c) of Article 38 or the Merger and Acquisition, and specify the repurchase price. If the Member and the Company reach an agreement on the repurchase price, the Company shall pay for the Shares to be repurchased within ninety (90) days after the date of the general meeting adopting such resolutions. In case no agreement is reached, the Company shall pay the fair repurchase price determined at its discretion to the Dissenting Members with whom the Company fail to reach an agreement within ninety (90) days after the date of the general meeting adopting such resolutions. If the Company fails to pay the price, it shall be considered to have accepted the repurchase price proposed by such Dissenting Members.
- (5) Notwithstanding Paragraphs (2), (3) and (4) of this Article, nothing under this Article

shall restrict or prohibit a Member from exercising his right under section 238 of the Companies Act (As Revised) of the Cayman Islands and any amendment or other statutory modification thereof to payment of the fair value of his shares upon dissenting from a Consolidation or Merger.

41. In case the procedure for convening a general meeting in which a resolution is adopted or the method of adopting a resolution is in violation of the Law, the Applicable Listing Rules or these Articles, a Member may, within thirty (30) days from the date of the resolution, submit a petition to the Taiwan Taipei District Court or a competent court in Cayman Islands, as applicable, for an appropriate remedy, including but not limited to, requesting the court to invalidate and cancel the resolution adopted therein.

### **VOTES OF MEMBERS**

42. Subject to any rights and restrictions as to voting for the time being attached to any Share by or in accordance with these Articles, at any general meeting, every Member who is present in person (or in the case of a Member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each Share registered in his/her/its name in the Register.
43. In the case of joint Members, the joint Members shall select a representative among them to exercise their voting powers.
44. Any corporation which is a Member of the Company may, by resolution of its board or other governing body, authorise such natural person as it thinks fit to act as its representative at any general meeting or at any meeting of a Class of Members of the Company.
- 44-1. A Shareholder who holds Shares for the benefit of others need not use all his votes or cast all the votes he holds in the same way as he uses his votes in respect of share he holds for himself. The qualifications, scope, methods of exercise, operating procedures and other requirements for separate votes shall be in compliance with the Applicable Listing Rules.
45. (1) No vote may be exercised with respect to any of the following Shares:
- (a) the Shares held by the Company itself (if such holding is permitted by the Law and these Articles);
  - (b) the Shares held by any Subordinate Companies, of which a majority of the total issued and outstanding shares or the total amount of capital stock with voting rights are held by the Company; or
  - (c) the Shares held by other companies, of which a majority of the total issued and outstanding shares or the total amount of the capital stock with voting rights are, either directly or indirectly, held by the Company and its holding/Subordinate

Companies.

- (2) Subject to the Law and these Articles, the Shares held by any Member who has no voting rights shall not be counted in the total number of the issued and outstanding Shares with voting rights while adopting a resolution at a general meeting.
  - (3) Any Member who bears a personal interest that may conflict with and impair the interest of the Company in respect of any matter proposed for consideration and approval at a general meeting shall abstain from voting in respect of all the shares that such Member should otherwise be entitled to vote, on his behalf or as a proxy or corporate representative, with respect to the said matter. Any and all votes cast by such Member(s) shall not be counted in determining the number of votes for or against such matter.
  - (4) Where any Director or Supervisor (if any), who is also a Shareholder of the Company, creates or has created any charge, mortgage, encumbrance or lien in respect of Shares held by such Director or Supervisor (the "Charged Shares") exceeding fifty percent (50%) of the total Shares held by such Director or Supervisor at the time of his/her latest appointment as Director or Supervisor, such Director or Supervisor shall refrain from exercising its voting rights on the Shares representing the difference between the Charged Shares and fifty percent (50%) of total Shares held by such Director or Supervisor at the time of his/her appointment as Director or Supervisor, and such Shares shall not be counted toward the number of votes represented by the Shareholders present at a general meeting nor quorum at such general meeting.
46. To the extent permitted by the Law, votes may be exercised in writing or by way of electronic transmission as the Board thinks fit, subject to the Applicable Listing Rules. If a written ballot or electronic transmission for voting is proposed to be used, the relevant methods and procedures shall be specified in the notice of that meeting. Notwithstanding the foregoing, during the Relevant Period, subject to the Applicable Listing Rules, the Company shall adopt the electronic transmission as the methods for exercising the voting power of a Member.
47. A Member who exercises his votes in writing or by way of electronic transmission in accordance with these Articles shall be counted towards the quorum, and shall be deemed to have attended and voted in person at such general meeting for the purposes of these Articles and the Law, but shall be deemed to have waived his votes in respect of any ad hoc motions and the amendments to any original proposals for resolution at such general meeting.
48. (1) A Member shall submit his vote in writing or by way of electronic transmission to the Company in the manner specified in the notice of that meeting at least two (2) days prior to the meeting date. Whereas if two (2) or more such written ballot or electronic

transmission are submitted to the Company, the first written ballot or electronic transmission shall prevail unless it is expressly included in the subsequent written ballot or electronic transmission that the original vote submitted in writing or by way of electronic transmission be revoked.

(2) Subject to Article 54, in case a Member who has casted his votes in writing or by way of electronic transmission intends to attend the general meeting in person, he shall, at least two (2) days prior to the meeting date, revoke his previous votes by serving a separate notice in the same manner as such Member casted his votes. In the absence of a timely revocation of the previous declaration of intention, the votes exercised in writing or by way of electronic transmission shall prevail.

49. For the avoidance of doubt, a Shareholder who exercises his voting power as set forth in Articles 46, 47 and 54 in accordance with the Applicable Listing Rules shall be deemed to have attended and voted in person at the general meeting for the purposes of these Articles and the Law.

50. The proceedings regarding the general meeting and the voting in the general meeting not covered by these Articles shall be governed by the internal rules of the Company, as adopted and amended by an Ordinary Resolution from time to time, which shall be in compliance with the Law and the Applicable Listing Rules (in particular the Rules Governing the Conduct of Shareholders Meetings by Public Companies of the R.O.C.).

51. Where the Company has only one Shareholder, a resolution in writing signed by such Shareholder in accordance with these Articles shall be as valid and effective as if the same had been passed at a general meeting of the Company duly called and constituted.

## **PROXY**

52. A Member may appoint a proxy to attend a general meeting on his behalf by executing a proxy form prepared by the Company stating therein the scope of power authorized to the proxy. A proxy need not be a Member.

53. A Member may only appoint one proxy for each general meeting and shall serve an executed proxy in compliance with the preceding Article to the Company or its designated Shareholders Service Agent as the case may be no later than five (5) days prior to the relevant meeting date. In case the Company receives two or more proxies from one Member, the one received first by the Company shall prevail unless an explicit statement by the Member to revoke such proxy is made in the subsequent proxy, provided this subsequent proxy is received no later than five (5) days prior to the relevant meeting date.

54. In case a Member who has served a proxy intends to attend the relevant general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, a written proxy revocation notice shall be made to the Company or Shareholders Service Agent at least two (2) days prior to the meeting date; otherwise, the votes cast by the appointed proxy at the meeting shall prevail.
55. In case a Member has exercised his voting power in writing or by way of electronic transmission in accordance with Article 46, and has also authorized a proxy to attend the general meeting on his behalf, then the voting power exercised by the authorized proxy for the said Member shall prevail.
56. The proxy form prepared by the Company shall be expressed to be for a particular general meeting only and shall include the following: (a) instructions on how to fill in and complete such proxy form, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information of the Member as appointor, the proxy, and proxy solicitor (if any). To the extent permitted by the Law, the proxy form prepared to be used for a particular general meeting shall be sent out together with the notice of that general meeting, either in writing through post or by electronic transmission, as the case maybe, to all Members on the same day.
57. Except for trust enterprises or shareholders service agencies duly licensed under the R.O.C. competent authorities, where a Person acts as a proxy for two or more Members, the number of Shares with voting rights that the proxy may vote in respect thereof represented by him shall not exceed three percent (3%) of the total number of issued and outstanding Shares with voting rights of the Company; otherwise, such number of Shares with voting rights in excess of the aforesaid threshold shall not be counted towards the number of votes cast for or against the relevant resolution or the number of Shares with voting rights present at the relevant meeting but shall be included in the quorum. Upon such exclusion, the number of Shares with voting rights being excluded and attributed to each Member represented by the same proxy shall be determined on a pro-rata basis based on the total number of Shares with voting rights being excluded and the number of Shares with voting rights that such Members have appointed the proxy to vote for.
58. The use and solicitation of proxies shall be subject to, the Law, the internal rules of the Company and the Applicable Listing Rules (in particular, the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies of the R.O.C.).

## **DIRECTORS AND THE BOARD**

59. (1) The number of Directors (including Independent Directors) shall be a minimum of five (5). Subject to the foregoing, the number of Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Directors will be held.
- (2) A Director can be a natural person or a Juristic Person. Where a Director is a Juristic Person, it shall designate a natural person as its authorized representative to exercise, on its behalf, the duties of a director. Any natural person designated as an authorized representative by such Juristic Person may be replaced by another natural person to be authorized by the Juristic Person from time to time so as to fulfil the remaining term of the office of the predecessor.
- (3) Where a Juristic Person is a Member but not a Director or Supervisor, its authorized representative(s) may be elected as Director(s) or Supervisor(s) (if any) in accordance with these Articles but may not concurrently be elected as the Director(s) and Supervisor(s).
- (4) Directors shall be elected by Members at general meetings. Notwithstanding any other provision of these Articles, the principle of cumulative voting shall apply in any election of Directors pursuant to this Article. Each Member entitled to vote in such election shall have a number of votes equal to the product of (i) the number of votes conferred by such Member's shares and (ii) the number of Directors to be elected at the general meeting. Each Member may divide and distribute such Member's votes, as so calculated, among any one or more candidates for the directorships to be filled, or such Member may cast such Member's votes for a single candidate. At such election, the candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected.
- (5) The proceedings and the voting regarding the election of Directors not covered by these Articles shall be governed by the Methods of Election of Directors and Supervisors of the Company and the internal rules of the Company, as adopted and amended by an Ordinary Resolution of the Members from time to time, which shall be in compliance with the Law and the Applicable Listing Rules.
60. The Company may, whenever it thinks fit, adopt and apply a candidate nomination mechanism for election of all the Directors. Notwithstanding the foregoing, during the Relevant Period, a candidate nomination mechanism shall be adopted for election of all Directors. Upon adoption of candidate nomination mechanism, the Directors and Independent Directors shall be elected by the Members at a general meeting from among the

nominees listed in the respective rosters of director candidates and independent director candidates. Subject to the Applicable Listing Rules, the Board may establish detailed rules and procedures for such candidate nomination.

61. 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.
62. (1) Notwithstanding the preceding Article, a Director may be discharged at any time by a Special Resolution adopted at a general meeting.  
(2) Without prejudice to other provisions of these Articles, the Directors may be put up for re-election at any time before the expiration of the term of office of such Directors. In the event where all Directors are subject for re-election at a general meeting before the expiration of the term of office of such Directors, subject to the successful election of the new Directors at the same meeting, the term of office of all current Directors is deemed to have expired on the date of the re-election if the Members do not resolve that all current Directors will only retire at the expiration of their present term of office or any other date as otherwise resolved by the Members at the general meeting.
63. The Board shall have a chairman (the “Chairman”) elected and appointed in term by a majority of the Directors present at a meeting of the Board attended by at least two-thirds of all of the Directors then in office. The Chairman shall externally represent the Company and internally preside as the chairman at every meeting of the Board and at every general meeting convened by the Board. In the event the Chairman is not present at a meeting or cannot or will not exercise his power and authority for any cause, he shall designate one of the Directors to act on his behalf. In the absence of such designation, the Directors present at the meeting shall elect from among themselves an acting chairman.
64. A Director shall not be required to hold any Shares in the Company.
65. The remuneration of a Director may differ from other Directors, and shall be determined, regardless of the Company profits or losses of respective years, based on (i) the extent of a Director's involvement with the business operations of the Company, (ii) the contribution of a Director to the Company, (iii) the prevailing industry standard and (iv) such other relevant factors.
66. When the number of Directors falls below five (5) due to a Director vacating his office for any reason, the Company shall hold an election for Directors at the next general meeting to fill the vacancy for the remainder of the term of such outgoing Director(s). When the number

of Directors then in office falls short by one-third of the total number of Directors initially constituting the existing Board, the Company shall convene an extraordinary general meeting within sixty (60) days of the occurrence of that fact for the purposes of electing such number of Directors to fill the vacancy.

66-1.(1) Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Law, the Directors shall assume fiduciary duties to the Company and without limitation duty of care, exercise due care and skill and act in the best interest of the Company in conducting the business operation of the Company, including matters in connection with Spin-off, Consolidation, Merger, or acquisition of the Company. A Director may be liable to the Company if he acts contrary to his duties. In circumstances where a Director breaches any of such duties and acts for his/her or other Person's interest, the Company may, with the sanction of an Ordinary Resolution, require the disgorgement of any and all earnings derived from such act.

(2) If a Director violates any law in the course of conducting the business of the Company, he shall be jointly and severally liable with the Company for the damages resulting from such violation.

(3) The preceding two Paragraph of this Article shall apply, mutatis mutandis, to the officers of the Company and the Supervisors (if any) who are authorised to act on its behalf in a senior management capacity.

66-2. During the Relevant Period, the qualifications, election, removal, power, authority and other requirements for Directors (including Independent Directors), which are not covered by these Articles, shall be in compliance with the Applicable Listing Rules.

## **INDEPENDENT DIRECTORS**

67. (1) During the Relevant Period, upon establishment of an audit committee by the Company, the number of Independent Directors of the Company shall not be less than three (3) or one-fifth of the total number of Directors at any time, whichever is greater. Two (2) of the Independent Directors shall be domiciled in the R.O.C. (such domicile being registered with local government authorities) PROVIDED HOWEVER that the number of Independent Directors of the Company shall not be less than four (4) when the Chairman is also the general manager or holds an office equivalent to the general manager or when a spousal relationship or a familial relationship within the first degree of kinship as defined under the Civil Code of Taiwan exists between the Chairman and the general manager of the Company or between the Chairman and an officer equivalent



to the general manager of the Company.

- (2) Subject to the foregoing, the number of Independent Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Independent Directors will be held. When an Independent Director ceases to act, resulting in a number of Independent Directors then in office lower than the prescribed minimum number, an election for an Independent Director shall be held at the next general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election of Independent Directors within sixty (60) days from the date on which the situation arose.

68. Independent Directors shall possess professional knowledge and shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions held by the Independent Directors shall be as prescribed by the Applicable Listing Rules, and the assessment of independence of such Independent Directors shall be in compliance with the Applicable Listing Rules. The Board or other Persons calling a general meeting at which an election for Independent Directors is proposed shall ensure that the requirements of this Article have been satisfied and complied with in relation to any candidate for Independent Director.

## **POWERS AND DUTIES OF THE BOARD**

69. (1) Subject to the Law, these Articles, the Applicable Listing Rules and any resolutions passed in a general meeting, the business of the Company shall be managed by the Board in such manner as it shall think fit, which may pay all reasonable expenses in connection with business management, including but not limited to expenses incurred in forming and registering the Company and may exercise all powers of the Company.
- (2) If the Board fails to comply with the Applicable Listing Rules, these Articles and any resolutions passed in a general meeting in dealing with matters in connection with Spin-off, Consolidation, Merger, or acquisition of the Company, as a result of which the Company suffers damages, any Director involved in decision-making related thereto shall be liable to the Company in respect of the damages suffered by the Company. However, a Director may be exempted from the liability if the minutes of the Board meeting or written statement demonstrates such Director's dissent.
70. The Board may from time to time appoint any Person to hold such office in the Company as the Board may think necessary for the management of the Company, including but not

limited to officers and managers, and for such term and at such remuneration as the Board may think fit. Any Person so appointed by the Board may be removed by the Board.

71. The Board 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 the Board thinks fit. Any Secretary or assistant Secretary so appointed by the Board may be removed by the Board. The Secretary shall attend all general meetings and shall keep correct minutes of such meetings. Subject to the Applicable Listing Rules, the Secretary shall also perform such other duties as are prescribed by the Law or as may be prescribed by the Board.

### **DISQUALIFICATION AND DISCHARGE OF DIRECTORS**

72. (1) The office of Director shall be vacated, if such Director:
- (a) commits a felony (including but not limiting to an offence under Statute for Prevention of Organizational Crimes of the R.O.C.) and has been convicted thereof, and either (i) he has not started serving the sentence, (ii) he has not completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than five (5) years;
  - (b) has been imposed a final sentence involving imprisonment for a term of more than one (1) year for commitment of fraud, breach of trust or misappropriation, and either (i) he has not started serving the sentence, (ii) he has not completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two (2) years;
  - (c) has been imposed a final sentence due to violation of the Anti-corruption Act, and either (i) he has not started serving the sentence, (ii) he has not completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two (2) years;
  - (d) becomes bankrupt or is adjudicated of commencement of liquidation proceeding by a court under the laws of any jurisdiction and has not been reinstated to his rights and privileges;
  - (e) has allowed cheques and other negotiable instruments to be dishonoured and the records thereof have not been cancelled or expunged by the relevant regulatory authorities;
  - (f) dies or an order has been made by any competent court or authority on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and such order has not been revoked, or his legal capacity is restricted according to the applicable laws;

- (g) 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 the Law or Applicable Listing Rules;
  - (h) ceases to be a Director by virtue of Article 73;
  - (i) resigns his office by notice in writing to the Company;
  - (j) is removed from office pursuant to these Articles; or
  - (k) has been ordered to be discharged by the R.O.C. Courts on the grounds that such Director, in the course of performing his duties, committed serious violations of the Law, Applicable Listing Rules or these Articles, or acts resulting in material damage to the Company, upon a petition by the Company or Member(s) to the R.O.C. Courts.
- (2) During the Relevant Period, in case a Director (other than Independent Director) has transferred some or all his Shares during the term of his office as a Director, such that the remaining Shares held by him are less than one half of the Shares being held by him at the time he was elected, he shall, ipso facto, cease to act as a Director and be removed from the position of Director automatically.
- (3) If a Director (other than Independent Director), after having been elected and before his inauguration of the office of a Director, has transferred some or all his Shares such that the remaining Shares are less than one half of the Shares be held by such Director at the time of his election or, within the Book Closure Period fixed prior to the general meeting for the election of such Director, has transferred some or all his Shares such that the remaining Shares are less than one half of the Shares be held at the commencement of the Book Closure Period, his election as a Director shall be deemed invalid and void.
73. Except as approved by the Commission, the TPEX or the TWSE (where applicable), the following relationships shall not exist among more than half of the Directors: (a) a spousal relationship; or (b) a familial relationship within the second degree of kinship as defined under the Civil Code of the R.O.C. If any one of the foregoing relationships exists among more than half of the elected Directors, the election with respect to the one who received the lowest number of votes among those related Directors shall be deemed invalid and void; and if he has held office of Director, he shall cease to act as a Director upon such determination. For the remaining Directors, if the foregoing requirements are still not satisfied, the same procedure set out above shall be applied again to the remaining related Directors, until such time as the foregoing requirements can be complied with.
74. In case a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or in serious violation of the Law or these Articles, but

has not been discharged by a resolution in a general meeting, one or more Members holding three percent (3%) or more of the total number of issued Shares of the Company may, within thirty (30) days after that general meeting, submit a petition to a court having proper jurisdiction, including the Taipei District Court of the R.O.C., if and to the extent permitted under the Law, for removing the Director.

75. One or more Members holding one percent (1%) or more of the total number of the total issued Shares continuously for a period of six (6) months or a longer time may request in writing any Supervisor or any Independent Director of the audit committee of the Company to file, on behalf of the Company, an action against a Director with a court having proper jurisdiction, including the ROC Taipei District Court. In case such Supervisor or Independent Director fails to file such action within thirty (30) days after receipt of the request aforesaid, the Members making such request may file the action for the Company.

### **PROCEEDINGS OF THE BOARD**

76. During the Relevant Period, for the despatch of business, the Directors shall convene and hold a meeting of the Board (either within or outside the Cayman Islands) at least once each quarter.
77. At least seven (7) days notice in writing shall be given to every Director and Supervisor (if any) which notice shall set forth the general nature of the business to be considered at a meeting of Board, provided however in the case of emergency, as determined by a majority of the Directors, a meeting of the Board may be convened at any time. Such notice may be given to any Director or Supervisor (if any) either personally, or by facsimile or electronic communication, or by post.
78. A Director may participate in a meeting of Board, or of any committee established in accordance with Article 86 of which such Director is a member, by means of visual communication facilities which permit all Persons participating in the meeting to see and communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute presence in person at the meeting.
79. A Director may appoint another Director as his proxy to attend a meeting of the Board in writing with regard to a particular meeting, and state therein the scope of authority with reference to the subjects to be discussed at such meeting, in which event the presence and vote of the proxy shall be deemed to be that of the Director appointer. However, no Director may act as proxy for two (2) or more other Directors.
80. Unless otherwise provided by the Law, the Applicable Listing Rules and in these Articles,

any matter proposed for consideration and approval at a meeting of Board shall be decided by a resolution passed by a majority of votes cast by the Directors, being entitled so to do, voting in person or, where proxies are allowed, by proxy at such meeting attended by more than one-half of all the Directors. Subject to these Articles, if a Director attends a Board meeting on his behalf and as the proxy of another Director, he is entitled to vote both as a proxy and for his own.

81. A Director who is in any way, whether directly or indirectly, interested in a matter discussed, considered or proposed in a meeting of the Board shall declare the nature of his interest and its essential contents at the relevant meeting. When the Company conducts any Spin-Off, Consolidation, Merger, or acquisition, a Director who bears any interest in the transaction shall explain the essential contents of such personal interest and the reason of approval or disapproval of the resolution in connection with the transaction in a meeting of the Board and the general meeting of the Company. The Company shall specify in the notice of general meeting with descriptions of the essential contents of a Director's personal interest and the reason of approval or disapproval of the resolution in connection with the transaction. The essential contents may be posted on the website designated by the R.O.C. competent authorities or the Company, and such website shall be indicated in the above notice. Where the spouse, a blood relative within the second degree of kinship of a Director as defined under the Civil Code of Taiwan, or any company which has a controlling or subordinate relation with a Director bear any interest in the matter under discussion at a Board meeting, such Director shall be deemed to bear a personal interest in the matter. Any Director who bears a personal interest that may conflict with and impair the interest of the Company in respect of any matter proposed for consideration and approval at a meeting of Board shall abstain from voting, on his own behalf or as a proxy or corporate representative, with respect to the said matter. Any and all votes cast by such Director(s) shall not be counted in determining the number of votes for or against such matter.
82. Subject to these Articles, a Director other than an Independent Director may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board 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.
83. Subject to these Articles, a Director other than an Independent 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.

84. Subject to these Articles, the continuing Directors may act notwithstanding any vacancy in their body.
85. The proceedings regarding meetings of the Board not covered by these Articles shall be governed by the internal rules of the Company, as adopted and amended by the Board and reported to a general meeting from time to time, which shall be in compliance with the Law and the Applicable Listing Rules, particularly the Regulations Governing Procedure for Board of Directors Meetings of R.O.C. Public Companies.
86. Subject to the Law and the Applicable Listing Rules, the Board may establish any committee(s) (including but not limited to a compensation committee) consisting of one or more Directors and the membership, powers, duties and proceedings regarding such committee(s) shall be governed by the internal rules of the Company, as adopted and amended by the Board.

## **COMMITTEES**

- 86A. Subject to the Law and the Applicable Listing Rules, the Board may, or the Company may by an Ordinary Resolution, establish any committee(s) and delegate any of their powers, authorities and discretions to such committee(s) (including but not limited to an audit committee and a remuneration committee) consisting of such member or members of their body or any other Persons as the Board thinks fit. Any committee(s) so formed shall, in the exercise of the powers, authorities and discretions so delegated, and in conducting its proceedings, conform to any regulations that may be imposed on it by the Board pursuant to the Applicable Listing Rules. If no regulations are imposed by the Board, the proceedings of a committee with two (2) or more members shall be, as far as is practicable, governed by these Articles regulating the proceedings of the Board.
- 86B. (1) During the Relevant Period, prior to any resolution of the Merger and Acquisition by the Board, the audit committee of the Company shall review the fairness and reasonableness of the plan and transaction of the Merger and Acquisition, and then submit review results to the Board and the general meeting of the Company. However, the audit committee of the Company may elect not to submit the aforesaid review results to the Members at a general meeting if the Law provides that the Merger and Acquisition to be resolved requires no approval by the Members.
- (2) When reviewing the abovementioned matters, the audit committee of the Company shall seek opinions from an independent expert on the reasonableness of the share exchange ratio or the distribution of cash or other assets.

- (3) The Company shall send the review results of the audit committee of the Company and opinions of independent experts to all Members together with the notice of general meeting in which the Merger and Acquisition is to be resolved. However, the Company shall report the Merger and Acquisition to the Members at the most recent general meeting if the Law provides that the Merger and Acquisition to be resolved requires no approval by the Members.
- (4) If the Company posted the aforesaid review results and opinions of independent experts on a website designated by the R.O.C. competent authorities and arranged for the same documents to be made available at the venue of the general meeting of the Company for inspection by Members, those documents shall be deemed as having been sent to all Members.

## **SUPERVISORS**

- 87. (1) For the avoidance of doubt, Articles 87 to 100 in relation to the Supervisors shall apply to the extent that they comply with the Law, and in the event there is any inconsistency between such Articles and the Law, the Law shall prevail. Where the powers or obligations of a Supervisor are not expressly provided under such Articles, to the extent that they are permissible by the Law, the Applicable Listing Rules shall apply.
  - (2) During the Relevant Period, the Company shall have Supervisors who are elected by the Members in a general meeting. A Supervisor may be a natural person or a Juristic Person. When a Member is a Juristic Person, the authorised representative(s) of such Member shall not be nominated as candidate(s) of, and/or serve as, both Director(s) and Supervisor(s) concurrently.
  - (3) During the Relevant Period, the number of Supervisors shall be no less than three (3) Supervisors, one (1) of whom shall have a domicile in the R.O.C.
88. When the number of Supervisors falls below three (3) due to a Supervisor ceasing to act for any reason, the Company shall hold an election for Supervisors at the next general meeting. In case all Supervisors are discharged, the Board shall, within sixty (60) days, convene an extraordinary general meeting to elect new Supervisors.
- 89. (1) Supervisors shall supervise the management, operation and conduct of business of the Company, and may from time to time inspect the business and financial conditions of the Company, examine the accounting books and documents, and request the Board or officers to make reports thereon.
  - (2) In performing their duties under the preceding Paragraph of this Article, the Supervisors may appoint, on behalf of the Company, a lawyer and/or a certified public accountant to

conduct the examination.

90. When a Director discovers that the Company may suffer substantial damage, he/she shall report to the Supervisor(s) immediately.
91. (1) A Supervisor may attend a meeting of the Board and express his opinions therein; provided however, a Supervisor is not entitled to vote at a meeting of the Board.  
(2) In case the Board or any Director commits any act, in carrying out the business of the Company, in a manner in violation of the Law, the Applicable Listing Rules, these Articles and/or the resolutions of a general meeting, the Supervisors shall forthwith advise, by a notice, to the Board or the Director, as the case may be, to cease such act.
92. (1) Supervisors shall review the various statements and records prepared for submission to a general meeting by the Board, and shall make a report of their findings and opinions at the relevant general meeting.  
(2) In performing their duties under the preceding Paragraph of this Article, the Supervisor may appoint a certified public accountant to conduct the review on their behalf.
93. Supervisors may convene a general meeting of the Company either when the Board fails or is unable to convene a general meeting or when it is deemed necessary for the benefit of the Company.
94. Each Supervisor may exercise its power conferred by these Articles individually.
95. A Supervisor shall not hold office of a Director, an officer, a manager or other employee of the Company.
96. In case a Director transacts a sale with, borrows money from or conducts any other transaction with the Company on his/her own account or for any other person, the Supervisor, instead of the Board or Directors, shall act for the Company in negotiation and execution of such transaction.
97. When a general meeting resolves to file an action against a Supervisor, the Company shall file such action within thirty (30) days from the date of adoption of such resolution. The Members may appoint any Person other than the Directors to represent the Company in the action aforesaid.
98. One or more Members holding one percent (1%) or more of the total number of the total issued Shares continuously for a period of six (6) months or a longer time may request in writing the Board to file, for the Company, an action against a Supervisor with a court having proper jurisdiction, including the Taiwan Taipei District Court. In case the Board fails to file an action within thirty (30) days after receipt of the request aforesaid, then the Member(s) making such request may file the action for the Company.



99. (1) Except as approved by the Commission, the TPEX or the TWSE (where applicable), at least one of the Supervisors shall not be a spousal relationship or related within the second degree of kinship as defined under the Civil Code of the R.O.C. to other Supervisors or Directors.
- (2) If there are some among the Supervisors who do not meet the requirements set forth in the preceding Paragraph of this Article, the election with respect to the one who received the lowest number of votes among those Supervisors shall be deemed invalid and void, and if he has held the office of a Supervisor, he shall cease to act as a Supervisor.
- (3) If there are some among the Directors and Supervisors who do not meet the requirements set forth in Paragraph (1) of this Article, the election with respect to the Supervisor who received the lowest number of votes among those not meeting the requirements shall be deemed invalid and void; if he has held the office of a Supervisor, he shall cease to act as a Supervisor.
100. The provisions set out in Paragraphs (2), (3) and (4) of Article 59 and Articles 61, 62, 64, 65, 66-2, 72 and 74 shall apply *mutatis mutandis* to the Supervisors.
- 100A. Notwithstanding anything to the contrary in these Articles, the Company may adopt a method of audit committee instead of a method of Supervisors subject to the Law and the Applicable Listing Rules. Where the Company has established an audit committee, this Section from Article 87 to Article 100 shall not apply. Without prejudice to other provisions of these Articles, upon establishment of an audit committee of the Company, all Supervisors shall be deemed to have retired on the date of such establishment.

## **RESERVE**

101. During the Relevant Period, the Company, when allocating its surplus profits after paying all taxes and duties, shall first set aside ten percent (10%) of said profits as statutory reserve (the "**Statutory Reserve**"). Where the Statutory Reserve amounts to the total paid-in capital, this Article shall not apply.
102. Subject to the Law and the Applicable Listing Rules, during the Relevant Period, aside from the Statutory Reserve, the Company may, by an Ordinary Resolution, set aside an additional amount of its surplus profits as special reserve (the "**Special Reserve**") for such purposes as may be approved by the shareholders by way of an Ordinary Resolution.
103. Unless otherwise provided in the Law, the Applicable Listing Rules and these Articles, the Statutory Reserve and the Capital Reserve shall not be used except for offsetting the losses of the Company. The Company shall not use the Capital Reserve to offset its capital losses

unless the Statutory Reserve and the Special Reserve set aside for purposes of loss offset are insufficient to offset such losses.

## **COMPENSATION, DIVIDENDS AND BONUSES**

104. Subject to the Law, the Applicable Listing Rules and these Articles, the Company may, by an Ordinary Resolution, declare dividends or bonuses in any currency to be paid to the Members when there is any surplus profit at the end of the financial year; PROVIDED THAT where the aggregate amount of its Statutory Reserve exceeds by fifty percent (50%) of the total issued share capital of the Company, the Company may, by an Ordinary Resolution, distribute any or all of the excess amount from the Statutory Reserve as dividends or bonuses even if there is no surplus profit at the end of the financial year. During the Relevant Period, dividends or bonuses payable to the Members shall only be paid in NTD.
- 105.(1) During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors then in office, the Company may distribute not less than **two percent (2%) of the profits** for such year to employees of the Company and/or its Subordinate Companies (unless otherwise provided by the Law and the Applicable Listing Rules, the qualifications of such employees shall be determined by the Board) as the employees' compensation in the form of shares or in cash and may distribute not more than **one percent (1%)** hereof to the Directors as the Directors' compensation, provided, however, that the total amount of accumulated losses of the Company shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to employees of the Company and/or its Subordinate Companies and Directors in the proportion set out above. A report of such distribution of employee and Directors' compensation shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensation shall not be paid in the form of shares.
- (2) Subject to the Law, the Applicable Listing Rules and these Articles, where the Company still has earnings, the Company, after paying all relevant taxes, offsetting losses (including losses of previous years) and setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total paid-in capital) and the Special Reserve (if any), may, by an Ordinary Resolution of the annual general meeting, declare

and distribute no less than ten percent (10%) of the remaining amount of the annual profits for each financial year to the Members as dividends or bonuses in proportion to the number of Shares held by them respectively, provided that, no less than ten percent (10%) of such amount of dividends and bonuses allocated to Members shall be paid in cash.

(3) The Company may also allocate and distribute any undistributed profits of previous years as dividends and bonuses by an Ordinary Resolution at an annual general meeting of the Company.

(4) The Board may deduct from the dividends, bonuses or any other amount payable to the Member in respect of the Share any amount (if any) due by such Member to the Company on account of calls or otherwise in relation to the Share.

(5) Subject to the Law and the Applicable Listing Rules, any Special Reserve may be reversed to unappropriated profit of the Company.

106. (1) Where dividends or bonuses are declared in accordance with the preceding Article, the Company, subject to the Law and Applicable Listing Rules, may by a Special Resolution have the whole or a part of the surplus profit distributable as dividends or bonuses paid in the form of new shares for such purpose; provided however any fraction of such newly issued shares shall be paid in cash.

(2) No dividend or other distribution or other monies payable by the Company on or in respect of any Share shall bear interest against the Company. All unclaimed dividends or distributions may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Any dividend or distribution unclaimed by a Member six years after the dividend or distribution payment date shall be forfeited and revert to the Company.

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

107. 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 Board.

108. (1) The books of account shall be kept at the Registered Office or at such other place or places as the Board thinks fit, and shall always be open to the inspection of each Director and Supervisor (if any).

(2) If the Company keeps its accounting records and books of account at any place outside the Cayman Islands in accordance with the preceding paragraph, it shall, upon service of

an order or notice pursuant to the Tax Information Authority Law and any amendment or other statutory modification thereof, make available, in electronic form or any other medium at its Registered Office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

109. At the end of each financial year, the Board shall prepare: (a) the business report; (b) the financial statements which include all the documents and information as required by the Law and the Applicable Listing Rules (the "**Financial Statements**"); and (c) any proposal relating to the distribution of net profit and/or loss offsetting in accordance with these Articles, for adoption by the annual general meeting, and shall forward the same to Supervisors or Independent Directors of the audit committee for their review not later than the thirty (30) days prior to the annual general meeting, and upon adoption at the annual general meeting, the Board shall distribute to each Member copies of the Financial Statements and the resolutions relating to profit distribution and/or loss offsetting or notify all Members by way of a public announcement of the same.
110. The documents prepared by the Board and the review report issued by the Supervisors or the audit committee in accordance with the preceding Article shall be made available at the Shareholders Service Agent's office in the R.O.C. for inspection during normal business hours by the Members, ten (10) days prior to the annual general meeting.
111. During the Relevant Period, the Board shall keep copies of the Memorandum of Association, these Articles, the minutes of every general meeting, the Financial Statements, the Register and the counterfoil of corporate bonds issued by the Company at its Shareholders Service Agent's office in the R.O.C. Any Member may request at any time, by submitting evidentiary document(s) to show his interests involved and indicating the scope of requested matters, access to inspecting, transcribing and making copies of the above documents; the Company shall make Shareholder' Service Agent provide the above documents.
112. The Board 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.

### **CAPITALISATION OF RESERVE**

113. Subject to the Law, where the Company incurs no loss, it may, by a Special Resolution, distribute its Statutory Reserve, Share Premium Account and the income from endowments received by the Company, in whole or in part, by issuing new fully paid shares and/or by

cash to the Members in proportion to the number of shares held by each of them; provided that, with respect to the Statutory Reserve, only the portion of the Statutory Reserve exceeding twenty-five percent (25%) of the issued share capital of the Company may be so distributed.

114. Subject to the requirements of the Law, the Board may make any arrangements it thinks fit to resolve a difficulty arising in the capitalisation under the preceding Article, including without limitation, Shares distributable in fractions.

### **TENDER OFFER**

115. Subject to the Law and the Applicable Listing Rules, during the Relevant Period, within fifteen (15) days after receipt of the copy of the public tender offer report form, the public tender offer prospectus, and relevant documents, the Company shall make a public announcement of the following:

- (a) the types, number and amount of shares held by the Directors and any Member holding more than ten percent (10%) of the total issued and outstanding Shares;
- (b) the recommendations made by the Board to the Members on such tender offer, which shall set forth the identity and financial status of the tender offeror, fairness of the tender offer conditions, verification on rationality of source of fund for tender offer, and the names of the Directors who abstain or object to the tender offer and the reason(s) therefore;
- (c) whether there is any material change in the financial condition of the Company after the delivery of its most recent financial report and the contents of such change, if any;
- (d) the types, number and amount of the shares of the tender offeror or its affiliates held by the Directors and the Members holding more than ten percent (10%) of the total issued and outstanding Shares; and
- (e) other relevant significant information.

### **WINDING UP**

116. Subject to the Law, the Company may be wound up by a Special Resolution passed by the Members. If the assets available for distribution amongst the Members 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 Members in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Members 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 Members 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.

117. 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, divide and distribute amongst the Members the whole or any part of the property of the Company (whether they shall consist of property of the same kind or not) in cash or asset 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 Members 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 Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any asset whereon there is any liability.
118. 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 an Ordinary Resolution.

## NOTICES

119. Subject to the Law and except as otherwise provided in these Articles, any notice or document may be served by the Company to any Member 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 Member at his address as appearing in the Register, or, to the extent permitted by the Law and the Applicable Listing Rules, by posting it on a website designated by the Commission, the TPEX or the TWSE (where applicable) or the Company's website, or by electronic means by transmitting it to any electronic mail number or address such Member may have positively confirmed in writing for the purpose of such service of notices. In the case of joint Members, all notices shall be given to that one of the Members whose name stands as their representative in the Register in respect of the joint holding.
120. Any Member 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 including the purpose for which such meeting was convened.
121. Any notice or other document, if served by:
- (a) post, shall be deemed to have been served one (1) day after the time when the letter

- containing the same is posted or delivered to the courier;
- (b) 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;
  - (c) 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
  - (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail, subject to the Law.
122. Any notice or document served to the registered address of any Member in accordance with these Articles shall notwithstanding that such Member 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 Member as sole or joint Member.

#### **REGISTERED OFFICE OF THE COMPANY**

123. The Registered Office of the Company shall be at such address in the Cayman Islands as the Board shall from time to time determine.

#### **CORPORATE GOVERNANCE**

124. (1) During the Relevant Period, the proceedings regarding acquisition and disposal of assets of the Company (including financial derivatives trading), loan of funds and making of endorsement/guarantees shall be governed by the Procedures for Acquisition and Disposal of Assets, the Procedures for Loaning of Funds and for Offering of Endorsements/Guarantees, the internal rules of the Company, as adopted and amended by an Ordinary Resolution, which shall be in compliance with the Law and the Applicable Listing Rules.
- (2) During the Relevant Period, the proceedings regarding related party transactions shall be governed by the Regulations Governing Related-Party Transactions, the internal rules of the Company, as adopted and amended by the Board from time to time, which shall be in compliance with the Law and the Applicable Listing Rules.
125. During the Relevant Period, the internal control system will be established by the Board which shall be in compliance with the Law and the relevant Applicable Listing Rules.

## **FINANCIAL YEAR**

126. Unless the Board otherwise prescribes, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.

## **SEAL**

127. The Company shall have one or more Seals, as the Board may determine. No Seal shall be used without the authority of the Board. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed by one Director or the Secretary or by such other person or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature.

## **LITIGATION AND NON-LITIGATION AGENT IN THE R.O.C.**

128. (1)The Company shall appoint its litigation or non-litigation agent under the Securities and Exchange Act of the R.O.C. and such agent will be deemed as its responsible person in the R.O.C. under the Securities and Exchange Act of the R.O.C.
- (2)The preceding agent shall have residence or domicile in the R.O.C.
- (3)The Company shall report the name, residence/domicile of the preceding agent and power of attorney to the competent authority in the R.O.C. This reporting requirement shall also apply if there is any change.