

THE COMPANIES ACT (AS REVISED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED  
MEMORANDUM AND ARTICLES OF ASSOCIATION

OF

FULGENT SUN INTERNATIONAL (HOLDING) CO., LTD.  
(adopted by a special resolution passed on May 28, 2025)

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COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION  
OF**

**FULGENT SUN INTERNATIONAL (HOLDING) CO., LTD.**

(adopted by a special resolution passed on May 28, 2025)

1. The name of the Company is **Fulgent Sun International (Holding) Co., Ltd.**
2. The registered office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place as the Board may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act (As Revised) or as the same may be revised from time to time, or any other law of the Cayman Islands.
4. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
5. The share capital of the Company is New Taiwan Dollars 3,000,000,000 divided into 300,000,000 shares of a par value of New Taiwan Dollars 10.00 each.
6. The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
7. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

THE COMPANIES ACT (AS REVISED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES

**AMENDED AND RESTATED ARTICLES OF ASSOCIATION  
OF  
FULGENT SUN INTERNATIONAL (HOLDING) CO., LTD.**  
(adopted by a special resolution passed on May 28, 2025)

**1 Interpretation**

1.1 In these Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

**"Applicable Public Company Rules"** means the ROC laws, rules and regulations (including, without limitation, the Company Act, the Securities and Exchange Act, the rules and regulations promulgated by the FSC, and the rules and regulations promulgated by the TSE, as amended from time to time) affecting public companies or companies listed on any ROC stock exchange or securities market that from time to time are required by the relevant regulator as applicable to the Company.

**"Articles"** means these articles of association of the Company.

**"Audit Committee"** means the audit committee under the Board, which shall comprise solely of Independent Directors of the Company.

**"Board"** means the board of directors appointed or elected pursuant to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles.

**"Book Closure Period"** means a certain period of time that the Board closes the Register of Members for transfers as prescribed by the Applicable Public Company Rules for the purpose of (i) determining the Members entitled to receive notice(s) of, to attend at and to vote at any general meeting; (ii) determining the Members entitled to receive payment of any Dividend or other distribution; (iii) determining the Members for any other purpose.

**"Capital Redemption Reserve"** means a reserve established by the Company for the purpose of section 37(4) of the Statute which shall comprise of, inter alia, (i) where Shares of the Company are redeemed or purchased wholly out of the Company's profits, amounts by which the

Company's issued share capital is diminished in accordance with section 37(3)(g) of the Statute on cancellation of the Shares redeemed or purchased; (ii) where Shares of the Company are redeemed or purchased wholly or partly out of the proceeds of a fresh issue and the aggregate amount of those proceeds is less than the aggregate nominal value of the Shares redeemed or purchased, the amount of such difference, unless section 37(4)(c) of the Statute applies; (iii) where Shares of the Company are redeemed or purchased out of capital and the capital payment for Shares redeemed or purchased and cancelled is less than their nominal amount, the amount of such difference, subject to section 37(5)(f) of the Statute; subject to any reduction in accordance with section 37(5)(e) of the Statute and other provisions of the Statute.

<b>"Capital Reserve"</b>	means the premium paid on the issuance of any Share and income from endowments received by the Company.
<b>"Cayman Merger"</b>	means the merger or consolidation as defined in the Statute.
<b>"Chairman"</b>	means the Director elected amongst all the Directors as the chairman of the Board.
<b>"Company"</b>	means the above named company.
<b>"Compensation Committee"</b>	means the compensation committee to be established by the Board, which shall comprise of professional individuals and have the functions prescribed by the Applicable Public Company Rules.
<b>"Directors"</b>	means the directors for the time being of the Company and shall include any and all Independent Director(s).
<b>"Dividend"</b>	means any dividend (whether interim or final) resolved to be paid on Shares pursuant to the Articles.
<b>"Electronic Record"</b>	has the same meaning as in the Electronic Transactions Act.
<b>"Electronic Transactions Act"</b>	means the Electronic Transactions Act (As Revised) of the Cayman Islands.
<b>"FSC"</b>	means the Financial Supervisory Commission of the ROC.
<b>"Independent Directors"</b>	means the Directors who are elected as "Independent Directors" for the purpose of the Applicable Public Company Rules.
<b>"Listed Company"</b>	means the public company whose shares are listed on TSE for trading.
<b>"Member"</b>	has the same meaning as in the Statute.

<b>"Memorandum"</b>	means the memorandum of association of the Company.
<b>"Market Observation Post System"</b>	means the public company reporting system maintained by the TSE.
<b>"Ordinary Resolution"</b>	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
<b>"OTC Company"</b>	means the public company whose shares are listed on TPEx for trading.
<b>"Register of Members"</b>	means the register of members maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.
<b>"Registered Office"</b>	means the registered office for the time being of the Company.
<b>"ROC"</b>	means Taiwan, the Republic of China.
<b>"Seal"</b>	means the common seal of the Company and includes every duplicate seal.
<b>"Share" and "Shares"</b>	means a share or shares in the Company.
<b>"Special Resolution"</b>	has the same meaning as in the Statute.
<b>"Statute"</b>	means the Companies Act (As Revised) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force.
<b>"Subsidiary"</b>	means, with respect to any company, (i) the entity, more than one half of whose total number of the outstanding voting shares or the total amount of the capital stock are directly or indirectly held by such company; (ii) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (iii) the entity, one half or more of whose executive shareholders or board directors are concurrently acting as the executive shareholders or board directors of such company; and (iv) the entity, one half or more of whose total number of outstanding voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company.
<b>"Supermajority Resolution"</b>	means a resolution passed by a majority vote of the Members at a general meeting attended by Members who represent two-thirds or more of the total outstanding Shares or, if the

total number of Shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding Shares, but more than one half of the total outstanding Shares, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting.

<b>"TDCC"</b>	means the Taiwan Depository & Clearing Corporation.
<b>"TPEx"</b>	means the Taipei Exchange.
<b>"Treasury Shares"</b>	means a Share held in the name of the Company as a treasury share in accordance with the Statute.
<b>"TSE"</b>	means the Taiwan Stock Exchange.

1.2 In these Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing the masculine gender include the feminine gender;
- (c) words importing persons include corporations;
- (d) "written" and "in writing" include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- (e) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
- (f) any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (g) headings are inserted for reference only and shall be ignored in construing these Articles; and
- (h) Section 8 of the Electronic Transactions Act shall not apply.

**2 Commencement of Business**

- 2.1 The business of the Company may be commenced as soon after incorporation of the Company as the Board shall see fit.
- 2.2 The Board may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

**3 Issue of Shares**

- 3.1 Subject to the provisions, if any, in the Memorandum (and to any direction that

may be given by the Company in general meeting) and these Articles, and without prejudice to any rights attached to any existing Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute and the Articles) vary such rights; provided that no Share shall be issued at a discount except in accordance with the Statute.

- 3.2 The issue of new Shares shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and shall at all times be subject to the sufficiency of the authorized share capital of the Company.
- 3.3 Where the Company increases its issued share capital by issuing new Shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new Shares to be issued, for public offering in the ROC, unless it is deemed as either unnecessary or inappropriate by the FSC or TSE for the Company to conduct the aforementioned public offering. Any percentage higher than the aforementioned 10% as resolved by a general meeting for public offering in the ROC shall prevail. The Company may also reserve up to 15% of the total amount of such newly issued Shares for subscription by the employees of the Company and its Subsidiaries.
- 3.4 Unless otherwise resolved by the Members at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion in Article 3.3) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe his/her/its pro rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to subscribe such newly-issued Shares. In the event that the number of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued Share, Shares held by several Members may be calculated together for joint subscription of newly-issued Shares or for subscription of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed by the Members within the prescribed

period, the Company may consolidate such Shares into the public offering tranche or offer any un-subscribed new Shares to a specific person or persons according to the Applicable Public Company Rules.

3.5 The Company may issue new Shares with restricted rights ("Restricted Shares") solely to employees of the Company and its Subsidiaries by Supermajority Resolution provided that Article 3.3 and Article 3.4 hereof shall not apply. For so long as the Shares are listed on the TSE, the terms of issue of Restricted Shares, including but not limited to the number, issue price, issue conditions and other related matters, shall comply with the Applicable Public Company Rules.

3.6 The pre-emptive right of Members under Article 3.4 shall not apply in the event that new Shares are issued:

- (a) in connection with any reorganization of the Company;
- (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those issued under in Article 3.8 and Article 3.10 hereof;
- (c) in connection with the issue of Restricted Shares in accordance with Article 3.5 hereof;
- (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to subscribe for Shares;
- (e) in connection with meeting the Company's obligations under preferred shares vested with rights to subscribe for Shares; or
- (f) in connection with private placement of the securities issued by the Company.

3.6.1 The pre-emptive right of the employees of the Company under Article 3.3 and the pre-emptive right of Members under Article 3.4 shall not apply in the event that new Shares are issued:

- (a) in connection with a merger with another company, or for the merger between the Subsidiary of the Company and other companies, or the Spin-off of the Company;
- (b) in connection with the Shares issued for being acquired;
- (c) in connection with acquisition of issued Shares, business, or assets of another company; or
- (d) in connection with share swap.



Any new Shares issued under this Article may be paid up in cash or assets required in the business of the Company.

- 3.7 The Company shall not issue any unpaid Shares or partly paid-up shares. When the total number of Shares in the issuance of new Shares has been subscribed to in full, the Company shall immediately press each of the subscribers for payment. Where share certificates are issued above the par value thereof, the amount in excess of such value shall be collected at the same time with the payment for Shares. Where subscriber delays payment for Shares as provided in this Article, the Company shall fix a period of not less than one month and call upon each subscriber to pay up, declaring that in case of default of payment within the stipulated period their right shall be forfeited. After the Company has 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 the aforesaid circumstances, compensation for loss or damage, if any, may still be claimed against such defaulting subscribers.
- 3.8 Notwithstanding Article 3.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries.
- 3.9 Options, warrants or other similar instruments issued in accordance with Article 3.8 above are not transferable save by inheritance.
- 3.10 The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 3.8 above, whereby employees may subscribe, within a specific period, a specific number of the Shares. The terms and conditions of such agreements shall be no less restrictive on relevant employee than the terms specified in the applicable incentive programme.
- 3.11 The Company shall not issue Shares to bearer or convert the Shares into shares of no par value.
- 3.12 The Company may issue Shares with rights which are preferential to those of ordinary Shares issued by the Company ("**Preferred Shares**") with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of Directors and with the approval of a Special Resolution. Prior to the issuance of any Preferred Shares approved pursuant to this Article, the Articles shall be amended to set forth the rights and obligations of the Preferred Shares, including but not limited to the following terms and provided that such rights and obligations of the Preferred Shares shall not contradict the mandatory provisions of the Applicable Public Company Rules regarding the rights and

obligations of such Preferred Shares, and the same shall apply to any variation of rights of Preferred Shares:

- (a) order, fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
- (b) order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
- (c) order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of the holders of Preferred Shares;
- (d) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
- (e) other matters concerning rights and obligations incidental to Preferred Shares.

3.13 Subject to the Statute and Applicable Public Company Rules, any proposal to issue employee stock options to any employee of the Company and its Subsidiaries by the Company, with the exercise price lower than the closing price of the Shares listed on the TSE as of the issuing date of such options, shall be approved by a resolution passed by two-thirds or more of the Members present at the general meeting who represent a majority of the total outstanding Shares as at the date of such general meeting, which may be offered in different tranches within one year of the date of the general meeting approving such issuance. The handbook of the general meeting shall specify the following matters, which may not be made by an ad hoc motion:

- (a) the total number of employee stock options to be issued, the number of Shares subscribable per stock option, and the number of new Shares to be issued to cover exercise of the options or the number of the Treasury Shares to be repurchased in accordance with the provisions of the Applicable Public Company Rules;
- (b) the basis and reasonableness of the determined exercise price;
- (c) the number, purpose and reasonableness of the share transfer;
- (d) conditions for and number of Shares to be subscribed by relevant employees; and
- (e) any effect on the Members' rights, including:
  - (i) the amount which may be recorded as expenses and any dilution on retained earnings per Share; and

- (ii) any financial burden on the Company where issued Shares will be used to cover the exercise of employee stock options.

#### **4 Register of Members**

- 4.1 The Directors shall keep, or cause to be kept, the Register of Members at such place as the Directors may from time to time determine and, in the absence of any such determination, the Register of Members shall be kept at the Registered Office.
- 4.2 If the Directors consider it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Directors think fit. The principal register and the branch register(s) shall together be treated as the Register of Members for the purposes of the Articles.
- 4.3 For so long as any Shares are listed on the TSE, title to such listed Shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the TSE that are or shall be applicable to such listed Shares and the Register of Members maintained by the Company in respect of such listed Shares may be kept by recording the particulars required by section 40 of the Statute in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the TSE that are or shall be applicable to such listed Shares.

#### **5 Closing Register of Members or Fixing Record Date**

- 5.1 For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose, the Board may provide that the Register of Members shall be closed for transfers for a stated period as prescribed by the Applicable Public Company Rules.
- 5.2 In lieu of, or apart from, closing the Register of Members, the Board may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose.
- 5.3 If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend or other distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Board resolving to pay such Dividend or other distribution is passed, as the case

may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

## **6 Certificates for Shares**

- 6.1 Subject to the provisions of the Statute, the Company shall issue shares without printing share certificates for the Shares issued. So long as the Shares are listed on the TSE, notwithstanding anything contained in these Articles and subject always to the law of the Cayman Islands, the details regarding such issue of shares shall be recorded by TDCC in accordance with the Applicable Public Company Rules, and the Company shall recognize as a Member each person identified as a holder of a Share in the records provided by the TDCC to the Company and such records shall form part of the Register of Members. A Member shall only be entitled to a share certificate if the Board resolves that share certificates shall be issued. Share certificates representing Shares, if any, shall be in such form as the Board may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Board. The Board may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and subject to these Articles no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.
- 6.2 The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
- 6.3 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Board may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.
- 6.4 Every share certificate sent in accordance with the Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.
- 6.5 In the event that the Board resolves share certificate shall be issued, the Company shall deliver the share certificates to the subscribers within thirty days from the date such Shares may be issued pursuant to the Applicable Public Company Rules, and

shall make a public announcement prior to the delivery of such share certificate pursuant to the Applicable Public Company Rules.

## **7 Transfer of Shares**

7.1 Subject to Article 3.1, Shares are transferable.

7.2 The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Board so requires, signed by or on behalf of the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

7.3 Notwithstanding the foregoing, transfers of Shares which are listed on the TSE may be effected by any method of transferring or dealing securities permitted by the TSE which is in accordance with the Applicable Public Company Rules and which has been approved by the Board for such purpose.

## **8 Redemption and Repurchase of Shares**

8.1 Subject to the provisions of the Statute, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner as the Company may, by Special Resolution, determine before the issue of the Shares.

8.2 Subject to the provisions of the Statute, these Articles and the Applicable Public Company Rules, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own Shares (including any redeemable Shares) provided that the Members shall have approved the manner of purchase by Ordinary Resolution or the manner of purchase shall be in accordance with Article 8.4 hereof.

8.3 In the event that the Company proposes to purchase any Share listed on the TSE pursuant to the preceding Article, the approval of the Board and the implementation thereof should be reported to the Members at the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase its Shares listed on the TSE for any reason.

8.4 For so long as the Shares are listed on the TSE, the Company is authorised to purchase any Share listed on the TSE in accordance with the following manner of purchase:

- (a) the total price of the Shares purchased by the Company shall not exceed the sum of retained earnings minus earnings distribution resolved by the Board or the general meeting, plus the following realized capital reserve:
  - (i) the premium received from the disposal of assets that has not been booked as retained earnings;
  - (ii) the premium received from the issuance of any Share and income from endowments received by the Company;
- (b) the maximum number of Shares purchased by the Company shall not exceed ten percent of the total number of issued and outstanding Shares of the Company; and
- (c) the purchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in its sole discretion provided however that:
  - (i) such purchase transactions shall be in accordance with the Applicable Public Company Rules; and
  - (ii) such purchase transactions shall be in accordance with the Statute.

8.5 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.

8.6 Subject to the Statute and Applicable Public Company Rules, the Company may by Ordinary Resolution redeem or purchase its own Shares by reducing and making payment out of its share capital. Any such redemption or purchase and the payment out of share capital must be made to all Members pro rata based on the percentage of shareholdings of the Members, unless otherwise provided for in the Statute or the Applicable Public Company Rules. Prior to the passing of the Ordinary Resolution in accordance with this Article 8.6, the Company shall (i) prepare a balance sheet and an inventory of its property; (ii) give notice of the proposed resolution to each creditor of the Company and make a public announcement in respect of the proposed resolution; and (iii) fix a period of not less than thirty days within which the creditors of the Company may raise their objections, if any, to such resolution. Upon approval by Ordinary Resolution, the Company may make payments to any Member in proportion to their respective shareholdings in the Company either by cash or by distribution of specific assets of the Company, provided however, that where assets other than cash are distributed

to the Members, the type of assets, the value of the assets and the corresponding amount of such substitutive distribution shall be (a) assessed by an ROC certified public accountant before being submitted to the Members for approval; (b) approved by the Members by Ordinary Resolution and (c) agreed to by the Member who will receive such assets.

8.7 The Company may accept the surrender for no consideration of any fully paid Share.

8.8 The Board may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.

8.9 Subject to the provisions of the Statute, these Articles and the Applicable Public Company Rules, the Board may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as the Board think proper (including, without limitation, for nil consideration).

8.10 After the Company purchases the Shares listed on the TSE, any proposal to transfer Treasury Shares to any employee of the Company and its Subsidiaries by the Company at a price below the average repurchase price paid by the Company shall be approved by a resolution passed by two-thirds or more of the Members present at the general meeting who represent a majority of the total outstanding Shares at the most recent general meeting. The handbook of the general meeting shall specify the following matters, which may not be made by an ad hoc motion:

- (a) the basis and reasonableness of the determined transfer price, discount ratio and calculation;
- (b) the number, purpose and reasonableness of the share transfer;
- (c) conditions for and volume of share to be purchased by relevant employees; and
- (d) any effect on the shareholders' rights, including:
  - (i) the amount which may be recorded as expenses and any dilution on retained earnings per Share; and
  - (ii) any financial burden on the Company caused by such transfer of Treasury Shares to relevant employees at a price lower than the average repurchase price paid by the Company.

8.11 The aggregate number of Treasury Shares that may be transferred to relevant employees as approved by the Members at various general meetings shall not exceed five percent of the total outstanding Shares, and the aggregate number of

Treasury Shares that may be purchased by each employee shall not exceed 0.5 percent of the total outstanding Shares. The Company may impose restrictions on the transfer of such Shares by the employees for a period of no more than two years.

## **9 Variation of Rights of Shares**

9.1 If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class. Notwithstanding the foregoing, if any modification or alteration in the Articles is prejudicial to the preferential rights of any class of Shares, such modification or alteration shall be passed by a Special Resolution and shall also be passed by a Special Resolution passed at a separate meeting of Members of that class of Shares. To any such meeting all the provisions of these Articles relating to general meetings shall apply *mutatis mutandis*.

9.2 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 varied by the creation or issue of further Shares ranking *pari passu* therewith.

## **10 Non Recognition of Trusts**

The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder.

## **11 Transmission of Shares**

11.1 If a Member dies the survivor or survivors where he was a joint holder or his legal personal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his Shares. The estate of a deceased Member is not thereby released from any liability in respect of any Share, which had been jointly held by him.

11.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by



the Board, elect, by a notice in writing sent by him, either to become the holder of such Share or to have some person nominated by him become the holder of such Share but the Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution, as the case may be.

- 11.3 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of such Share. However, he shall not, before becoming a Member in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company and the Board may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him become the holder of the Share (but the Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution or any other case than by transfer, as the case may be). If the notice is not complied with within ninety days the Board may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

## **12 Amendments of Memorandum and Articles of Association and Alteration of Capital**

- 12.1 The Company may by Ordinary Resolution:

- (a) increase the share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination; and
- (d) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorized share capital by the amount of the Shares so cancelled.

- 12.2 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to transfer,

- transmission and otherwise as the Shares in the original share capital.
- 12.3 Subject to the provisions of the Statute and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:
- (a) change its name; and
  - (b) reduce its share capital and any Capital Redemption Reserve.
- 12.4 (A) Subject to the Statute, the Company may from time to time by Supermajority Resolution:
- (a) alter or add to these Articles;
  - (b) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein;
  - (c) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;
  - (d) effect any dissolution, merger (other than a Cayman Merger), share swap or spin-off of the Company;
  - (e) enter into, amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for frequent joint operation with others;
  - (f) transfer its business or assets, in whole or in any essential part;
  - (g) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation; or
  - (h) ratify an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business.
- (B) In case the Company has issued Preferred Shares, any modification or alteration in these Articles prejudicial to the privileges of the holders of Preferred Shares shall also be adopted by a meeting of the holders of Preferred Shares.
- 12.4.1 Subject to the Statute, the resolution of the general meeting shall be adopted by two-thirds or more of the votes of the shareholders who represent the total number of issued shares of the Company:
- (a) if the Company participates in the merger/consolidation and is dissolved thereafter while the surviving company is not a listed or OTC company;
  - (b) if the trading of shares on TSE market is terminated because the Company carries on the general transfer so that the transferee company is not a listed or OTC company anymore;
  - (c) if the trading of shares on TSE market is terminated because the Company is acquired by any other surviving or newly incorporated company as a 100%

- held subsidiary company by means of share exchange while the surviving or newly incorporated company is not a listed or OTC company; or
- (d) if the company carries on a division and the trading of the shares then traded on TSE market shall be terminated while the surviving or newly incorporated transferee company after the division is not a listed or OTC company.
- 12.5 Subject to the Statute, the Company may, with the approval of Members at a general meeting who represent two-thirds or more of the total number of Shares entitled to vote thereat, issue equity-linked securities, including options, warrants and convertible bonds to the following qualified specific persons by way of private placement in the ROC, in accordance with Applicable Public Company Rules:
- (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other legal entities or institutions approved by the competent securities authority in the ROC;
  - (b) natural person, legal entities or funds meeting the qualifications set forth by the competent securities authority in the ROC; and
  - (c) directors, supervisors or managers of the Company or its Subsidiaries;
- provided that the total number of the qualified subscribers under paragraphs (b) and (c) shall not exceed 35 persons provided further that the Company shall provide its financial, business or other information in connection with the private placement upon the reasonable request made by the qualified persons under paragraph (b) before the completion of such private placement.
- 12.6 The resolution to approve the issue of equity-linked securities through a private placement in accordance with Article 12.5 shall not be proposed as an ad hoc motion, and the notice of the general meeting where such a resolution is proposed shall contain the following information:
- (a) the basis and the reasonableness of the pricing of the equity-linked securities to be issued;
  - (b) the manner of selection of qualified specific persons. If such specific persons have been selected by the Company, the Company shall also specify the relationships between such specific persons and the Company; and
  - (c) the necessity and the reasons for the proposed private placement.
- 12.7 The equity-linked securities to be issued through private placement by the Company in accordance with the Articles and the Applicable Public Company Rules may be offered in different tranches within one year of the date of the general meeting approving such private placement.

### **13 Offices and Places of Business**

Subject to the provisions of the Statute, the Company may by resolution of the Board change the location of its Registered Office. The Company may, in addition to its Registered Office, maintain such offices or places of business as the Board may determine.

### **14 General Meetings**

- 14.1 The Company shall hold a general meeting as its annual general meeting within six months following the end of each financial year.
- 14.2 The Company shall hold an annual general meeting every year.
- 14.3 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 14.4 For so long as the Shares are listed on the TSE, unless otherwise provided by the Statute, the physical general meetings shall be held in the ROC. If the Board resolves to hold a physical general meeting outside the ROC, the Company shall seek approval from the TSE within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration matters of such general meeting (including but not limited to the handling of the voting of proxies submitted by any Members).
- 14.5 The Board may convene general meetings.
- 14.6 Any Member(s) holding three percent (3%) or more of the total number of the issued Shares of the Company for one (1) consecutive year or longer may request the Board to convene an extraordinary general meeting, and the Board shall forthwith proceed to convene the meeting after receiving such request.
- 14.7 The Member's request must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requestor(s) and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requestors.
- 14.8 If the Board does not within fifteen days from the date of the deposit of the Member's request dispatch the notice of an extraordinary general meeting, the requestor(s) may himself/herself/itself convene an extraordinary general meeting.
- 14.9 Any Member(s) holding one half or more of the total number of the issued Shares of the Company for three (3) consecutive months or longer may himself/herself/itself convene an extraordinary general meeting. The calculation of the holding period and holding number of Shares shall be based on the holding at the time of share transfer suspension date.
- 14.10 A general meetings convened as aforesaid by shareholder shall be convened in the

same manner as nearly as possible as that in which general meetings are to be convened by the Board.

- 14.11 The shareholders' meeting may be held by means of visual communication facilities or other methods promulgated by the competent authorities of The Company Law of the R.O.C..

## **15 Notice of General Meetings**

- 15.1 At least thirty days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat. The notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at such meeting.
- 15.2 At least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat. The notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at such meeting.
- 15.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly but, unless so fixed, as regards the entitlement to receive notice of a meeting or notice of any other matter, the record date shall be the date of despatch of the notice and, as regards the entitlement to vote at a meeting, and any adjournment thereof, the record date shall be the date of the original meeting.
- 15.4 A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in the Articles, be deemed to have been properly called if it is so agreed by all the Members entitled to attend an annual general meeting or an extraordinary general meeting (as the case may be).
- 15.5 The accidental omission to give notice of a general meeting to, or the non receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.
- 15.6 For so long as the Shares are listed on the TSE, the Company shall, at least thirty days prior to an annual general meeting or fifteen days prior to an extraordinary general meeting, make a public announcement publishing the notice of the general meeting, the proxy instrument, agendas and materials relating to matters for approval, matters for discussion, and election or discharge of Directors to be discussed in the general meeting via the Market Observation Post System. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document used for the exercise of voting power together with the above mentioned materials. The Board

shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in accordance with Applicable Public Company Rules twenty-one days prior to the annual general meetings or, in the case of extraordinary general meetings, fifteen days prior to such meeting. However, in the case that the Company's has a paid-in capital reaching NT\$2 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the general shareholders' meeting in the most recent fiscal year, it shall upload the aforesaid electronic file by 30 days prior to the day on which the general shareholders' meeting is to be held.

15.7 The following matters shall be stated in the notice of a general meeting, with a summary of the material content to be discussed, and shall not be proposed as an ad hoc motion; the material content shall be posted on the website designated by the FSC, the TPEx, the TSE or the Company, and such website shall be indicated in the above notice.

- (a) election or discharge of Directors;
- (b) alteration of the Articles;
- (c) (i) dissolution, merger, share swap or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or assets, in whole or in any essential part, (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation;
- (d) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business;
- (e) distribution of the whole or part of the surplus profit of the Company in the form of new Shares;
- (f) capitalization of statutory reserve, Capital Reserve and any other amount in accordance with Article 35 by issuing new Shares or cash to its then Members in proportion to the number of the Shares being held by them;
- (g) private placement of any equity-type securities issued by the Company;
- (h) reduction of capital; and
- (i) application for the approval of ceasing the Company's status as a public company.

- 15.8 The Board shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the office of the Company's registrar (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review, transcribe or make copies of the foregoing documents, the Company shall make its stock affairs agent to provide with the access.
- 15.9 The Company shall make available all statements and records prepared by the Board and the report prepared by the Audit Committee, which will be submitted to the Members at the annual general meeting, at the office of its registrar (if applicable) and its stock affairs agent located in the ROC ten days prior to such annual general meeting in accordance with Applicable Public Company Rules. Members may inspect and review the foregoing documents from time to time and may be accompanied by their lawyers or certified public accountants for the purpose of such inspection and review.
- 15.10 The Board or other authorized conveners of general meetings may require the Company or its stock affairs agent to provide with the Register of Members.
- 15.11 The Board may postpone any general meeting called in accordance with the Articles and a notice of postponement shall be given to each Member before the time scheduled for such meeting. A notice of the adjourned meeting shall be given as in the case of an original meeting.
- 15.12 The Directors of the Company shall be entitled to receive notice of, attend and be heard at the general meeting.

## **16 Proceedings at General Meetings**

- 16.1 No resolution shall be made at any general meeting unless a quorum is present. In case the general meeting proceeds via video conference, the shareholders taking part in such a meeting shall be deemed to have attended the meeting in person. Unless otherwise provided for in the Articles, Members present in person or by proxy, representing more than one-half of the total outstanding Shares, shall constitute a quorum for any general meeting.
- 16.2 The Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members as required by the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies or make a public

- announcement of the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or allocation of losses, to each Member.
- 16.3 Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll. No resolution put to the vote shall be decided by a show of hands.
- 16.4 Nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court of first instance for adjudicating any disputes arising out of the foregoing. Any Member(s) holding one percent (1%) or more of the total number of the issued Shares of the Company for six (6) consecutive months or longer may request in writing the Audit Committee to initiate proceedings against any Director or Directors on behalf of the Company with a competent court having proper jurisdiction, including the Taiwan Taipei District Court, ROC. If the Audit Committee fails to initiate such proceedings within thirty (30) days after receiving the request by such Member(s), subject to Cayman Islands law, such Member(s) may initiate such proceedings on behalf of the Company with a competent court having proper jurisdiction, including the Taiwan Taipei District Court, ROC.
- 16.5 Unless otherwise expressly required by the Statute, the Memorandum or the Articles, any matter which has been presented for resolutions, approval, confirmation or adoption by the Members at any general meeting may be passed by Ordinary Resolution.
- 16.6 Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant Book Closure Period, during which the Company closed its Register of Members, may propose to the Company a proposal for discussion at a general meeting in writing or by way of electronic transmission. Unless any of the following circumstances is satisfied, the Board shall include the proposal in the agenda of the general meeting where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) the matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal; (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s); or (e) the proposal contains more than three hundred words. Provided that if the proposing Member(s) propose a proposal for urging the Company to promote public interests or fulfill its social responsibilities, the proposal may still be included in the agenda of the general meeting by the Board.



- 16.7 Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman shall act as chairman at all general meetings at which such person is present. In his absence a chairman shall be appointed or elected by the Members present at the meeting and entitled to vote.
- 16.8 The rules and procedures of general meetings shall be established by the Board and approved by an Ordinary Resolution, and such rules and procedures shall be in accordance with the Articles and the Applicable Public Company Rules.

## **17 Votes of Members**

- 17.1 Subject to any rights or restrictions attached to any Shares, every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorized representative or by proxy, each Member present in any such manner shall have one vote for every Share of which he is the holder. A Member holding more than one Share is required to cast the votes in respect of his Shares in the same way on any resolution at a general meeting unless otherwise provided by the Applicable Public Company Rules, in which case the casting of votes shall comply with the Applicable Public Company Rules.
- 17.2 No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of Shares unless he is registered as a Member on the record date for such meeting nor unless all monies then payable by him in respect of Shares have been paid.
- 17.3 Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.
- 17.4 When a company holds a shareholders' meeting, electronic means should be listed as one of the channels for exercising voting rights. The Board may determine that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission provided that the Board shall allow the voting power of a Member at a general meeting to be exercised by way of a written ballot or by way of electronic transmission if the size of the Company, number and types of Members or other matters comply with the requirements set forth in the Applicable Public Company Rules. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. A Member who exercises his/her/its voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to

exercise his/her/its voting right at such general meeting in accordance with the instructions stipulated in the written ballot or electronic transmission; provided, however that such appointment shall be deemed not to constitute the appointment of a proxy for the purposes of the Applicable Public Company Rules. The chairman, acting as proxy of a Member, shall not exercise the voting right of such Member in any way not stipulated in the written ballot or electronic transmission, nor exercise any voting right in respect of any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting. For the purposes of clarification, such Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting. Should the chairman not observe the instructions of a Member in exercising such Member's voting right in respect of any resolution, the Shares held by such Member shall not be included in the calculation of votes in respect of such resolution but shall nevertheless be included in the calculation of quorum for the meeting.

17.5 Any Member intending to exercise his/her/its voting power by way of a written ballot or electronic transmission shall serve the Company with his declaration of intention to do so at least two days prior to the general meeting. If a Member serves the Company with more than one declaration of intention to exercise his/her/its voting power by way of a written ballot or electronic transmission, the first declaration shall prevail, unless an explicit written statement is made thereafter by such Member to revoke the previous declaration of intention in the same manner as previously used in exercising his/her/its voting power.

17.6 In the event any Member who has served the Company with his declaration of intention to exercise his voting power by way of a written ballot or electronic transmission pursuant to Article 17.5 hereof later intends to attend the general meetings in person, he shall, at least two days prior to the date of such general meeting, serve a separate declaration of intention to revoke his/her/its previous declaration of intention in the same manner as previously used in exercising his voting power. Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke the declaration of intention before the prescribed time.

## **18 Proxies**

18.1 The instrument of proxy shall be in the form approved by the Board from time to time and be expressed to be for a particular meeting only. An instrument of proxy shall be in writing, be executed under the hand of the appointor or of his attorney

duly authorised in writing, or, if the appointor is a corporation, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.

- 18.2 Subject to the Applicable Public Company Rules, except where a Member is appointing the chairman of a general meeting as his proxy through written ballot or electronic transmission pursuant to Article 17.4 or for trust enterprises organized under the laws of the ROC or a stock affairs agent approved pursuant to Applicable Public Company Rules, in the event a person acts as the proxy for two or more Members, the sum of Shares entitled to be voted as represented by such proxy shall be no more than 3% of the total outstanding voting Shares immediately prior to the relevant Book Closure Period, during which the Company closes its register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.
- 18.3 In the event that a Member exercises his/her/its voting power by way of a written ballot or electronic transmission and has also authorized a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two days prior to such general meeting, serve the Company with a separate notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.
- 18.4 The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company no less than five days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Where more than one instrument to vote are received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.
- 18.5 For so long as the shares are listed on the TSE, the use and solicitation of proxies shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

## **19 Corporate Members**

Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member. In case of a corporate Member, its authorised representative may also be elected as Director of the Company in accordance with these Articles. If there are more than one authorized representatives, each of them may be so elected.

## **20 Dissenting Member's Appraisal Right**

20.1 In the event any of the following resolutions is adopted at a general meeting, any Member who has notified the Company in writing of his/her/its objection to such matter prior to the meeting and has raised again his/her/its objection at the meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price:

- (a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;
- (b) the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or
- (c) the Company acquires or assumes the transfer of the whole business or assets of another person, which has a material effect on the Company's operations.

20.2 In the event any part of the Company's business is spun off or the Company is involved in any merger, acquisition or share swap, the Member, who has voted against or forfeited his/her/its right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price.

20.3 The Member filing a request under the Article 20.1 and Article 20.2 shall make it in writing within 20 days since the resolution of the general meeting was made and specify the price for the Company to purchase back his/her/its Shares. If the

Company and the Member reach an agreement about the price of purchasing back his/her/its Shares, the Company shall pay for the Shares within 90 days since the resolution of the general meeting was made. In case no agreement is reached, the Company shall pay the fair price it has recognized to the Member who asks for a higher price within 90 days since the resolution of the general meeting was made. If the Company did not pay, the Company shall be deemed to be agreeable to the price requested by the Member.

20.4 In the event that the Member who voted against or waived his/her/its voting right during the meeting may file a request under the Article 20.2 and in case no agreement is reached about the price of purchasing back his/her/its Shares within 60 days since the resolution of the general meeting was made, the Company shall apply to the court for a ruling on the fair price against all the dissenting Members as the opposing party within 30 days after that duration. The Taiwan Taipei District Court, ROC, may be the court of first instance for this matter.

20.5 Shares for which voting right has been waived in the preceding Paragraph shall not be counted in the number of votes of shareholders present at the meeting.

## **21 Shares that May Not be Voted**

21.1 Shares held as set out below shall not carry any voting rights and be counted in the total number of outstanding Shares at any given time:

- (a) beneficially owned by the Company itself;
- (b) by any entity in which the Company owns, legally or beneficially, more than 50% of its issued and voting share capital or equity capital; or
- (c) by an entity in which the Company, together with (i) the holding company of the Company and/or (ii) any subsidiary of (a) the holding company of the Company or (b) the Company owns, legally or beneficially, directly or indirectly, more than 50% of its issued and voting share capital or equity capital.

21.2 For so long as the shares are listed on the TSE, in the event that a Director creates or has created security over any Shares held by him, then he shall notify the Company of such security. If at any time the security created by a Director is in respect of more than half of the Shares held by him at the time of his appointment, then the voting rights attaching to the Shares held by such Director at such time shall be reduced, such that the Shares over which security has been created which are in excess of half of the Shares held by the Director at the date of his appointment shall not carry voting rights and shall not be counted in the number of votes casted by the Members at a general meeting.

- 21.3 A Member who has a personal interest in any motion discussed at a general meeting, which interest may be in conflict with and impair those of the Company, shall abstain from voting such Member's Shares in regard to such motion and such Shares shall not be counted in determining the number of votes of the Members present at the said meeting. However, such Shares may be counted in determining the number of Shares of the Members present at such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member.

## **22 Directors**

- 22.1 There shall be a Board consisting of five to nine persons, each of whom shall serve for a three-year term of office, provided that in the event the expiration of the term of office of such Directors would otherwise leave the Company with no Directors, the term of office of such Directors shall be extended automatically to the date of the general meeting next following the expiration of such term, at which new Directors will be elected to assume office. Directors may be eligible for re-election. The Company may from time to time by Special Resolution increase or reduce the limits in the number of Directors set forth in this Article, provided that the requirements by relevant laws and regulations (including but not limited to any listing requirements) are met.
- 22.2 Unless otherwise approved by the TSE, the number of Directors having a spousal relationship or familial relationship within the second degree of kinship with any other Directors shall be less than half of the total number of Directors.
- 22.3 In the event that the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 22.2 hereof, the non-qualifying Director(s) who was elected with the fewest number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 22.2 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall vacate his/her/its position of Director automatically.
- 22.4 Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three Independent Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the ROC and at least one of the same shall have accounting or financial expertise.
- 22.5 Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any

direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be governed by the Applicable Public Company Rules.

## **23 Powers of Directors**

- 23.1 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by a resolution of Members adopted in accordance with the Articles, the business of the Company shall be managed by the Board who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.
- 23.2 Subject to the Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

## **24 Appointment and Removal of Directors**

- 24.1 The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 24.2 below. Members present in person or by proxy, representing more than one-half of the total outstanding Shares shall constitute a quorum for any general meeting to elect one or more Directors.
- 24.2 Directors shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors to be elected (“Special Ballot Votes”), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the number of the Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors elected. For so long as the Shares are listed on the TSE, (a) the Company shall adopt a candidate nomination mechanism for the election of the Directors which is in compliance with the Applicable Public Company Rules; and

- (b) such candidate nomination mechanism in compliance with the Applicable Public Company Rules shall also be used for the election of Independent Directors. The rules and procedures for the candidate nomination shall be in accordance with policies established by the Board and by an Ordinary Resolution from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.
- 24.3 If the number of Independent Directors is less than three persons due to the resignation or removal of any of the Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.
- 24.4 If the number of Directors is less than five persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty days, an extraordinary general meeting to elect succeeding Directors to fill in the vacancies.
- 24.5 The Company may from time to time by Supermajority Resolution remove any Director from office before the expiration of his/her/its period of office notwithstanding anything in these Articles, and may elect another person to fill in the vacancy in accordance with Article 24.2; provided that the Company may remove all Directors and elect new Directors to fill the vacancies at the same time in accordance with this Article and Article 24.2 without having to pass a prior resolution regarding the re-election of all Directors by a general meeting and unless the resolution approving such removal and election provides otherwise, the existing Directors' office shall be deemed discharged upon the passing of such resolution prior to the expiration of such Directors' applicable period of office.
- 24.6 Where a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or in significant violation of applicable laws, regulations or/and the Articles, but not removed by Supermajority Resolution, the Member(s) holding 3% or more of the total outstanding Shares may, within thirty days after that general meeting, institute a lawsuit in the competent court for a judgment to remove such Director from office. The Taiwan Taipei District Court, ROC, may be the court of first instance for this matter.



## **25 Vacation of Office of Director**

The office of a Director shall be vacated if the Director:

- (a) is removed from office pursuant to the Articles;
- (b) gives notice in writing to the Company that he/she/it resigns the office of Director;
- (c) dies, becomes bankrupt, has been adjudicated of the commencement of liquidation process by the competent court or makes any arrangement or composition with his creditors generally;
- (d) is found to be or becomes of unsound mind;
- (e) an order is made by any competent court or official on the grounds that he/she is or will be suffering from mental disorder or is otherwise incapable of managing his/her affairs, or his/her legal capacity is restricted according to the applicable laws;
- (f) an order is made by any competent court or official on the grounds that he/she has been adjudicated of the commencement of assistantship and such assistantship has not been revoked yet;
- (g) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and has not started serving the sentence, has not completed serving the sentence, or the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than five years;
- (h) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment of a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two years;
- (i) having committed an offence as specified in the Anti-corruption Act and subsequently adjudicated guilty by a final judgment, and has not started serving the sentence, has not completed serving the sentence, or the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two years; or
- (j) having been dishonored for unlawful use of credit instruments, and the term of such sanction has not yet expired.

In the event that any of the foregoing events described in clauses (c), (d), (e), (f), (g), (h), (i) and (j) has occurred to a candidate election of Director, such person shall be disqualified from being elected as a Director.

In the event that any Director, during the term of office as a Director, transfers more

than one half of the total number of the Shares of the Company being held by him/her/it at the time he/she/it was elected, he/she/it shall, ipso facto, be discharged from his/her/its office of Director automatically; unless otherwise, he/she/it is the Independent Director.

In the event that any Director, after being elected and before his/her/its inauguration of the office of Director, transfers more than one half of the total number of Shares of the Company held by him/her/it at the time he/she/it was elected; or transfers more than one half of the total number of Shares of the Company held by him/her/it within the Book Closure Period prior to the convention of the general meeting, then his/her/its election as a Director shall be deemed invalid; unless otherwise, he/she/it is the Independent Director.

## **26 Proceedings of the Board**

- 26.1 The Board may meet (either within or outside of the Cayman Islands) for the transaction of business, adjourn and otherwise regulate its meetings as it thinks fit before the Shares are listed on the TSE. For so long as the Shares are listed on the TSE, at least seven days' prior notice shall be given for any meeting of the Board provided that in the case of urgent circumstances as agreed by a majority of the Directors, a meeting of the Board may be convened on short notice, or be held any time after notice have been given to every directors or be convened without prior notice if all directors agree. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and no resolution shall be passed in the case of an equality of votes.
- 26.2 The quorum for the transaction of the business of the Board may be fixed by the Board, and unless so fixed at any other number, shall be a majority of the Board. A person who holds office as an alternate Director shall, if his appointor is not present, be counted in the quorum. A Director who also acts as an alternate Director shall, if his appointor is not present, count twice towards the quorum.
- 26.3 A Director may participate in a meeting of the Board or committee of Directors by video conference or other communications facilities by means of which all the persons participating in the meeting can see and communicate with each other at the same time. Participation by a Director in a meeting in this manner is treated as presence in person at that meeting.
- 26.4 The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles and the Applicable Public Company Rules as the necessary quorum of Directors the continuing Directors may act for the purpose of increasing the

- number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose.
- 26.5 The rules and procedures of the meeting of the Board shall be established by the Board in accordance with the Articles and the Applicable Public Company Rules.
- 26.6 All acts done by any meeting of the Board or of a committee of the Directors (including any person acting as an alternate Director) shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not qualified to be a Director or alternate Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.
- 26.7 A Director but not an alternate Director may be represented at any meetings of the Board by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.
- 27 Directors Interests**
- 27.1 A Director or alternate 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.
- 27.2 A Director or alternate Director may act by himself or by, through or on behalf of 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 or alternate Director.
- 27.3 Unless otherwise provided in the Articles, a Director or alternate Director may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a shareholder, a contacting party, or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
- 27.4 Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Statute, a Director shall assume a duty to act honestly and loyally to the Company and exercise the care as a good administration when performing his duties. A Director shall be liable to the Company if he breaches the above duties. If a Director's breach of duties is for the benefit of the Director or third party, the Company may, with the sanction of an

Ordinary Resolution, demand the Director to disgorge any profit so realized by the Director as if such misconduct is done for the benefit of the Company within one year of the Director's breach of duties. A Director shall be liable jointly with the Company for any loss or damage incurred by any third party if such loss or damage is incurred as a result of a Directors' breach of laws or regulations in the course of performing his duties.

27.5 A Director or alternate Director who is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall declare the nature of such interest to the Company as required by relevant laws and regulations.

27.6 Notwithstanding anything to the contrary contained in this Article 27, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall disclose the material information regarding such conflict of interests at such meeting of the Board. If the Company participates in the merger/consolidation and acquisition, a Director who has a personal interest in the transaction of such merger/consolidation and acquisition shall disclose the material information regarding such conflict of interests and the cause of approval or dissent to the resolution of merger /consolidation or acquisition at the Board and the general meeting, and the Company shall itemize the essential contents of a Director's personal interest and the cause of approval or dissent to the resolution of merger/consolidation or acquisition in the notice to convene a meeting of shareholders; the essential contents may be posted on the website designated by the competent securities authority in the ROC or the Company, and the address of such website shall be indicated in the above notice. A Director who has a personal interest in the matter under discussion at a meeting of the Board, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the meeting of the Board.

27.7 Where the spouse, a blood relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has an interest in the matter under discussion at a meeting of Article 27.6, such Director shall be deemed to have a personal interest in the matter.

## **28 Minutes**

The Board shall cause minutes to be made in books kept for the purpose of:

- (a) all appointments of officers made by the Board; and
- (b) all proceedings and resolutions at meetings of the Members or the holders of any class of Shares and of the Board, and of committees of the Directors including the names of the Directors or alternate Directors present at each meeting.

## **29 Delegation of Directors' Powers**

- 29.1 The Board may delegate any of its powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of one or more Directors. They may also delegate to any managing director or any Director holding any other executive office such of their powers, authorities and discretions as they consider desirable to be exercised by him provided that an alternate Director may not act as managing director and the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and any such delegation and may be revoked or altered by the Board. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of the Board, so far as they are capable of applying.
- 29.2 The Board may establish any committees or appoint any person to be a manager or agent for managing the affairs of the Company. Any such appointment may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and any such appointment and may be revoked or altered by the Board. Subject to any such conditions, the proceedings of any such committee shall be governed by the Articles regulating the proceedings of the Board, so far as they are capable of applying.
- 29.3 The Board may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Board may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Board at any time.
- 29.4 The Board may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be the attorney or authorized signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other

appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Board may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.

29.5 The Board may appoint such officers of the Company (including, for the avoidance of doubt and without limitation, any secretary) as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Board may think fit. Unless otherwise specified in the terms of his appointment an officer of the Company may be removed by resolution of the Board or Members. An officer of the Company may vacate this office at any time if he gives notice in writing to the Company that he resigns his office. The officers, in the course of performing their duties to the Company, shall assume responsibilities identical to that of the Directors.

29.6 For so long as the Shares are listed on the TSE, the Board shall, in accordance with the Applicable Public Company Rules, establish a Compensation Committee comprised of at least three members, one of which shall be the Independent Director. The professional qualifications of the members of the Compensation Committee, the responsibilities, powers and other related matters of the Compensation Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Compensation Committee, the Board shall, by a resolution, adopt a charter for the Compensation Committee in accordance with these Articles and the Applicable Public Company Rules.

29.7 The compensation to be proposed by the Compensation Committee referred in the preceding Article shall include the compensation, stock options and other incentive payments payable to Directors and managers of the Company.

### **30 Alternate Directors**

30.1 Any Director (but not an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him.

30.2 An alternate Director shall be entitled to receive notice of all meetings of the Board and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence, save that he may not himself appoint an alternate director or proxy.

30.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.

- 30.4 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Board.
- 30.5 An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

### **31 Tender Offer**

- 31.1 Within seven days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Public Company Rules, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:
- (a) the types and number of the Shares held by the Directors and the Members holding more than 10% of the outstanding Shares in their own names or in the names of other persons.
  - (b) recommendations to the Members on the tender offer with respect to the status of verification of the identity and financial condition of the Offeror, fairness of the tender offer conditions, and reasonableness of the sources of the tender offer funds and the specific assenting and dissenting opinions of the directors and the reason(s) therefor.
  - (c) whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any.
  - (d) the types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the outstanding Shares held in their own names or in the name of other persons.
- 31.2 The Board must fully disclose the verification measures adopted and the related procedures with respect to the verification conducted under Article 31.1(b) and if an expert is engaged to issue a written opinion, it shall be made public along with the disclosure.

## **32 Remuneration of Directors**

The remuneration of the Directors may only be paid in cash. The remuneration of the Directors shall be decided by the Board by reference to the standard generally adopted by other enterprises in the same industry, and shall be paid regardless whether the Company has profits or suffers losses. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to distribution of profits of the Company in accordance with the Statute, the Applicable Public Company Rules, the service agreement or other similar contract that he/she has entered into with the Company.

## **33 Seal**

- 33.1 The Company may, if the Board so determine, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of the Directors authorised by the Board. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer of the Company or other person appointed by the Board for the purpose.
- 33.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Board so determine, with the addition on its face of the name of every place where it is to be used.
- 33.3 A Director or officer, representative or attorney of the Company may without further authority of the Board affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

## **34 Dividends, Distributions and Reserve**

- 34.1 Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Company may declare dividends following the Board's recommendation in a distribution plan approved by the Board, with the sanction of Ordinary Resolution, resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. The company may appropriate up to 3% of the Earnings before taxes as compensation to the Directors and additional, 0.1% to 3% of the remaining profits as employee compensation to



the employees of the Company and Subsidiaries. However, the company's accumulated losses, it shall have been covered. Considering that the Company is in an industry greatly affected by consumer market and business circle and cannot identify its development circle, after the close of a fiscal year, the Board shall provide the distribution plan according to the following requirements: the Company (i) after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of such profits as statutory reserve until the statutory reserve amounts to the authorized capital, (ii) may appropriate a portion of such profits as special reserve required by Applicable Public Company Rules or government authorities, and (iii) having considered the financial, business and operational factors, any remaining profits which may be distributed as Dividends by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rata to the Members or any combination of both, or bonuses according to the Statute and Applicable Public Company Rules; provided, however, that the Dividends payable to the Members hereunder shall not be less than 20% of the balance of the profits after deduction of the amount set out in sub-clauses (i) and (ii), among which, cash dividends shall not be less than 20% of the total Dividends declared. The distribution of Dividends by cash will be rounded down to New Taiwan dollars. The sum of aforesaid rounded-down amounts which are less than one New Taiwan dollars (NT\$1.00) will be recognized as other non-operational income of the Company. In the event that the Company distributes its profits pursuant to this Article in the form of new Shares to be issued by the Company, it shall be approved by the Supermajority Resolution; if such profits are distributed in the form of cash, it shall be approved by the Board.

- 34.1.1 Subject to the Statute and this Article, the Company may declare dividends at the end of each half fiscal year. The business reports, the financial statements and the proposal for distribution of profits for the half fiscal year shall be submitted to the Board for a resolution after being audited by the Audit Committee. When distributing profits pursuant to this Article, the Company shall pay all relevant taxes, offset losses and set aside the statutory reserve; if such statutory reserve reaches the Company's paid-in capital, this provision shall not apply. In the event that the Company distributes its profits pursuant to this Article in the form of new Shares to be issued by the Company, it shall be approved by the Supermajority Resolution; if such profits are distributed in the form of cash, it shall be approved by the Board. When the Company distributes its profits pursuant to this Article, such profit distribution shall be based on financial statements audited or reviewed by the certified public accountant.

- 34.2 No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or any reserve, fund, or account as otherwise permitted by the Statute, provided, however, that such distribution shall only be paid out of the statutory reserve if the amount of the statutory reserve exceeds 25% of the Company's paid-in capital and that the maximum amount to be paid out of the statutory reserve is limited to the amount by which the statutory reserve exceeds 25% of the Company's paid-in capital. Except as otherwise provided by the rights attached to any Shares, all Dividends and other distributions shall be paid according to the number of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.
- 34.3 The Board may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company for any reason.
- 34.4 The Board may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Board may settle the same as they think expedient and in particular may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Board.
- 34.5 The Board may, before resolving to pay any Dividend or other distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, at the discretion of the Directors, be employed in the business of the Company.
- 34.6 Any Dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.
- 34.7 No Dividend or other distribution shall bear interest against the Company.

- 34.8 The Board shall fix any date as the record date for determining the Members entitled to receive any Dividend or other distribution. The Register of Members shall be closed for a period of five days before the relevant fixed record date or such other period as may be required by the Applicable Public Company Rules or the Statute.
- 34.9 Any Dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

### **35 Capitalisation**

Unless otherwise provided for in the Articles, subject to the Statute, the Board may, with the authority of a Supermajority Resolution, at any time capitalise any sum standing to the credit of any of the Company's reserve accounts of funds (including the share premium account and Capital Redemption Reserve) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend or other distributions and apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power given to the Directors to make such provisions as they think fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

### **36 Books of Account**

- 36.1 The Board shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books of account shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
- 36.2 The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant laws and regulations shall be kept for at least one year; provided, however, that if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information, they shall be kept until the conclusion of the lawsuit if the lawsuit period is longer than one year.

### **37 Audit Committee**

- 37.1 The Company shall establish an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and the number of committee members shall not be less than three. One of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members. The rules and procedures of meeting of the Audit Committee shall be adopted by the Board in accordance with the Articles and the Applicable Public Company Rules.
- 37.2 Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the Board for resolution:
- (a) adoption of or amendment to an internal control system;
  - (b) assessment of the effectiveness of the internal control system;
  - (c) adoption of or amendment to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others;
  - (d) any matter relating to the personal interest of the Directors;
  - (e) a material asset or derivatives transaction;
  - (f) a material monetary loan, endorsement, or provision of guarantee;
  - (g) the offering, issuance, or private placement of any equity-type securities;

- (h) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
- (i) the appointment or discharge of a financial, accounting, or internal auditing officer;
- (j) approval of annual and semi-annual financial reports; and
- (k) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

With the exception of item (j), any other matter that has not been approved with the consent of one-half or more of all Audit Committee members may be undertaken upon the consent of two-thirds or more of the members of the Board, and the resolution of the Audit Committee shall be recorded in the minutes of the Directors meeting.

37.3 Independent Director of the Audit Committee shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, inspect, transcribe or make copies of the accounting books and documents, and request the Board or manager of the Company to make reports thereon.

37.4 Before the Board is held to resolve matters of merger/consolidation and acquisition, the Audit Committee shall review the fairness and reasonableness of the plan and transaction of the merger/consolidation or acquisition and report the review results to the Board and the general meeting. When the Audit Committee reviews the fairness and reasonableness of the plan and transaction of the merger/consolidation or acquisition, the Audit Committee shall seek opinions from an independent expert on the reasonableness of the share swap ratio or distribution of cash or other assets. The review results of the Audit Committees and opinions of independent experts shall be delivered to the Members together with the notice of a general meeting for the merger/consolidation or acquisition. If the Company has made a public announcement publishing the same content as in the aforementioned documents which shall be delivered to the Members on the website designated by the competent securities authority in the ROC and the aforementioned documents are prepared at the venue of the general meeting, those documents shall be deemed as having been sent to the Members.

### **38 Notices**

- 38.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members or to such other address given for such purpose or by means of public announcement.
- 38.2 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays in the Cayman Islands) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.
- 38.3 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under these Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
- 38.4 Notice of every general meeting shall be given in any manner authorised by the Articles to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for his death or bankruptcy would be entitled to

receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

### **39 Winding Up**

39.1 If the Company shall be wound up, and 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.

39.2 If the Company shall be wound up the liquidator may, subject to the rights attached to any Shares and with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in proportion to the number of the Shares held by them in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. 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, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

### **40 Indemnity and Insurance**

40.1 Unless otherwise provided in these Articles, every Director and officer of the Company, together with every former Director and former officer of the Company (each an "Indemnified Person") shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default or breach of their duties as referred to in Article 27.4 or 29.5. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud or wilful default or

breach of their duties as referred to in Article 27.4 or 29.5 of such Indemnified Person. No person shall be found to have committed actual fraud or wilful default or breach of their duties as referred to in Article 27.4 or 29.5 under this Article unless or until a court of competent jurisdiction shall have made a finding to that effect.

40.2 The Company shall advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any advance of any expenses hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person.

40.3 The Board, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

#### **41 Financial Year**

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

#### **42 Transfer by Way of Continuation**

If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.



**43 Appointment of Litigious and Non-litigious Agent**

So long as the Shares are listed on the TSE, the Company shall, by a resolution of the Directors, appoint or remove a litigious and non-litigious agent pursuant to the Applicable Public Company Rules to act as the Company's responsible person in the ROC to handle matters stipulated in the ROC Securities and Exchange Act and the relevant rules and regulations thereto.

**44 Corporate Social Responsibility**

The Company shall comply with the laws and regulations as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities when conducting its business.