



Stock Code : 5288

# **Eurocharm Holdings Co., Ltd.**

## **開曼商豐祥控股股份有限公司**

# **Handbook for the 2021 Annual Meeting of Shareholders**

Meeting Time : 9:30 a.m. on Friday, May 28, 2021

Meeting Place : Chateau de Chine Hotel 2F Germination Conference Hall  
No.82, ZhongZheng Rd., Xinzhuang Dist.  
New Taipei City, Taiwan 242

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**I. Meeting Procedure**

**Eurocharm Holdings Co., Ltd.**

**開曼商豐祥控股股份有限公司**

**Procedure for the 2021 Annual Meeting of Shareholders**

- 1. Call the Meeting to Order**
- 2. Chairman Remarks**
- 3. Reporting Matters**
- 4. Recognition Matters**
- 5. Matters for Discussion**
- 6. Questions and Motions**
- 7. Adjournment**

## II. Meeting Agenda

# **Eurocharm Holdings Co., Ltd.**

**開曼商豐祥控股股份有限公司**

**Year 2021**

## **Agenda of Annual Meeting of Shareholders**

1. Time: 9:30 a.m. on Friday, May 28, 2021
2. Place: No.82, Zhongzheng Rd., Xinzhuang Dist., New Taipei City, Taiwan 242  
(Chateau de Chine Hotel 2F Germination Conference Hall)
3. Call the Meeting to Order
4. Chairman Remarks
5. Reporting Matters
  - (1) Business Report for Fiscal Year 2020
  - (2) Audit Committee's Review Report for the 2020 Consolidated Financial Statements
  - (3) Report on 2020 remuneration to Directors and employees' compensation
  - (4) Report on 2020 Earning Distribution Proposal
  - (5) Report on Revision of the Company's Rules of Procedure for the Board of Directors Meetings
6. Recognition Matters
  - (1) Adoption of the 2020 Business Report and Consolidated Financial Statements
  - (2) Adoption of the Proposal for Distribution of 2020 Profits
7. Matters for Discussion
  - (1) Proposal to amend the Procedures for Shareholders Meetings
  - (2) Proposal to amend the Procedures for Election of Directors
8. Questions and Motions
9. Adjournment

## **1. Reporting Matters**

Report No. 1:

Subject: Business Report for Fiscal Year 2020.

Descriptions: For the Business Report of the Company for Fiscal Year 2020, please refer to pages 10-14 of Attachment 1.

Report No. 2:

Subject: Audit Committee's Review Report for the 2020 Consolidated Financial Statements.

Descriptions: For the 2020 Audit Committee's Review Report, please refer to page 15 of Attachment 2.

Report No. 3:

Subject: Report on 2020 remuneration to Directors and employees' compensation.

Descriptions: (1) The Company's 2020 profit is NT\$752,843,911. The remuneration to Directors is NT\$10,300,000 and employees' compensation is NT\$23,936,973; both shall be paid in cash.

(2) The employees' compensation is allocated to employees of the Company and its subsidiaries who meet certain conditions. The amount of the payment will be entrusted to the board of directors to handle the relevant matters such as seniority, rank, performance, contribution or special function, and employee qualification.

Report No. 4:

Subject: Report on 2020 Earning Distribution Proposal.

Descriptions: (1) In accordance with the Company's Articles of Association, the Board of Directors agreed unanimously to distribute the cash dividend of NT\$263,304,612 (NT\$4 per share) to shareholders. For the Earning Distribution Proposal, please refer to page 16 of Attachment 3.

(2) The Chairman is authorized to specify the ex-dividend date and the date of payment in accordance with the relevant regulations. In the case of an unexpected circumstance where shares allocation needs to be altered, the Chairman has the final authority to make adjustments based on the total number of actual outstanding shares on the ex-dividend date.

Report No. 5:

Subject: Report on Revision of the Company's Rules of Procedure for Board of Directors Meetings.

Descriptions: Following the laws and regulations revision and meeting the management needs, an updated version of the Rules of Procedure for Board of Directors Meetings is proposed. Please refer to pages 17-18 of Attachment 4.

## 2. Recognition Matters

Proposal No. 1

Proposed by the Board of Directors

Subject: Adoption of the 2020 Business Report and Consolidated Financial Statements.

Descriptions: (1) The Company's 2020 consolidated financial statements have been audited by independent auditors (CPAs) Ching-Piao Cheng and Hsiao-Chin Lo of Ernst & Young.

(2) For the 2020 Business Report, CPA's Audit Report, and Consolidated Financial Statements, please refer to pages 10-14 of Attachment 1 and pages 19-28 of Attachment 5.

Resolution:

Proposal No. 2

Proposed by the Board of Directors

Subject: Adoption of the Proposal for Distribution of 2020 Profits.

Descriptions: (1) The Company's 2020 net income is NT\$553,201,742, adding the beginning retained earnings of NT\$1,213,747,380; adding 2020 remeasurements of defined benefit plans are NT\$418,798 and reversing Statutory surplus reserve of NT\$117,859,920 and reversing special reserve of NT\$190,683,660, the distributable earnings are NT\$1,457,986,744. The detail of distribution is according to the Article of Association as follow: The cash dividend to common shareholders are NT\$263,304,612 (NT\$4 per share), the unappropriated retained earnings are NT\$1,194,682,132, which is retained for future year. For the 2020 Earning Distribution Proposal, please refer to page 16 of Attachment 3.

Resolution:

### **3. Matters for Discussion**

Proposal No. 1

Proposed by the Board of Directors

Subject: Proposal to amend the Procedures for Shareholders Meetings.

Descriptions: To comply with the Company's operational needs and the relevant laws and regulations of Taiwan, it is proposed to amend the Procedures for Shareholders Meetings. For the comparison table of the amendments of Procedures for Shareholders Meetings, please refer to pages 29-30 of Attachment 6.

Resolution:

Proposal No. 2

Proposed by the Board of Directors

Subject: Proposal to amend the Procedures for Election of Directors

Descriptions: To comply with the Company's operational needs and the relevant laws and regulations of Taiwan, it is proposed to amend the Procedures for Election of Directors. For the comparison table of the amendments of Procedures for Shareholders Meetings, please refer to pages 31-32 of Attachment 7.

Resolution:

### **4. Questions and Motions**

### **5. Adjournment**



# **Attachments**

## **Attachment 1**

# **Business Report**

Eurocharm Holdings Co., Ltd. (hereinafter referred to as the Company) 2020 consolidated financial statements, operating result, net assets and liabilities, profitability analysis and future development strategy report are as follows:

## **2020 Business Operating Result**

### **1. Operating Result**

The total consolidated revenue for 2020 was NT\$4,658,907 thousand, and the consolidated operating margin was NT\$ 907,140 thousand. The total net profit after tax was NT\$ 553,202 thousand, in which vested consolidated net profit after tax to the shareholders of the parent company was NT\$ 553,202 thousand. The basic earnings per after-tax share merger were NT\$8.40.

### **2. Net Assets and Liabilities**

For the year ended December 31, 2020, the total consolidated assets amounted to NT\$5,279,781 thousand. The total consolidated liabilities were NT\$2,208,890 thousand, which accounted for the merger total consolidated assets of 41.84%. The total consolidated shareholders' equity was NT\$3,070,891 thousand, which marked 58.16% of the total consolidated assets.

### **3. Profitability Analysis**

The basic earnings per share after tax was NT\$ 8.40. The net profit was 11.87%. The rate of return on assets was 11.32%, and the return on equity was 18.01%.

### **4. Budget Execution**

Not applicable as the Company's 2020 financial forecast is not public.

## **5. Income and Expenditure and Profitability Analysis**

Please refer to the Consolidated Financial Statements.

## **6. Future Development and Strategies**

The Company's 2020 research and development expenses accounted for 1.31% of net operating income. To expedite the process of product development and reduce defect rate, the Company will continue to invest in mold and metal processing research and upgrades. The investment aligns with the Company's vision of expanding capabilities and precisions.

### **2020 Business Plan**

#### **1. Capacity Expansion**

The Company will continue to invest steadily and continuously based on past experience. Therefore, the Company will continue to budget for equipment upgrades and capacity expansion to accommodate customers' growing sales. The Company's plant expansion is start in the fourth quarter of 2020, and plan to complete in the fourth quarter of 2021. The new plant aims to fulfill both existing and future business needs. In addition, the Company will continue the expansion of the tooling factory by acquiring new processing equipment, upgrading the production of tooling, inspection and fixture and accelerating the time for product development. These will accelerate the automated production and reduce the operational risks brought on by the increase in salary in Vietnam.

#### **2. Emphasis on Medical Equipment Market**

In the effort to diversify market risks, the Company plans to not only pursue tighter cooperation with existing medical equipment manufactures but also seek out new opportunities from Europe, the United States and Japan. With regard to the revenue ratio on this particular sector in 2020, the Company aims to bring in more demand in

the upcoming year as the joining of new customers.

### **3. Development of Electric Scooters and Recreational Vehicles**

As of the end of 2020, the Company has started the mass production or development of four electric scooters. With the solid foundation of motorcycle chassis production, the Company has the advantage of developing further business opportunities in the electric scooter sector. In terms of recreational vehicles, the Company has been actively seeking and acquiring business cooperation with companies in North America and Europe. Based on the steady increase in order volume, the Company expects the production will multiply in the upcoming years.

### **4. Development of Automobile Parts**

In response to the growing auto parts business opportunities by the Association of Southeast Asian Nations (ASEAN), the Company is actively engaged in developing new customers, as well as strengthening the relationship with the existing automobile customers. The Company expects the result to reflect on the profit growth in the future.

In 2020, the overall global economy is affected by COVID-19. Not only did the supply chain become disconnected due to the outbreak of the epidemic, it also severely affected the overall industrial demand in the second quarter. However, various anti-epidemic policies issued by various governments in response to the epidemic in third quarter. As a result, the global operating order was gradually restored, and the economy has gradually entered the right track in the fourth quarter.

Entering 2021, the overall business environment will gradually recover, and the new development projects undertaken by the company in the past two years will gradually develop results this year. In addition, the Company will continuously improve the management and technology of the production process to reduce potential risks. Along with the mission of providing the highest quality and manufacturing capacity, the

teams are determined to obtain more purchase orders for another record-breaking year. The Company would like to take this opportunity to thank you for your long-term support and trust. The Company upholds the business philosophy of challenging for continuous improvement and cherishing every working opportunity. One step at a time, the Eurocharm group will raise its numbers and competitiveness to achieve beyond the public's expectations.

Looking to the future, the Company has formulated the following internal execution plans to elevate the management in the new year.

### **1. Environmental Protection and Occupational and Industrial Safety**

Improvements have been implemented to all aspects of the Company, including employee participation, production safety, working environment, quality assurance, delivery duration, reduction of invalid working hours and employee compensation and benefits. Working towards the common goal of encouraging cohesion within the Company, the teams will continue to brainstorm ways to enhance internal management and protect employees' legal rights.

### **2. Lean Production Development**

In the effort to counter the redundant processes in production and strengthen the management model, the Company has adopted TOYOTA's lean production plan. The plan contains the full scope of the production process from system structure to the market demand and supply. Accompanying the MES execution, the Company can stay agile and respond to rapid changes.

### **3. Employee Training and Inheriting Plans**

The Company collaborates with external training facilities to provide specialized lessons depending on job responsibilities and personal preferences. The goal is to

equip all levels of managers with the necessary knowledge to problem-solving and leading to a solid foundation for the Company's continual development.

#### **4. Green Supply Chain**

Striving to be a model environmentally friendly business, the Company continues to replace outdated equipment and promote greener working practices. The teams have targeted the areas which require the most attention, including noise, dust, air, sewage disposal system and lighting and electric furnace use. Together, we work towards the goal of carbon reduction and energy conservation.

#### **5. Automated Import**

In response to the recent foreign-funded enterprises' continuous investment in Vietnam and the possible future shortage of labor risks. The company will continue to invest in automation projects and minimize the risk of future lack of labor.

The Company would like to thank all shareholders for their persistent support and trust. The value of challenging excellence and cherishing each opportunity has taken the Company from its humble origin to the accomplishments which we all share. One project at a time, the Eurocharm Group will continue to live up to all shareholders' expectations and pay our appreciation in record-breaking numbers.

Sincerely yours,

Chairman:

President:

Chief Accountant:

## **Attachment 2**

### **2020 Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of Ernst & Young was retained to audit Eurocharm Holdings Corporation Limited's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Eurocharm Holdings Corporation Limited. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

To Eurocharm Holdings Co., Ltd. 2021 Annual General Shareholders' Meeting

Eurocharm Holdings Co., Ltd.

Chairman of the Audit Committee: Wei-Ming Lin

February 26, 2021

**Attachment 3**

**PROFIT DISTRIBUTION TABLE**  
**Year 2020**  
**Eurocharm Holdings Co., Ltd.**

Unit : NT\$	
Items	Amount
Beginning retained earnings	\$1,213,747,380
Plus : Net income of 2020	553,201,742
Plus : Other comprehensive income	
Remeasurements of defined benefit plans (2020)	(418,798)
Plus : Reversing Statutory surplus reserve	(117,859,920)
Plus : Reversing Special reserve	(190,683,660)
Earnings available for distribution	1,457,986,744
Distribution items :	
Cash Dividend to common shareholders	(263,304,612)
Unappropriated retained earnings	\$1,194,682,132

Note :

1. The cash dividend is approved by the board of directors, authorized the Chairman to set the date and other related matters reported at the Annual Meeting of Shareholders.
2. Cash dividend distribution are calculated by the distribution ratio and rounded down to dollar. Fractional shares distributed which are less than one dollar will be aggregated in the Company's other income.

Chairman :

President :

Chief Accountant :



## Attachment 4

Comparison table for the amendments of Rule of Procedure for the Board of Directors Meetings

Amended version	Original version	Explanation
<p>Article 6.3.2 In the case of Article 6.3.2.1, Article 6.3.2.2 or Article 6.3.2.3, the board of directors shall be convened by more than half of the directors, and one of the directors shall be elected as the chairman.</p> <p>Article 6.3.2.1 The director who received votes representing the largest portion of voting rights, does not convene the board of directors within 15 days after the re-election. <u>However, if a director is re-elected before the expiration of the previous term of office, and it is decided to dismiss upon the expiration of the term of office. The board of directors shall not be convened within 15 days after the expiration of the term of office.</u></p> <p>Article 6.3.2.2 <u>For the first meeting of the board of directors, when the number of attend director has not reached the minimum number of the board. The director who received votes representing the largest portion of voting rights, does not convene the board of directors within 15 days after the re-election.</u></p> <p>6.3.2.3 More than half of the directors can write down the proposed matters and reasons, and request the chairman to convene the board of directors. Within 15 days after the request in the preceding paragraph is made, the chairman of the board shall not be held.</p>	<p>Article 6.3.2 In the case of Article 6.3.2.1 or Article 6.3.2.2, the board of directors shall be convened by more than half of the directors, and one of the directors shall be elected as the chairman.</p> <p>Article 6.3.2.1 The director who received votes representing the largest portion of voting rights, does not convene the board of directors within 15 days after the re-election.</p> <p>Article 6.3.2.2 More than half of the directors were able to write down the proposed matters and reasons, and request the chairman to convene the board of directors. Within 15 days after the request in the preceding paragraph is made, the chairman of the board shall not be held.</p>	<p>To accommodate with current laws and regulations.</p>

Amended version	Original version	Explanation
<p>Article 6.5.1 The following matters shall be discussed by the board of directors:</p> <ol style="list-style-type: none"> <li>1. The company's operating plan.</li> <li>2. The annual financial report and the <u>second quarter financial report verification by an accountant.</u></li> </ol>	<p>Article 6.5.1 The following matters shall be discussed by the board of directors:</p> <ol style="list-style-type: none"> <li>1. The company's operating plan.</li> <li>2. The annual financial report and <u>semi-annual financial report.</u> <u>However, the semi-annual financial report does not need to be verified by an accountant in accordance with the laws and regulations.</u></li> </ol>	To accommodate with current laws and regulations.
<p>Article 6.6.1.1 During the board meeting, if the number of directors present does not reach more than half, upon the proposal of the present directors, the chairman shall announce the suspension of the meeting, and the provisions of Article 6.3.7 shall apply.</p>	<p>Article 6.6.1.1 During the board meeting, if the number of directors present does not reach more than half, upon the proposal of the present directors, the chairman shall announce the suspension of the meeting and the provisions of Article 6.3.6 shall apply.</p>	To accommodate with current laws and regulations.
<p>Article 6.10 These procedures were revised by the board of directors on <b><u>February 26 , 2021.</u></b></p>	<p>Article 6.10 These procedures were revised by the board of directors on <b><u>February 26 , 2020.</u></b></p>	To update the amendment date.

## **Attachment 5**

### English Translation of a Report Originally Issued in Chinese

#### **REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors and Shareholders  
of Eurocharm Holdings Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated balance sheets of Eurocharm Holdings Co., Ltd. (the “Company”) and its subsidiaries as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively referred as “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are

independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company’s consolidated revenue amounting to NT\$4,658,907 thousand for the year ended December 31, 2020 is significant to the Company’s consolidated financial statements. The Company and its subsidiaries have conducted these sale activities through multi-market places. Furthermore, varieties of sale terms and conditions enacted in the main sale contracts or sale orders judging and determining the performance obligation and the time of satisfaction. We therefore conclude that there are significant risks with respect to the topic of revenue recognition. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for performance obligation, of revenue recognition assessing and testing the effectiveness of relevant internal controls related to performance obligation of revenue recognition, executing sale cut-off tests, sampling-test of details, including to review the consistency of the fulfillment timing between determining the performance obligation of revenues recognition and the major sales orders or agreements for their terms and conditions. We also evaluated the appropriateness of the related disclosure in Note 6 to the consolidated financial statements.

### Trade receivables – loss allowance

The Company's consolidated gross trade receivables and loss allowance as of December 31, 2020 amounted to NT\$903,615 thousand and NT\$16,126 thousand, respectively. The consolidated net trade receivables represented 17% of the Company's total consolidated assets and were significant to the Company's consolidated financial statements. The amount of loss allowance against trade receivable is measured based on expected credit loss during its existing period. For the measurement purpose, underlying receivable should be grouped appropriately and the application of related assumptions, including proper aging intervals, expected loss ratio and forward-looking information for each aging interval, be judged and analyzed. We conclude that the estimation of impairment loss toward trade receivable is one of the key audit matters due to its complexity of judgment, analysis and estimation and its significant impact on carrying value of net trade receivable. Our audit procedures therefore include, but not limit to, analyzing the appropriateness of the methodology to group trade receivable, confirming whether the customers with significantly different loss patterns (i.e. similar risk characteristics) are appropriately grouped (i.e. by historical experiences, etc.); testing the preparation matrix adopted by the Group, including evaluation on reasonableness of determining aging intervals, and examining the correctness of original document for basic information; reviewing trade receivable subsequent collection for evaluating its recoverability; analyzing long-term variation trend of loss allowance and turnover rate of trade receivable and concluding whether any significant impairment needs to be made at the end of period.

We have also evaluated the appropriateness of the disclosure in Note 5 and Note 6 to the consolidated financial statements regarding trade receivables and related risk.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial

Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Cheng, Ching-Piao

Lo, Hsiao Chin

Ernst & Young, Taiwan

February 26<sup>th</sup>, 2021

***Notice to Readers***

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practice to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.*



English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
As of December 31, 2020 and 2019  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets Accounts	Notes	2020	2019	Liabilities and Equity Accounts		Notes	2020	2019
				Current liabilities	Non-current liabilities			
Current assets				Short-term borrowings	Deferred tax liabilities		\$1,209,980	\$850,362
Cash and cash equivalents	4, 6(1)	\$1,043,712	\$1,126,884	Contract liabilities	Lease liabilities	6(12), 8	86,330	38,500
Financial assets measured at amortized cost	4, 6(2)	681,862	195,917	Notes payables	Other non-current liabilities	4, 6(17)	4	1
Notes receivables	4, 6(3)	-	69	Trade payables	Total non-current liabilities		333,756	316,617
Trade receivables	4, 6(4), 6(18), 8	653,147	534,915	Trade payables-related parties	Total liabilities		4,174	13,087
Trade receivables-related parties	4, 6(4), 6(18), 7	234,342	134,908	Other payables	Equity attributable to shareholders of the parent		354,862	292,174
Other receivables		16,100	14,151	Current tax liabilities	Capital	7	836,782	658,262
Other receivables-related parties	7	828	183	Lease liabilities	Common stock	6(16)		836,782
Current tax assets	4, 6(5), 8	725	751	Other current liabilities	Capital surplus	6(16)	332,900	220,232
Inventories	7	586,977	617,782	Refund liabilities	Retained earnings	6(16)	1,766,531	1,688,459
Prepayments		61,166	53,167	Total current liabilities	Special reserve		(523,584)	(332,900)
Other current assets		60,718	89,723	Non-current liabilities	Unappropriated Earnings		3,070,891	3,070,835
Total current assets		3,339,577	2,768,450	Deferred tax liabilities	Other components of equity			
Non-current assets				Lease liabilities	Total equity			
Financial assets measured at fair value through other comprehensive income	4, 6(6)	53,468	19,431	Other non-current liabilities	Total liabilities and equity		\$5,279,781	\$4,738,768
Financial assets measured at amortized cost				Total non-current liabilities				
Investment accounted for under the equity method	4, 6(2)	50,197	159,900	Total liabilities			2,208,890	1,667,933
Property, plant and equipment	4, 6(7)	159,938	167,956	Equity attributable to shareholders of the parent				
Right-of-use assets	4, 6(8), 8	1,269,706	1,206,178	Capital				
Investment property	4, 6(21), 7	310,336	338,124	Common stock			658,262	658,262
Intangible assets	4, 6(9)	36,725	41,119	Capital surplus			836,782	836,782
Intangible assets	4, 6(10)	6,228	10,583	Retained earnings				
Deferred tax assets	4, 6(23)	3,018	1,240	Special reserve			332,900	220,232
Other non-current assets	6(11)	50,588	25,787	Unappropriated Earnings			1,766,531	1,688,459
Total non-current assets		1,940,204	1,970,318	Other components of equity			(523,584)	(332,900)
Total assets		\$5,279,781	\$4,738,768	Total equity			3,070,891	3,070,835
				Total liabilities and equity			\$5,279,781	\$4,738,768

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Desrciption	Notes	2020	2019
Operating revenues	4, 6(17), 7	\$4,658,907	\$5,235,312
Operating costs	6(19), 7	(3,751,757)	(4,311,324)
Gross profit		907,150	923,988
Realized (Unrealized) sales profit	4	(10)	13
Gross profit, net		907,140	924,001
Operating expenses	7		
Sales and marketing	6(19)	(61,076)	(66,566)
General and administrative	7	(167,705)	(152,626)
Research and development		(60,975)	(53,394)
Expected credit losses	4, 6(18)	(2,857)	(2,995)
Operating expenses total		(292,613)	(275,581)
Operating income		614,527	648,420
Non-operating incomes and expenses			
Other incomes	6(20), 7	100,156	92,954
Other gains and losses	6(20)	1,663	2,752
Finance costs	6(20), 7	(17,086)	(12,705)
Share of profit or loss of associates and joint ventures accounted for under the equity method	4, 6(7)	19,347	22,616
Non-operating incomes and expenses total		104,080	105,617
Income before income tax		718,607	754,037
Income tax expense	4, 6(23)	(165,405)	(128,640)
Net income		553,202	625,397
Other comprehensive income (loss)	6(22)		
Not to be reclassified to profit or loss in subsequent periods:			
Remeasurements of defined benefit plans		(419)	632
May be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		(188,559)	(111,369)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method		(2,125)	(1,299)
Total other comprehensive income, net of tax		(191,103)	(112,036)
Total comprehensive income		\$362,099	\$513,361
Earnings per share-basic (in NTD)	6(24)	\$8.40	\$9.50
Earnings per share-diluted (in NTD)	6(24)	\$8.37	\$9.47

The accompanying notes are an integral part of the consolidated financial statements.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollar)

Description	Equity Attributable to Shareholders of the Parent						Total Equity	
	Share capital		Retained Earnings		Other Components of Equity			Total
	Common Stock	Capital Surplus	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations			
Balance as of January 1, 2019	\$658,262	\$836,782	\$249,649	\$1,362,144	\$ (220,232)	\$2,886,605	\$2,886,605	
Appropriation and distribution of 2018 earnings:								
Special reserve			(29,417)	29,417		-	-	
Cash dividends-common shares				(329,131)		(329,131)	(329,131)	
Net income in 2019				625,397		625,397	625,397	
Other comprehensive income in 2019				632	(112,668)	(112,036)	(112,036)	
Total comprehensive income (loss)	-	-	-	626,029	(112,668)	513,361	513,361	
Balance as of December 31, 2019	658,262	836,782	220,232	1,688,459	(332,900)	3,070,835	3,070,835	
Appropriation and distribution of 2019 earnings:								
Special reserve			112,668	(112,668)		-	-	
Cash dividends-common shares				(362,043)		(362,043)	(362,043)	
Net income in 2020				553,202		553,202	553,202	
Other comprehensive income in 2020				(419)	(190,684)	(191,103)	(191,103)	
Total comprehensive income (loss)	-	-	-	552,783	(190,684)	362,099	362,099	
Balance as of December 31, 2020	\$658,262	\$836,782	\$332,900	\$1,766,531	\$ (523,584)	\$3,070,891	\$3,070,891	

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2020 and 2019  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Items	2020	2019	Items	2020	2019
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$718,607	\$754,037	Decrease (Increase) in financial assets measured at amortized cost	(376,242)	(34,123)
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:			Acquisition of investment accounted for under the equity method	(24,412)	-
Depreciation	159,218	163,534	Acquisition of property, plant and equipment	(255,376)	(293,877)
Amortization	5,177	4,950	Disposal of property, plant and equipment	2,309	674
Expected credit losses	2,857	2,995	Decrease (Increase) in refundable deposits	-	27,679
Interest expense	17,086	12,705	Acquisition of intangible assets	(874)	(3,566)
Interest income	(54,210)	(41,607)	Acquisition of right-of-use assets	-	(53,466)
Dividends	(13,775)	(12,802)	Long-term prepaid rent	7,482	-
Share of profit or loss of associates and joint ventures accounted for under the equity method	(19,347)	(22,616)	Net cash provided by (used in) investing activities	(647,113)	(356,679)
Loss (Gain) on disposal of property, plant and equipment	1,862	(97)			
Unrealized (Realized) sales profit	10	(13)	Cash flows from financing activities:		
Changes in operating assets and liabilities:			Increase in (Repayment of) short-term borrowings	359,618	593,855
Notes receivables	69	(35)	Increase (Decrease) in guarantee deposits	(13,158)	494
Trade receivables	(120,332)	86,980	Repayment of lease liabilities principal	(5,415)	(3,145)
Trade receivables-related parties	(99,434)	(14,376)	Cash dividends	(362,043)	(329,131)
Other receivables	(1,288)	4,293	Net cash provided by (used in) financing activities	(20,998)	262,073
Other receivables-related parties	(645)	(58)			
Inventories	30,805	51,048	Effect of exchange rate changes	(104,885)	(61,581)
Prepayments	(7,999)	11,098			
Other current assets	29,005	(21,072)	Net increase (decrease) in cash and cash equivalents	(83,172)	451,943
Contract liabilities	47,830	(21,238)	Cash and cash equivalents at beginning of period	1,126,884	674,941
Notes payables	3	(2)	Cash and cash equivalents at end of period	\$1,043,712	\$1,126,884
Trade payables	17,139	(254,532)			
Trade payables-related parties	(8,913)	4,015			
Other payables	4,427	4,933			
Other current liabilities	647	29			
Net defined benefit liabilities	(430)	(412)			
Refund liabilities	19,200	(97)			
Cash generated from (used in) operations	727,569	711,660			
Interest received	52,994	44,034			
Dividends received	32,775	36,737			
Interest paid	(16,525)	(12,465)			
Income tax paid	(106,989)	(171,836)			
Net cash provided by (used in) operating activities	689,824	608,130			

The accompanying notes are an integral part of the consolidated financial statements.

## Attachment 6

Comparison table for the amendments of Procedures for Shareholders Meetings

Amended version	Original version	Explanation
<p>Article 6.1.4</p> <p>Matters pertaining to (a) election or discharge of Directors, (b) alteration of the Articles, (c) reduction of capital, (d) application to cease public offering, (e) (i) dissolution, Merger (other than a Short-form Merger), Share Exchange (other than a Short-form Share Exchange) or Spin-off (other than a Short-form 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 whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which has a material effect on the business operation of the Company, and (f) 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, (g) distribution of the whole or a part of the dividend and bonus of the Company in the form of new Shares, (h) capitalization of the whole or a part of the statutory reserve and/or any other amount in accordance with Article 35 in the form of new Shares, and (i) the Private Placement of any equity-type securities issued by the Company, shall be indicated in the notice of general meeting. If the meeting notice has specified the whole election and the on board date of directors and supervisors, of the directors and supervisors, then such on board date shall not be changed by</p>	<p>Article 6.1.4</p> <p>Matters pertaining to (a) election or discharge of Directors, (b) alteration of the Articles, (c) reduction of capital, (d) application to cease public offering, (e) (i) dissolution, Merger (other than a Short-form Merger), Share Exchange (other than a Short-form Share Exchange) or Spin-off (other than a Short-form 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 whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which has a material effect on the business operation of the Company, and (f) 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, (g) distribution of the whole or a part of the dividend and bonus of the Company in the form of new Shares, (h) capitalization of the whole or a part of the statutory reserve and/or any other amount in accordance with Article 35 in the form of new Shares, and (i) the Private Placement of any equity-type securities issued by the Company, shall be indicated in the notice of general meeting, <u>with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion, and the material content may be placed on the website specified by the R.O.C. competent authorities of securities or by the</u></p>	<p>To accommodate with current laws and regulations.</p>

Amended version	Original version	Explanation
being brought up as an ad hoc motion or other means during the same general meeting.	<u>Company, and the website address link shall be indicated in the notice.</u> If the meeting notice has specified the whole election and the on board date of directors and supervisors, of the directors and supervisors, then such on board date shall not be changed by being brought up as an ad hoc motion or other means during the same general meeting.	
<p>Article 6.1.5</p> <p>Shareholders who hold more than 1% of the total number of issued shares may submit a proposal to the company's regular shareholders meeting. Except in the following circumstances, the board of directors shall classify shareholders' proposals as proposals: (a) Proposing shareholders holding less than 1% of the total issued shares; (b) The proposed matters are not resolved by the shareholders' meeting, (c) If the proposal has more than one shareholder proposal, (d) the proposal more than 300 words, or (e) the proposal has been submitted outside the announcement acceptance period. <u>A shareholder may submit proposed proposals to urge the company to promote the public interest or fulfill its social responsibilities. The procedures shall be limited to one item in accordance with the relevant provisions of Article 172-1 of the Company Law. Any proposal with more than one item shall not be included in the proposal.</u></p>	<p>Article 6.1.5</p> <p>Shareholders holding more than 1% of the total number of issued shares may submit proposals to the company's regular shareholders meeting <u>in writing or electronically.</u> Except in the following circumstances, the board of directors shall classify shareholders' proposals as proposals: (a) Proposing shareholders holding less than 1% of the total issued shares; (b) The proposed matters are not resolved by the shareholders' meeting, (c) If the proposal has more than one shareholder proposal, (d) the proposal more than 300 words, or (e) the proposal has been submitted outside the announcement acceptance period. <u>A shareholder proposal is a proposal to urge the company to promote public interest or fulfill its social responsibilities, and the board of directors may still include it in the proposal.</u></p>	To accommodate with current laws and regulations.
<p>Article 6.15</p> <p>The revision of this procedure was resolved by the board of directors on February 26, 2021, and passed by the shareholders meeting on May 28, 2021.</p>	<p>Article 6.15</p> <p>The revision of this processing procedure was resolved by the board of directors on February 26, 2020, and passed by the shareholders meeting on May 29, 2020.</p>	To update the amendment date.

## Attachment 7

Comparison table for the amendments of Procedures for Election of Directors

Amended version	Original version	Explanation
Delete	Article 6.6 If the elected is a shareholder, the elector must fill in the elect's account name and shareholder account number in the "elected" column of the ballot; if not a shareholder, fill in the elector's name and identification document number .	To accommodate with current laws and regulations.
Delete	6.7 If the elected mentioned in the preceding paragraph is a legal person shareholder, the name of the legal person shall be entered in the elector's account of the ballot; if it is the representative of a legal person, the name of the legal person and the name of the representative shall be filled in at the same time. There are several representatives, the name of the legal person and the name of the representative should be filled out separately.	To accommodate with current laws and regulations.
6.6 The ballot will be invalid under any of the following circumstances:  6.6.1 Those who do not use ballots prepared by the <u>convener</u> .  6.6.2 Fill in the number of candidates to be elected exceeds the quota of candidates.  6.6.3 Beside the number of voting rights allocated, include other text.	6.8 The ballot will be invalid under any of the following circumstances:  6.8.1 Those who do not use ballots prepared by the <u>board of directors</u> .  6.8.2 Fill in the number of candidates to be elected exceeds the quota of candidates.  6.8.3 Beside the elector's name (account name), account number or identification document number, and the number of voting rights allocated, include other text.	To accommodate with current laws and regulations.

Amended version	Original version	Explanation
<p>6.6.4 The handwriting is blurred and unrecognizable or has been modify.</p> <p>6.6.5 The filled-in list of elected and <u>director candidates</u> does not match after verification</p> <p>6.6.6 A blank ballot that has not been filled in by the elector.</p> <p>6.6.7 Election ballots that have not been put into the ballot box.</p>	<p>6.8.4 The handwriting is blurred and unrecognizable or has been modify.</p> <p>6.8.5 If the filled-in list of elected is a shareholder, the account name and shareholder account number are inconsistent with the shareholder register; if the filled-in list of elected is not a shareholder, the name and identification document number does not match after verification.</p> <p>6.8.6 A blank ballot that has not been filled in by the elector.</p> <p>6.8.7 Election ballots that have not been put into the ballot box.</p> <p>6.8.8 The total number of voting rights voted by the elector more than the total number of voting rights held by the elector.</p> <p>6.8.9 The name of the elected filled in is the same as other shareholders, but doesn't filled in shareholder account number or identification document number for identified.</p>	
<p>6.7 Skip</p> <p>6.8 Skip</p> <p>6.9 Skip</p>	<p>6.9 Skip</p> <p>6.10 Skip</p> <p>6.11 Skip</p>	To accommodate with current laws and regulations.
6.15 These procedures were revised by the board of directors on <b><u>March 30, 2021</u></b> and adopted by the shareholders' meeting on <b><u>May 28, 2021</u></b> .	6.15 These procedures were revised by the board of directors on <b><u>May 23, 2013</u></b> and adopted by the shareholders' meeting on <b><u>June 19, 2013</u></b> .	To update the amendment date



# Appendix

**Appendix 1**

**THE COMPANIES LAW (Revised)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

**OF**

**EUROCHARM HOLDINGS CO., LTD.**  
**開曼商豐祥控股股份有限公司**

- Incorporated on the 18<sup>th</sup> day of July, 2011 -

(as adopted by a Special Resolution dated as of May 29, 2020)

**THE COMPANIES LAW (Revised)**  
**OF THE CAYMAN ISLANDS**  
**COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION**  
**OF**  
**EUROCHARM HOLDINGS CO., LTD.**

**開曼商豐祥控股股份有限公司**

(as adopted by a Special Resolution dated as of May 29, 2020)

1. The name of the Company is Eurocharm Holdings Co., Ltd. 開曼商豐祥控股股份有限公司.
2. The registered office of the Company shall be at the offices of International Corporation Services Ltd, PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town KY1-1106, Grand Cayman, Cayman Islands, or at such other place as the Directors 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 Law (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 authorised capital of the Company is New Taiwan Dollars \$900,000,000 divided into 90,000,000 shares of New Taiwan Dollars 10.00 each provided always that subject to the provisions of the Companies Law (Revised) as amended and the Articles of Association, the Company shall have power to redeem or purchase any or all of such shares and to issue all or any part of its capital with priority or subject to any conditions or restrictions whatsoever and every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
6. 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.

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**THE COMPANIES LAW (Revised)**  
**OF THE CAYMAN ISLANDS**  
**COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED ARTICLES OF ASSOCIATION**  
**OF**  
**EUROCHARM HOLDINGS CO., LTD.**

**開曼商豐祥控股股份有限公司**

(as adopted by a Special Resolution dated as of May 29, 2020)

**1 Interpretation**

- 1.1 In the 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:

<b>“Acquisition”</b>	means a transaction of acquiring shares, business or assets of another company and the consideration for the transaction being the shares, cash or other assets, as defined in the R.O.C. Enterprise Mergers and Acquisitions Law and interpreted by the competent authorities.
<b>“Applicable Public Company Rules”</b>	means the R.O.C. laws, rules and regulations stipulating public reporting companies or companies listed on any R.O.C. stock exchange or securities market, including, without limitation, the relevant provisions of the Company Law, Securities and Exchange Law, the Enterprise Mergers and Acquisitions Law, the rules and regulations promulgated by the Ministry of Economic Affairs, the rules and regulations promulgated by the Financial Supervisory Commission (“FSC”), the rules and regulations promulgated by the Taiwan Stock Exchange (“TWSE”)) and the Acts Governing Relations Between Peoples of the Taiwan Area and the Mainland Area and its relevant regulations.
<b>“Profit”</b>	the Company’s annual net income before tax and the distribution of the compensation of employees and directors
<b>"Articles"</b>	means these articles of association of the Company.

<b>"Company"</b>	means the above named company.
<b>"Directors"</b>	means the directors for the time being of the Company (which, for clarification, includes any and all Independent Director(s)).
<b>"Electronic Record"</b>	has the same meaning as in the Electronic Transactions Law.
<b>"Electronic Transactions Law"</b>	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands.
<b>"Independent Directors"</b>	means the Directors who are elected by the Members at a general meeting and designated as "Independent Directors" for the purpose of Applicable Public Company Rules which are in force from time to time.
<b>"Market Observation Post System"</b>	means the internet information reporting system designated by the FSC.
<b>"Member"</b>	has the same meaning as in the Statute.
<b>"Memorandum"</b>	means the memorandum of association of the Company.
<b>"Merger"</b>	means a transaction whereby (i) all of the companies participating in such transaction are dissolved, and a new company is incorporated to generally assume all rights and obligations of the dissolved companies or (ii) all but one company participating in such transaction are dissolved, and the surviving company generally assumes all rights and obligations of the dissolved companies, and in each case the consideration for the transaction being the shares of the surviving or newly incorporated company or any other company, cash or other assets.
<b>"M&amp;A"</b>	means Merger, Acquisition and Spin-off.
<b>"Short-form Merger"</b>	means (i) a Merger in which one of the merging companies holds issued shares that together represent at least 90% of the voting power of the outstanding shares of the other merging company or (ii) that subsidiaries of a parent company merge with one another whose 90% or more of the voting power of the outstanding shares is held by their parent company respectively.
<b>"Ordinary Resolution"</b>	means a resolution passed by a simple majority of votes cast by the

Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting.

**“Private Placement”**

means obtaining subscriptions for, or the sale of, Shares, options, warrants, rights of holders of debt or equity securities which enable those holders to subscribe further securities (including Shares), or other securities of the Company, either by the Company itself or a person authorized by the Company, primarily from or to specific investors or approved by the Company or such authorized person, but excluding any employee incentive programme or subscription agreement, warrant, option or issuance of Shares under Article 11.1 to 11.4 of these Articles.

**"Register of Members"**

means the register maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.

**"Registered Office"**

means the registered office for the time being of the Company.

**“R.O.C.”**

means the Republic of China.

**"Seal"**

means the common seal of the Company and includes every duplicate seal.

**"Share" and "Shares"**

means a share or shares in the Company and includes a fraction of a share.

**"Share Certificate" and**

**“Share Certificates”**

means a certificate or certificates representing a Share or Shares.

**“Share Exchange”**

means a company transferring all its issued shares to another company in exchange for shares, cash or other assets in that company as the consideration for shareholders of the transferring company.

**"Short-form Share  
Exchange"**

means a parent company effects a Share Exchange with its subsidiary whose 90% or more of the total number of the issued and outstanding shares is held by the parent company.

**"Solicitor"**

means any Member, a trust enterprise or a securities agent mandated by Member(s) who solicits an instrument of proxy from any other Member to appoint him/it as a proxy to attend and vote at a general meeting instead of the appointing Member pursuant to the Applicable Public Company Rules.

<b>"Special Resolution"</b>	means a resolution passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as special resolution has been duly given.
<b>"Spin-off"</b>	refers to an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to give shares, cash or other assets to the transferor company or to shareholders of the transferor company.
<b>"Short-form Spin-off"</b>	means a parent company effects a Spin-off with its subsidiary whose 90% or more of the total number of the issued and outstanding shares is held by the parent company and that the parent company is the transferee company assuming the business of the subsidiary, and such subsidiary acquires the total amount of consideration for the business transferred.
<b>"Statute"</b>	means the Companies Law (Revised) of the Cayman Islands, as amended, and every statutory modification or re-enactment thereof for the time being in force.
<b>"Subsidiary" and "Subsidiaries"</b>	means (i) a subordinate company in which the total number of voting shares or total share equity held by the Company represents more than one half of the total number of issued voting shares or the total share equity of such subordinate company; or (ii) a company in which the total number of shares or total share equity of that company held by the Company, its subordinate companies and its controlled companies, directly or indirectly, represents more than one half of the total number of issued voting shares or the total share equity of such company.
<b>"Supermajority Resolution"</b>	means (i) a resolution adopted by a majority vote of the Members present and entitled to vote on such resolution at a general meeting attended in person or by proxy by Members who represent two-thirds or more of the total outstanding Shares of the Company or, (ii) 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 of the

Company, but more than half of the total outstanding Shares of the Company, a resolution adopted at such general meeting by the Members who represent two-thirds or more of the Shares present and entitled to vote on such resolution.

<b>“TDCC”</b>	means the Taiwan Depository & Clearing Corporation.
<b>“Treasury Shares”</b>	means a Share held in the name of the Company as a treasury share in accordance with the Statute and the Applicable Public Company Rules.
<b>“Non TWSE-Listed or TPEX-Listed Company”</b>	refers to a company whose shares are neither listed on the TWSE or the Taipei Exchange.

## 1.2 In the 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 the Articles; and
- (h) Section 8 of the Electronic Transactions Law shall not apply.
- (i) Applicable Public Company Rules shall not apply until the Company has become a public company pursuant to Applicable Public Company Rules.

## 2 Commencement of Business

- 2.1 After incorporation, the Company may operate its business at the time the board of Directors deems fit. The Company shall operate its business in compliance with the Applicable Public Company



Rules and business ethics, and may perform actions that promote the public interest to fulfil the social responsibility of the Company.

- 2.2 The Directors 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 Statute, the Memorandum, the Articles and Applicable Public Company Rules (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing Shares, the board of Directors 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, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and the Company shall have power to redeem, purchase, spin-off or consolidate any or all of such Shares and to issue all or any part of its capital whether priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide, every issue of Shares whether stated to be Ordinary, Preference or otherwise, shall be subject to the powers on the part of the Company hereinbefore provided.

- 3.2 The Company shall not issue Shares to bearer.

- 3.3 The Company shall not issue any unpaid Shares or partly paid-up Shares.

### **4 Register of Members**

- 4.1 The board of Directors shall keep, or cause to be kept, the Register of Members at such place as the board of 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 board of 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 board of 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 TWSE, title to such listed Shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the TWSE 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 TWSE 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 in order to make a determination of Members for any other purpose, the board of Directors shall determine the period that the Register of Members shall be closed for transfers and after the Company has acquired public company status, such period shall not be less than the minimum period of time prescribed by the Applicable Public Company Rules.
- 5.2 Subject to Article 5.1 hereof, in lieu of, or apart from, closing the Register of Members, the board of Directors 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 in order to make a determination of Members for any other purpose. In the event the board of Directors designates a record date in accordance with this Article 5.2, the board of Directors shall make a public announcement of such record date via the Market Observation Post System in accordance with the Applicable Public Company Rules.
- 5.3 The rules and procedures governing the implementation of book closed periods of the Register of Members, including notices to Members in regard to book closed periods of the Register of Members, shall be in accordance with policies adopted by the board of Directors from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.

## **6 Share Certificates**

- 6.1 Subject to the provisions of the Statute, the Memorandum and Articles and the Applicable Public Company Rules, the Company shall issue Shares without printing Share Certificates for the Shares issued, and the details regarding such issue of Shares shall be recorded by TDCC in accordance with the Applicable Public Company Rules, the issuance, transfer or cancellation of the Shares be handled in accordance with the relevant rules of the central securities depository. A Member shall only be entitled to a Share Certificate if the board of Directors resolves that Share Certificates shall be issued. Share Certificates, if any, shall be in such form as the board of Directors may determine. Share Certificates shall be signed by one or more Directors authorised by the board of Directors. The board of Directors may authorise Share Certificates to be issued with the authorised signature(s) affixed by mechanical process. All Share Certificates shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All Share Certificates surrendered to the Company for transfer shall be cancelled and subject to the Articles. No new Share Certificate shall be issued until the former Share Certificate representing a like number of relevant Shares shall have been surrendered and cancelled.

- 6.2 In the event that the board of Directors resolve that Share Certificates shall be issued pursuant to Article 6.1 hereof, the Company shall deliver the Share Certificates to the subscribers within thirty days from the date such Share Certificates may be issued pursuant to the Statute, the Memorandum, the Articles and the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such Share Certificates pursuant to the Applicable Public Company Rules.
- 6.3 No Shares may be registered in the name of more than one Member.
- 6.4 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 of Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old Share Certificate.

## **7 Preferred Shares**

- 7.1 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 the Directors and with the approval of a Special Resolution.
- 7.2 Prior to the issuance of any Preferred Shares approved pursuant to Article 7.1 hereof, 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 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 preferred Members;
  - (d) Other matters concerning rights and obligations incidental to Preferred Shares; and
  - (e) The method by which the Company is authorized or compelled to redeem the Preferred Shares, or relevant regulations that redemption rights shall not apply.

## 8 Issuance of New Shares

- 8.1 The issue of new Shares of the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new Shares shall at all times be subject to the sufficiency of the authorised capital of the Company.
- 8.2 Unless otherwise resolved by the Members in general meeting by Ordinary Resolution, where the Company increases its capital by issuing new Shares for cash, the Company shall, after reserving Shares for Public Offering (defined below) and Shares for Employees' Subscription (defined below) in accordance with Article 8.3, make a public announcement and/or notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of any new Shares issued in the capital increase in cash. A waiver of such pre-emptive right may be approved at the same general meeting where the subject issuance of new Shares is approved by the Members. The Company shall state in such announcement and/or notices to the Members that if any Member fails to purchase his/her/its pro rata portion of the newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to purchase the newly-issued Shares. Subject to Article 6.3, in the event that Shares held by a Member are insufficient for such Member to exercise the pre-emptive right to purchase one newly-issued Share, Shares held by several Members may be calculated together for joint purchase of newly-issued Shares or for purchase 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 offer any un-subscribed new Shares to be issued to the public in Taiwan or to specific person or persons according to the Applicable Public Company Rules.
- 8.3 Where the Company increases its capital in cash by issuing new Shares in Taiwan, the Company shall allocate 10% of the total amount of the new Shares to be issued, for offering in Taiwan to the public unless it is not necessary or appropriate, as determined by the board of Directors according to the Applicable Public Company Rules and/or the instruction of the FSC or TWSE, for the Company to conduct the aforementioned public offering. Provided however, if a percentage higher than the aforementioned 10% is resolved by a general meeting to be offered, the percentage determined by such resolution shall prevail ("**Shares for Public Offering**"). The Company may reserve 10% to 15% of the total amount of the new Shares to be issued for the subscription by the employees of the Company and its Subsidiaries ("**Shares for Employees' Subscription**"). The Company may restrain the shares subscribed by the aforementioned employees from being transferred or assigned to others within a specific period of time which shall in no case be longer than two years.
- 8.4 Members' rights to subscribe for newly-issued Shares may be transferred independently from the Shares from which such rights are derived. The rules and procedures governing the transfer of rights to subscribe for newly-issued Shares shall be in accordance with policies established by the Company

from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.

- 8.5 The pre-emptive right of Members provided under Article 8.2 shall not apply in the event that new Shares are issued due to the following reasons or for the following purposes: (a) in connection with a Merger with another company, or the Spin-off of the Company, or pursuant to any reorganization of the Company; (b) in connection with meeting the Company's obligations under Share subscription warrants and/or options, including those referenced in Article 11.1 to 11.4; (c) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire Shares; (d) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire Shares; (e) in connection with a Private Placement; (f) in connection with the issue of Restricted Shares in accordance with Article 8.7; or (g) other matters in accordance with the Applicable Public Company Rules.
- 8.6 The periods of notice and other rules and procedures for notifying Members and implementing the exercise of the Members' pre-emptive rights shall be in accordance with policies established by the board of Directors from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.
- 8.7 Subject to the provision of the Statute, the Company may, with the approval of a Supermajority Resolution in a general meeting, issue new Shares with restricted rights to the employees of the Company and its Subsidiaries ("**Restricted Shares**") and the provision of Article 8.2 shall not apply to any such issue of Restricted Shares. The terms of issue of Restricted Shares, including, but not limited to the number, issue price and other relevant conditions shall comply with the Applicable Public Company Rules.
- 8.8 Subject to the provisions of the Statute, the Company may, by resolutions of the Members passed at a general meeting attended by Members who represent a majority of the issued, outstanding Shares and approved by the Members who represent two-thirds or more of the Shares present and entitled to vote on such resolution, conduct Private Placements, and shall comply with the Applicable Public Company Rules to determine, inter alia, the purchaser(s), the types of securities, the determination of the offer price, and the restrictions on transfer of securities of such Private Placement.
- 8.9 Subject to the provisions of the Applicable Public Company Rules, when the total number of new Shares in issue has been subscribed to in full, the Company shall immediately send a call notice to the subscribers for unpaid Shares. Where Shares are issued at a price higher than par value, the premium and the par value shall be collected at the same time. Where the subscriber delays payment for subscribing to the Shares, the Company shall designate a cure period of not less than one month by serving a notice on him/her/it requiring such payment. The Company shall also declare in the notice that in case of default of payment within the said cure period, the subscriber's right to subscribe to

new Shares shall be forfeited. After the Company has made such request, the subscribers who fail to settle the outstanding payment accordingly shall forfeit their rights to subscribe to the Shares and the Shares subscribed by them in the first place shall be otherwise offered by the Company.

## **9 Transfer of Shares**

- 9.1 Subject to the Statute and the Applicable Public Company Rules, Shares issued by the Company may be freely transferable.
- 9.2 Subject to these Articles and the Applicable Public Company Rules, any Member may transfer all or any of his Shares by an instrument of transfer.
- 9.3 The Board may approve to effect transfers of Shares which are not issued physically through relevant systems (including systems of TDCC) without executing share transfer documents. With respect to non-physically issued shares, the Company shall notify holders of these shares to provide (or have a third party designated by such holders to provide) instruction(s) necessary for transfers of shares through relevant systems according to the requirement, equipment and demand of those systems, provided however, that such instructions shall not violate these Articles, Statute and the Applicable Public Companies Rules.

## **10 Redemption and Repurchase of Shares**

- 10.1 Subject to the provisions of the Statute, the Memorandum, and the Articles, the Company may purchase its own Shares in the manner and terms to be resolved by the board of Directors from time to time. Notwithstanding the foregoing, for so long as any Shares are listed on the TWSE, the Company may purchase its own shares on such terms as are approved by resolutions of the Directors passed at a meeting of the board of Directors attended by more than two-thirds of members of the board and approved by a majority of the Directors present at such meeting, provided that any such repurchase shall be in accordance with the Applicable Public Company Rules. In the event that the Company proposes to purchase any Shares listed on the TWSE pursuant to this Article, the approval of the board of Directors and the implementation thereof shall be reported to the Members at the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall apply even if the Company does not implement the repurchase proposal for any reason.
- 10.2 Subject to the provisions of Cayman Islands law, the Statute, the Memorandum, and the Articles, 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. The Company may make a payment in respect of the redemption of its own Shares in any manner (including out of

capital). After the Company has acquired public company status, the foregoing matter shall be made in accordance with the Applicable Public Company Rules as applied to the Company.

- 10.3 The board of Directors may, upon the purchase or redemption of any Share under Article 10.1 to 10.7, determine that such Share shall be held as Treasury Share (“**Repurchased Treasury Shares**”). For Treasury Shares, no dividends shall be distributed or paid, nor shall any distribution of the Company’s assets be made (whether in cash or by other means) (including any assets distribution to the Members when the Company is winding up) .
- 10.4 Subject to the provisions of the Statute, the Memorandum and the Articles, the board of Directors may determine to cancel a Treasury Share or transfer a Treasury Share to the employees on such terms as they think proper (including, without limitation, for nil consideration). After the Company has acquired public company status, the foregoing matter shall be made in accordance with the Applicable Public Company Rules as applied to the Company.
- 10.5 If the Company repurchases any Shares traded on the TWSE and proposes to transfer the Repurchased Treasury Shares to any employees of the Company or its Subsidiaries at the price below the average repurchase price paid by the Company for Repurchased Treasury Shares (the "**Average Purchase Price**") the Company shall require the approval of a resolution of the Members passed at a general meeting attended by Members who represent a majority of the issued, outstanding Shares and approved by the Members who represent two-thirds or more of the Members present and entitled to vote on such resolution, and shall specify such motion in the meeting notice of that general meeting in accordance with the Applicable Public Company Rules which shall not be brought up as an ad hoc motion:
- (a) The transfer price, discount rate, calculation basis and reasonability;
  - (b) Number of shares transferred, purpose and reasonability;
  - (c) Qualification of employees’ subscription and number of shares employees may subscribe; and
  - (d) Matters affecting equity of the Members:
    - (i) Amounts that may become expenditures, and the dilution of EPS of the Company;
    - (ii) Explain the financial burden caused to the Company by transfer of shares to employees at a price lower than the Average Purchase Price.
- 10.6 The aggregate number of Treasury Shares to be transferred to employees pursuant to Article 10.4 shall not exceed 5 percent of the Company's total issued, allotted and outstanding Shares as at the date of transfer of any Treasury Shares and the aggregate number of Treasury Shares transferred to any individual employee shall not exceed 0.5 percent of the Company's total issued, allotted and



outstanding Shares as at the date of transfer of any Treasury Shares to such employee. The Company may impose restrictions on the transfer of such Shares by the employee for a period of no more than two years.

- 10.7 Notwithstanding anything to the contrary contained in Article 10.1 to 10.6, and subject to the Statute, the Memorandum and Articles, the Company may, with the approval of an Ordinary Resolution, compulsorily redeem or repurchase Shares, provided that such Shares shall be cancelled upon redemption or repurchase and such redemption or repurchase will be effected pro rata based on the percentage of shareholdings of the Members. Payments in respect of any such redemption or repurchase, if any, may be made either in cash or by distribution of specific assets of the Company, as specified in the Ordinary Resolution approving the redemption or repurchase, provided that (a) the relevant Shares will be cancelled upon such redemption or repurchase and will not be held by the Company as Treasury Shares, and (b) 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 (i) assessed by an R.O.C. certified public accountant before being submitted to the Members for approval and (ii) agreed to by the Member who will receive such assets. After the Company has acquired public company status, the foregoing matter shall be made in accordance with the Applicable Public Company Rules as applied to the Company.

## **11 Employee Incentive Programme**

- 11.1 Notwithstanding the provision of Article 8.7 Restricted Shares, 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 incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries. The rules and procedures governing such incentive programme(s) shall be in accordance with policies established by the board of Directors from time to time in accordance with the Statute, the Memorandum and the Articles. After the Company has acquired public company status, the foregoing matter shall be made in accordance with the Applicable Public Company Rules as applied to the Company.
- 11.2 Options, warrants or other similar instruments issued in accordance with Article 11.1 above are not transferable save by inheritance.
- 11.3 The Company may enter into relevant agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 11.1 above, whereby employees may subscribe, within a specific period of time, a specific number of the Shares. The terms and conditions of such agreements shall be no less restrictive on the relevant employee than the terms specified in the applicable incentive programme.
- 11.4 Directors of the Company and its Subsidiaries shall not be eligible for the employee incentive programmes under Article 8.7 or this Article 11.1, provided that directors who are also employees of



the Company or its Subsidiaries may participate in an employee incentive programme in their capacity as an employee (and not as a director of the Company or its Subsidiaries).

## **12 Variation of Rights of Shares**

- 12.1 If at any time the share capital of the Company is divided into different classes of Shares, 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 adopted by a Special Resolution and shall also be adopted by a Special Resolution passed at a separate meeting of Members of that class of Shares.
- 12.2 The relevant provisions of the Articles relating to general meetings shall apply to every class meeting of the holders of the same class of the Shares.
- 12.3 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.

## **13 Transmission of Shares**

- 13.1 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 interest. 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.
- 13.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any way other than by transfer) shall give written notice to the Company and, upon such evidence being produced as may from time to time be required by the board of Directors, may 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.

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

- 14.1 Subject to the provisions of the Statute, the Applicable Public Company Rules and the Articles, the Company may by Special Resolution:
- (a) change its name;
  - (b) alter or add to these Articles;

- (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein;
- (d) reduce its share capital and any capital redemption reserve fund; and
- (e) increase its authorised share capital or cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person, provided that in the event of any change to its authorised share capital, the Company shall make proposal at a general meeting.

14.2 Subject to the provisions of the Statute, the Applicable Public Company Rules and the Articles and unless otherwise provided under Article 14.6, the Company shall by a Supermajority Resolution:

- (a) sell, transfer or lease of whole business of the Company or other matters which has a material effect on the Members' rights and interests;
- (b) discharge or remove any Director;
- (c) approve any action by any Director(s) who is engaging in business for him/herself or on behalf of another person that is within the scope of the Company's business;
- (d) effect any capitalization of distributable Dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;
- (e) effect any Merger (other than a Short-form Merger) or Spin-off (other than a Short-form Spin-off) provided that any Merger which falls within the definition of "merger and/or consolidation" under the Statute shall also be subject to the requirements of the Statute;
- (f) enter into, amend, or terminate any agreement for lease of the Company's whole business, or for entrusted business, or for frequent joint operation with others;
- (g) transfer 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.
- (h) acquire or assume the whole business or assets of another person, which has material effect on the Company's operation;
- (i) and Share Exchange.

14.3 Subject to the provisions of the Statute, the Articles, and the Applicable Public Company Rules, with regard to the dissolution procedures of the Company, the Company shall pass

- (a) a Supermajority Resolution, if the Company resolves that it be wound up voluntarily because it is unable to pay its debts as they fall due; or
  - (b) a Special Resolution, if the Company resolves that it be wound up voluntarily for reasons other than the reason stated in Article 14.3(a) above.
- 14.4 When the Company returns share capital according to the Statute, and the Articles, the share capital shall be returned in proportion to the shareholdings of the Members.
- 14.5 Subject to the provisions of the Statute and the Articles, if the Company intends to return share capital by assets other than cash, the asset to be returned and the amount to be deducted shall be approved by general meetings and consented by the Member who will receive such asset, provided that the asset to be returned and the amount to be deducted shall be audited by the certified R.O.C. public accountant before they are submitted by the board of Directors for general meetings' resolution. After the Company has acquired public company status, the foregoing matter shall be made in accordance with the Applicable Public Company Rules as applied to the Company.
- 14.6 Subject to the provisions of the Statute, the Applicable Public Company Rules and the Articles, the following items 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) The Company participates in a merger in accordance with the Applicable Public Company Rules in which the Company is dissolved and the trading of Shares on the stock exchange is terminated thereafter while the surviving or newly incorporated company is not listed on TWSE or Taipei Exchange;
  - (b) The Company carries on a general transfer or transfer its business or assets in accordance with the Applicable Public Company Rules in which the trading of Shares on the stock exchange is terminated thereafter and the transferee company is not listed on TWSE or Taipei Exchange;
  - (c) The Company conducts a share exchange in accordance with the Applicable Public Company Rules in which the trading of Shares on the stock exchange is terminated thereafter and the surviving or newly incorporated company is not listed on TWSE or Taipei Exchange; and
  - (d) The Company conducts a spin-off in accordance with the Applicable Public Company Rules in which the trading of Shares on the stock exchange is terminated thereafter and the transferee company is not listed on TWSE or Taipei Exchange.

## **15 Registered Office**

Subject to the provisions of the Statute, the Company may by resolution of the board of Directors change the location of its Registered Office.

## 16 General Meetings

- 16.1 All general meetings other than annual general meetings are extraordinary general meetings.
- 16.2 The Company shall hold a general meeting as its annual general meeting within six months following the end of each fiscal year, and shall specify the meeting as such in the notices calling it. At these meetings, the report of the Directors (if any) shall be presented.
- 16.3 The Company shall hold an annual general meeting every year.
- 16.4 The general meetings shall be held at such time and place as the Directors shall appoint provided that unless otherwise provided by the Statute or this Article 16.4, the general meetings shall be held in Taiwan in the event the Company has acquired public company status. For general meetings to be held outside Taiwan, after the Company has acquired public company status, the Company shall apply to the TWSE to obtain its approval within two days after the board of Directors resolves to call a general meeting or within two days after the shareholder(s) obtain(s) the approval from competent authorities to convene the same. In addition, where a general meeting is to be held outside Taiwan, the Company shall engage a professional securities agent in Taiwan to handle the administration of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members).
- 16.5 The board of Directors may call general meetings, and they shall on a Member's requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- 16.6 Member(s) who are entitled to submit a Member's requisition as provided in the preceding Article 16.5 are Member(s) of the Company holding at the date of deposit of the requisition not less than 3% of the total number of the outstanding Shares at the time of requisition and whose Shares shall have been held by such Member(s) for at least one year.
- 16.7 The requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 16.8 If the board of Directors do not within fifteen days from the date of the deposit of the requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting in accordance with the Applicable Public Company Rules.
- 16.9 Member(s) holding more than 50% of the total issued and outstanding Shares for at least three consecutive months may themselves convene an extraordinary general meeting. The period and the number of Shares held by a Member shall be determined based on the shareholding on the book closing date.

- 16.10 Pursuant to the Applicable Public Company Rules, the Independent Director of the Audit Committee may convene a general meeting in the event that the board of Directors fails or cannot convene a general meeting, or for the benefit of the Company when necessary.

## **17 Notice of General Meetings**

- 17.1 At least two days' notice to each Member shall be given of any annual general meeting or extraordinary general meeting, or in the event the Company has acquired public company status, at least thirty days' notice to each Member shall be given of any annual general meeting, and at least fifteen days' notice to each Member shall be given of any extraordinary general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned, or be given via electronic means if agreed thereon by the Members, or be given in such other manner as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed by all the Members (or their proxies) entitled to attend such general meeting.
- 17.2 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any Member entitled to receive notice shall not invalidate the proceedings of that general meeting.
- 17.3 After the Company has acquired public company status, the Company shall, at least thirty days prior to any annual general meeting or at least fifteen days prior to any extraordinary general meeting (as the case may be), make public announcement of the notice of such general meeting, instrument of proxy, the businesses and their explanatory materials of any sanction, discussion, election or removal of Directors and transform such information into electronic format and transmit the same to the Market Observation Post System in accordance with the Applicable Public Company Rules. If the voting power in any general meeting will be exercised by way of a written ballot, the written ballot and the aforementioned information of such general meeting shall together be delivered to each Member. The Directors shall prepare a meeting handbook of relevant general meeting and supplemental materials in accordance with the Applicable Public Company Rules at least twenty-one days prior to any general meeting (or at least fifteen days prior to any extraordinary general meeting), send to or make it available for the Members and transmit the same to the Market Observation Post System
- 17.4 The Company shall prepare a meeting handbook of the relevant general meeting and supplemental materials available for inspection by the Members, which will be placed at the office of the Company

and the Company's securities agent, distributed at the meeting venue, and transmitted to the Market Observation Post System within the period required by the Applicable Public Company Rules.

- 17.5 Matters pertaining to (a) election or discharge of Directors, (b) alteration of the Articles, (c) reduction of capital, (d) application to cease public offering, (e) (i) dissolution, Merger (other than a Short-form Merger), Share Exchange (other than a Short-form Share Exchange) or Spin-off (other than a Short-form 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 whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which has a material effect on the business operation of the Company, and (f) 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, (g) distribution of the whole or a part of the dividend and bonus of the Company in the form of new Shares, (h) capitalization of the whole or a part of the statutory reserve and/or any other amount in accordance with Article 35 in the form of new Shares, and (i) the Private Placement of any equity-type securities issued by the Company, shall be indicated in the notice of general meeting, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion, and the material content may be placed on the website specified by the R.O.C. competent authorities of securities or by the Company, and the website address link shall be indicated in the notice.
- 17.6 The board of Directors 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 securities agent located in Taiwan. The 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 or make handwritten or mechanical copies of the foregoing documents, and the Company shall request its securities agent to provide the foregoing documents. If a general meeting is called by the board of Directors or any authorized person(s) other than the board of Directors, the board of Directors or the person(s) who has called the meeting may request the Company or the securities agent to provide the Register of Members.
- 17.7 The Company shall make all statements and records prepared by the board of Directors and the report prepared by the audit committee, if any, available at the office of its registrar (if applicable) and its securities agent located in Taiwan in accordance with the Statute and the 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 an inspection and review.

## **18 Proceedings at General Meetings**

- 18.1 No business shall be transacted at any general meeting unless a quorum is present. Unless otherwise provided 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.
- 18.2 The board of Directors shall submit business reports, financial statements and proposals for distribution of profits or covering of losses prepared by it for the purposes of annual general meetings of the Company for ratification or approval by the Members as required by the Applicable Public Company Rules. After ratification or approval by the general meeting, the board of Directors shall distribute or make publicly available on the Market Observation Post System the copies of the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or covering of loss, to each Member in accordance with the Applicable Public Company Rules.
- 18.3 Unless otherwise provided herein and subject to the Applicable Public Company Rules, if a quorum is not present at the time appointed for the general meeting, the chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be no more than two and the total time postponed shall not exceed one hour. If the general meeting has been postponed for two times, but at the postponed general meeting a quorum is still not present, the chairman shall declare the general meeting is dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with the Articles.
- 18.4 If a general meeting is called by the board of Directors, the chairman of the board of Directors shall preside as the chair of such general meeting. In the event that the chairman is on a leave of absence, or is unable to exercise his powers and authorities, the vice chairman of the board of Directors shall act in lieu of the chairman. If there is no vice chairman of the board of Directors, or if the vice chairman of the board of Directors is also on leave of absence, or cannot exercise his powers and authorities, the chairman shall designate a Director to chair such general meeting. If the chairman does not designate a proxy or if such chairman's proxy cannot exercise his powers and authorities, the Directors who are present at the general meeting shall elect one from among themselves to act as the chair at such general meeting in lieu of the chairman. If a general meeting is called by any person(s) other than the board of Directors, the person(s) who has called the meeting shall preside as the chair of such general meeting; and if there is more than one person who has called a general meeting, such persons shall elect one from among themselves to act as the chair of such general meeting.
- 18.5 A resolution put to the vote of the meeting shall be decided on a poll. In computing the required majority when a poll is demanded regard should be had to the number of votes to which each Member is entitled by the Articles.

- 18.6 In the case of an equality of votes, the chairman shall not be entitled to a second or casting vote.
- 18.7 Nothing in the Articles shall prevent any Member from issuing 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. The Taipei District Court, R.O.C., shall be the court of the first instance for adjudicating any disputes arising out of the foregoing.
- 18.8 Unless otherwise expressly required by the Statute, the Memorandum, the Articles or the Applicable Public Company Rules, any matter which has been presented for resolution, approval, confirmation or adoption by the Members at any general meeting may be passed by an Ordinary Resolution.
- 18.9 Subject to the Applicable Public Company Rules, Member(s) holding 1% or more of the total number of issued, allotted, and outstanding Shares immediately prior to the relevant book closed period may propose to the Company proposal(s) for discussion at an annual general meeting in writing or by means of electronic transmission to the extent and in accordance with the rules and procedures of general meetings proposed by the Directors and approved by an Ordinary Resolution. Other than the following situation, proposals proposed by Member(s) shall be included in the agenda by the board of Directors where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) where the matter of such proposal may not be resolved by a general meeting, (c) the proposing Member has proposed more than one proposal, (d) such proposal contains more than 300 words, or (e) such proposal is submitted on a day beyond the deadline announced by the Company for accepting the Member's proposals; provided that the proposal(s) proposed by Member(s) which is intended to improve the public interest or fulfil its social responsibilities of the Company, the board of Director may include such proposal(s) in the agenda.
- 18.10 Unless the Company has acquired public company status in accordance with the Applicable Public Company Rules, a resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.

## **19 Votes of Members**

- 19.1 Subject to any rights or restrictions attached to any Shares, every Member who is present in person or by proxy shall have one vote for every Share of which he is the holder.
- 19.2 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 calls or other monies then payable by him in respect of Shares have been paid.



- 19.3 Any objection raised to the qualification of any voter by a Member having voting rights shall be referred to the chairman whose decision shall be final and conclusive.
- 19.4 Votes may be cast either personally or by proxy. A Member may appoint only one proxy under one instrument to attend and vote at a meeting.
- 19.5 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; provided that a Member who holds Shares for the benefit of others may, to the extent permissible by the provisions of the Statute, cast the votes of the Shares in different ways in accordance with the Applicable Public Company Rules.
- 19.6 When convening a general meeting, the Company shall permit the Members to vote by way of an electronic transmission as one of the methods of exercising voting power as well as voting by way of a written ballot. If a general meeting is to be held outside of the R.O.C., the methods by which Members are permitted to exercise their voting power shall include voting by way of a written ballot or voting by way of an electronic transmission. Where these methods of exercising voting power are to be available at a general meeting, they shall be described in the general meeting notice given to the Members in respect of the relevant general meeting, and the Member voting by written ballot or electronic transmission shall submit such vote to the Company two days prior to the date of the relevant general meeting. In case that there are duplicate submissions, the first received by the Company shall prevail. A Member exercising voting power by way of a written ballot or by way of an electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to exercise his or her voting right at such general meeting in accordance with the instructions stipulated in the written or electronic document; 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 or electronic document, nor exercise any voting right in respect of any resolution revised at the meeting or any impromptu proposal at the meeting. A Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc resolution 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.
- 19.7 A Member who has submitted a vote by written ballot or electronic transmission pursuant to Article 19.6 may, at least two days prior to the date of the relevant general meeting, revoke such vote by written ballot or electronic transmission and such revocation shall constitute a revocation of the proxy deemed to be given to the chairman of the general meeting pursuant to Article 19.6. If a Member who has submitted a written ballot or electronic transmission pursuant to Article 19.6 does not submit

such a revocation before the prescribed time, the proxy deemed to be given to the chairman of the general meeting pursuant to Article 19.6 shall not be revoked and the chairman of the general meeting shall exercise the voting right of such Member in accordance with that proxy.

- 19.8 If, subsequent to submitting a written ballot or electronic transmission pursuant to Article 19.6, a Member submits a proxy appointing a person of the general meeting as his proxy to attend the relevant general meeting on his behalf, then the subsequent appointment of that person as his proxy shall be deemed to be a revocation of such Member's deemed appointment of the chairman of the general meeting as his proxy pursuant to Article 19.6.

## **20 Proxies**

- 20.1 An instrument of proxy shall be in writing, be personally signed or sealed under the hand of the appointor, 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.
- 20.2 Obtaining an instrument of proxy for attendance of general meetings shall be subject to the following conditions:
- (a) the instrument of proxy shall not be obtained in exchange for money or any other interest, provided that this provision shall not apply to souvenirs for a general meeting distributed on behalf of the Company or reasonable fees paid by the Solicitor to any person mandated to handle proxy solicitation matters;
  - (b) the instrument of proxy shall not be obtained in the name of others; and
  - (c) an instrument of proxy obtained through solicitation shall not be used as a non-solicited instrument of proxy for attendance of a general meeting.
- 20.3 Except for the securities agent, a person shall not act as the proxy for more than thirty Members. Any person acting as proxy for three or more Members shall submit to the Company or its securities agent (a) a statement of declaration declaring that the instruments of proxy are not obtained for the purpose of soliciting on behalf of himself/herself or others; (b) a schedule showing details of such instruments of proxy; and (c) the signed or sealed instruments of proxy, in each case, five days prior to the date of the general meeting.
- 20.4 The Company may mandate a securities agent to act as the proxy for the Members for any general meeting provided that no resolution in respect of the election of Directors is proposed to be voted upon at such meeting. Matters authorized under the mandate shall be stated in the instructions of the instruments of proxy for the general meeting concerned. A securities agent acting as the proxy shall not accept general authorisation from any Member, and shall, within five days after each general meeting of the Company, prepare a compilation report of general meeting attendance by proxy

comprising the details of proxy attendance at the general meeting, the status of exercise of voting rights under the instrument of proxy, a copy of the contract, and other matters as required by the R.O.C. securities competent authorities, and maintain the compilation report available at the offices of the securities agent.

- 20.5 Except for a Member appointing the chairman of a general meeting as his proxy through written ballot or electronic transmission in the exercise of voting power pursuant to Article 19.6, or for trust enterprises organized under the laws of the R.O.C. or a securities agent approved pursuant to the 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 closed period; any vote in respect of the portion in excess of such 3% threshold shall not be counted. For the avoidance of doubt, the number of the Shares to be represented by a securities agent mandated by the Company in accordance with Article 20.4 shall not be subject to the limit of 3% of the total number of the outstanding voting Shares set forth herein.
- 20.6 The Shares represented by a person acting as the proxy for three or more Members shall not be more than four times of the number of Shares held by such person and shall not exceed 3% of the total number of the outstanding Shares.
- 20.7 In the event that a Member exercises his/her/its voting power by means of a written ballot or by means of 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 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.
- 20.8 Each Member is only entitled to execute one instrument of proxy to appoint one proxy. The instrument of proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the general meeting, or in any instrument of proxy sent out by the Company not less than five days before the time for holding the general meeting or adjourned general meeting at which the person named in the instrument proposes to vote. In case that there are duplicate instruments of proxy received from the same Member by the Company, the first instrument of proxy received by the Company shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous instrument of proxy in the later-received instrument of proxy.
- 20.9 The instrument of proxy shall be in the form approved by the Company and be expressed to be for a particular general meeting only. The form of proxy shall include at least the following information:

(a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Member, proxy and the Solicitor (if any). The form of proxy shall be provided to the Members together with the relevant notice for the relevant general meeting, and such notice and proxy materials shall be distributed to all Members on the same day.

20.10 In the event that a resolution in respect of the election of Directors is proposed to be voted upon at a general meeting, each instrument of proxy for such meeting shall be tallied and verified by the Company's securities agent or any other mandated securities agent prior to the time for holding the general meeting. The following matters should be verified:

- (a) whether the instrument of proxy is printed under the authority of the Company;
- (b) whether the instrument of proxy is signed or sealed by the appointing Member; and
- (c) whether the Solicitor or proxy (as the case may be) is named in the instrument of proxy and whether the name is correct.

20.11 The material contents required to be stated in the instruments of proxy, the meeting handbook or other supplemental materials of such general meeting, the written documents and advertisement of the Solicitor for proxy solicitation, the schedule of the instruments of proxy, the proxy form and other documents printed and published under the authority of the Company shall not contain any false statement or omission.

20.12 Votes given in accordance with the terms of an instrument of proxy shall be valid unless notice in writing was received by the Company at the Registered Office at least two days prior to the commencement of the general meeting, or adjourned general meeting at which it is sought to use the proxy. The notice must set out expressly the reason for the revocation of the proxy, whether due to the incapacity or the lack in authority of the principal at the time issuing the proxy or otherwise.

20.13 A Member who has appointed a proxy shall be entitled to make a request to the Company or its securities agent for examining the way in which his instrument of proxy has been used, within seven days after the relevant general meeting.

20.14 If a general meeting is to be held outside of the R.O.C. after the Company has acquired public company status, the Company shall engage a professional securities agent within the R.O.C. to handle the voting by the Members.

## **21 Proxy Solicitation**

Subject to the provisions of the Statute and the Articles, matters regarding the solicitation of proxies shall be handled in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder

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

- 22.1 In the event any of the following resolutions is adopted at a general meeting, any Member who has expressed his/her/its objection therefor in writing or verbally with a record before or during the general meeting, and has forfeited his/her/its voting right, may request the Company to buy back all of his/her Shares at the then prevailing fair price:
- (a) The Company enters into, amends, or terminates any agreement for lease of the Company's business in whole, or the delegation of management of the Company's business to other or the regular joint operation of the Company with others;
  - (b) The Company transfers the whole or a material part of its business or assets, provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or
  - (c) The Company accepts the transfer of the whole business or assets of another person, which has a material impact on the Company's business operations.
  - (d) Spin-off (other than a Short-form Spin-off)
  - (e) Merger (other than a Short-form Merger)
  - (f) Acquisition; or
  - (g) Share Exchange (other than a Short-form Share Exchange)
- 22.2 In the event of a Short-form Merger, a Short-form Spin-off or a Short-form Share Exchange, where at least 90% of the voting power of the outstanding shares of the Company are held by the other company participating in such Short-form Merger, Short-form Spin-off or a Short-form Share Exchange, the Company shall deliver a notice to each Member immediately after the resolution of board of directors approving such Short-form Merger, Short-form Spin-off or a Short-form Share Exchange and such notice shall state that any Member who expressed his/her/its objection against the Short-form Merger, Short-form Spin-off or a Short-form Share Exchange within the specified period may submit a written objection requesting the Company to buy back all of his/her/its Shares at the then prevailing fair value of such Shares.
- 22.3 The request prescribed in the preceding two Articles shall be delivered to the Company in writing, stating therein the types, numbers and the repurchase price of Shares requested to be repurchased, within twenty days after the date of the relevant resolution. In the event the requesting Member and the Company have reached an agreement in regard to the repurchase price of the Shares held by such Member (the "appraisal price"), the Company shall pay such price within ninety days after the date on which the resolution was adopted. In the event that no agreement is reached with the requesting

Member, the Company shall pay the fair price it has recognized to such requesting Member within ninety days since the resolution was made. If the Company fails to pay, the Company shall be considered to be agreeable to the price requested by the requesting Member. In the event the Company and the requesting Member fail to reach the agreement with respect to the appraisal price within sixty days after the resolution date, the Company may, within thirty days after such sixty-day period, file a petition to any competent court of the R.O.C. for a ruling on the appraisal price, and the Taipei District Court, R.O.C., may be the court of the first instance. Such ruling by such R.O.C. court shall be binding and conclusive as between the Company and requested Member solely with respect to the appraisal price.

- 22.4 The payment of appraisal price and the delivery of Share Certificates shall comply with the Applicable Public Company Rules.

## **23 Corporate Members**

A Member, who is a corporation, organization or non-natural person entity, may in accordance with its constitutional documents, or in the absence of relevant provision in its constitutional documents by resolution of its board of directors or other governing body, authorise a 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 such corporate Member which he represents as the corporation could exercise if it were an individual Member.

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

- 24.1 Shares in the Company that are held by such Company (including held through such Company's Subsidiaries) shall not vote, directly or indirectly, at any general meeting and shall not be counted in determining the total number of outstanding Shares at any given time.
- 24.2 A Member who has a personal interest in any matter discussed at a general meeting, which interest may be in conflict with those of the Company, shall abstain from voting such Member's Shares in regard to such matter but such Shares shall be counted in for calculating 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.
- 24.3 If a Director creates or has created security over any Shares held by such Director, such Director shall notify the Company of such security. If at any time the number of the pledged Shares held by a Director exceeds half of the Shares held by such Director at the time of his appointment, then the voting rights attached 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 such 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 Member at a general meeting.

## **25 Directors**

- 25.1 There shall be a board of Directors consisting of no less than five (5) persons and no more than seven (7) persons, including Independent Directors, each of whom shall be appointed to a term of office of three (3) years and is eligible for re-election. The Company may from time to time by resolution of the board of Directors increase or reduce the number of Directors subject to the above number limitation provided that the requirements by relevant laws and regulations (including but not limited to any listing requirements) are met. In the event of any vacancy in the board of Directors, the new Director elected in the general meeting shall fill the vacancy for the residual term of office.
- 25.2 Unless otherwise approved by competent authorities, not more than half of the total number of Directors can have a spousal relationship or familial relationship within the second degree of kinship with any other Directors.
- 25.3 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 25.2 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 in Article 25.2 hereof. Any person who has already served as Director but is in violation of the aforementioned requirements shall be removed from the position of Director automatically.
- 25.4 Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the R.O.C. and at least one of the Independent Directors shall have accounting or financial expertise.
- 25.5 Independent Directors shall have professional knowledge and shall maintain independence in discharging 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.
- 25.6 Any Member(s) holding 1% or more of the Company's issued Shares for at least six consecutive months may in writing request the Independent Directors of the Audit Committee to bring action against the Directors on behalf of the Company in a court of competent jurisdiction as the court of first instance. If the Independent Directors fail to bring such action within thirty days after the request by the Member, such Member may bring the action in a court of competent jurisdiction as the court of first instance in the name of the Company.



## **26 Powers of Directors**

- 26.1 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by Ordinary Resolution, Special Resolution or Supermajority Resolution, the business of the Company shall be managed by the board of Directors 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 of Directors 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 of Directors at which a quorum is present may exercise all powers exercisable by the board of Directors.
- 26.2 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the board of Directors shall determine by resolution.
- 26.3 The board of Directors 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.
- 26.4 The Company may purchase liability insurance for Directors and the board of Directors shall determine the terms of such insurance by resolution, taking into account the standards of the industry in the R.O.C. and overseas.
- 26.5 The Directors shall faithfully carry out their duties with care, and may be held liable for the damages suffered by the Company for any violation of such duty. The Company may by Ordinary Resolution of any general meeting demand the Directors to disgorge any profit realised from such violation and regard the profits realised as the profits of the Company as if such violation was made for the benefit of the Company. The Directors shall indemnify the Company for any losses or damages incurred by the Company if such loss or damage is incurred as a result of a Director's breach of laws or regulations in the course of performing his duties. The Directors and the Company shall jointly and severally indemnify the third party for any losses or damages incurred by such third party if such loss or damage is incurred as a result of a Director's breach of laws or regulations in the course of performing his duties. The aforementioned duties of the Directors shall also apply to the managers of the Company.

## **27 Appointment and Removal of Directors**

- 27.1 The Company may by a majority or, if less than a majority, the most number of votes, at any general meeting elect a Director, which vote shall be calculated in accordance with Article 27.2 below. The Company may by Supermajority Resolution remove any Director. 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 Director(s).

- 27.2 After the Company has acquired public company status, Directors shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, the procedures for which has been approved and adopted by the board of Directors and also by an Ordinary Resolution, 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 casted 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. There shall not be votes which are limited to class, party or sector, and any Member shall have the freedom to specify whether to consolidate all of its votes on one or any number of candidate(s) without restriction. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a Director elect, and where more than one Director is being elected, the top candidates to whom the votes cast represent a prevailing number of votes relative to the other candidates shall be deemed directors elect. The rule and procedures for such cumulative voting mechanism shall be in accordance with policies proposed by the board of Directors and approved by an Ordinary Resolution from time to time, which policies shall be in accordance with the Memorandum, the Articles and the Applicable Public Company Rules.
- 27.3 The Company’s election of Directors (including the Independent Directors) shall adopt a candidate nomination mechanism. The rules and procedures for such candidate nomination shall be in accordance with policies proposed by the board of Directors and approved 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.
- 27.4 If a Member is judicial person, the authorised representative of such Member may be elected as Director. If such Member has more than one authorised representative, each of the authorised representatives of such Member may be elected as Directors respectively.
- 27.5 Notwithstanding anything to the contrary in Article 27.1 to 27.4, unless the Company has acquired public company status in accordance with Applicable Public Company Rules, the Company may by Ordinary Resolution appoint any person to be a Director or may by Ordinary Resolution remove any Director.

## **28 Vacation of Office of Director**

- 28.1 Notwithstanding anything in the Articles to the contrary, the Company may from time to time remove all Directors from office before the expiration of their term of office and may elect new Directors in accordance with Article 27.1. and unless a resolution of a shareholders’ meeting provides otherwise,

all the Directors shall be deemed to have been removed upon such election of new Directors prior to the expiration of such Director's applicable term of office.

28.2 In the event of any of the following events having occurred in relation to any Director, such Director shall be vacated automatically:

- (a) he gives notice in writing to the Company to resign the office of Director;
- (b) he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) an order is made by any competent court or official on the grounds that he is or will be suffering from mental disorder or is otherwise incapable of managing his affairs, or his/her legal capacity is restricted according to the applicable laws;
- (d) he commits an offence as specified in the Statute for Prevention of Organizational Crimes and is subsequently adjudicated guilty by a final judgment, and the sentence has not been executed, the execution of the sentence has not been completed, or the time elapsed since he has served the full term of the sentence, the expiration of probation period, or the pardon of such punishment is less than five years;
- (e) he commits any criminal offence of fraud, breach of trust or misappropriation and is subsequently punished with imprisonment for a term of more than one year, and the sentence has not been executed, the execution of the sentence has not been completed, or the time elapsed since he has served the full term of such sentence, the expiration of probation period, or the pardon of such punishment is less than two years;
- (f) he commits a offence as specified in the Anti-Corruption Act and is subsequently adjudicated guilty by a final judgment, and the sentence has not been executed, the execution of the sentence has not been completed, or the time elapsed since he has served the full term of such sentence, the expiration of probation period, or the pardon of such punishment is less than two years;
- (g) he is dishonoured for use of credit instruments, and the term of such sanction has not expired yet;
- (h) he is declared bankrupt or is subject to liquidation procedure adjudicated by a court, and the rights have not been resumed yet;
- (i) he has limited legal capacity or is legally incompetent;

- (j) he is subject to the commencement of assistance by the court and those orders have not yet been revoked;
- (k) the Members resolve by a Supermajority Resolution that he should be removed as a Director;
- (l) during the term of office as a Director (excluding Independent Directors), he/she/it has transferred more than one half of the company's shares being held by him/her/it at the time he/she is elected; or
- (m) subject to the provisions of the Statute, and the Articles or the Applicable Public Company Rules, in the event that he has, in the course of performing his duties, committed any act resulting in material damage to the Company or in serious violation of applicable laws and/or regulations or the Memorandum and the Articles, but has not been removed by the Company pursuant to a Supermajority Resolution vote, then any Member(s) holding 3% or more of the total number of issued, outstanding Shares shall have the right, within thirty days after that general meeting, to petition any competent court for the removal of such Director, at the Company's expense and such Director shall be removed upon the final judgement by such court. For clarification, if a relevant court has competent jurisdiction to adjudicate all of the foregoing matters in a single or a series of proceedings, then, for the purpose of this paragraph (i), final judgement shall be given by such competent court.

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

If any director (excluding Independent Directors) after having been elected and before his/her/its inauguration of the office of Director, has transferred more than one half of the total number of shares of the company he/she/it holds at the time of his/her/its election as such; or had transferred more than one half of the total number of shares he/she/it held within the share transfer prohibition period fixed prior to the convention of a shareholders' meeting, then his/her/its election as a Director shall become invalid.

## **29 Proceedings of Directors**

- 29.1 The quorum for the transaction of the business of the board of Directors may be fixed by the board of Directors and unless so fixed shall be over one half of the total number of Directors elected. If the number of Directors is less than five (5) persons due to the vacation of Director(s) for any reason, the Company shall hold an election of Director(s) to fill the vacancies at the next following general meeting. When the number of vacancies in the board of Directors of the Company is equal to one third of the total number of Directors elected, the board of Directors shall hold, within sixty days, a general meeting of Members to elect succeeding Directors to fill the vacancies.

- 29.2 Unless otherwise permitted by the Applicable Public Company Rules, if the number of Independent Directors is less than three due to the vacation of Independent Directors for any reason, the Company shall hold an election of Independent Directors to fill the vacancies at the next following general meeting. Unless otherwise permitted by the Applicable Public Company Rules, if all of the Independent Directors are vacated, the board of Directors shall hold, within sixty days, a general meeting to elect succeeding Independent Directors to fill the vacancies.
- 29.3 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. Any motions shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall not have a second or casting vote.
- 29.4 A person may participate in a meeting of the board of Directors or committee of Directors by video conference. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. The time and place for a meeting of the Directors or committee of Directors shall be at the office of the Company and during business hours or at a place and time convenient to the Directors and suitable for holding such meeting.
- 29.5 A Director may, or other officer of the Company authorized by a Director shall, call a meeting of the board of Directors by at least one day's notice in writing or in the event the Company has acquired public company status in accordance with Applicable Public Company Rules, seven days' notice in writing (which may be a notice delivered by facsimile transmission or electronic mail) to every Director which notice shall set forth the general nature of the business to be considered. In the event of an urgent situation, a meeting of the board of Directors may be held at any time after notice has been given in accordance with the Applicable Public Company Rules. After the Company has acquired public company status, the foregoing matter shall be made in accordance with the Applicable Public Company Rules as applied to the Company.
- 29.6 The continuing Directors may act notwithstanding any vacancy in other Directors' office, but if and so long as the number of continuing Directors is below the minimum number of Directors fixed by or pursuant to the Articles, the continuing Directors or Director may act only for the purpose of summoning a general meeting of the Company, but for no other purpose.
- 29.7 The board of Directors shall, by a resolution, establish rules governing the procedure of meeting(s) of the board of Directors and report such rules to a meeting of Members, and such rules shall be in accordance with the Articles and the Applicable Public Company Rules.
- 29.8 All acts done by any meeting of the board of Directors or of a committee of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly elected and qualified to be a Director as the case may be.

- 29.9 A Director may be represented at any meetings of the board of Directors 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.

### **30 Directors' Interests**

- 30.1 A Director (except for Independent Director) may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the remuneration committee shall present its recommendations to the board of Directors for discussion and approval.
- 30.2 The Directors may be paid remuneration only in cash. The amount of such remuneration shall be recommended by the remuneration committee and determined by the board of Directors, and take into account the extent and value of the services provided for the management of the Company and the standards of the industry in the R.O.C. and overseas. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the board of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company, or to receive salaries in respect of their service as Directors as may be recommended by the compensation committee and determined by the board of Directors, or a combination partly of one such method and partly another, provided that any such determination shall be in accordance with the Applicable Public Company Rules.
- 30.3 Unless prohibited by the Statute or by the Applicable Public Company Rules, a Director may act on behalf of the Company to the extent authorized by the Company. Such Director or his firm shall be entitled to such remuneration for professional services as if he were not a Director.
- 30.4 A Director who engages in conduct either for himself or on behalf of another person within the scope of the Company's business, shall disclose to Members, at a general meeting prior to such conduct, a summary of the major elements of such interest and obtain the ratification of the Members at such general meeting by a Supermajority Resolution vote. In case a Director engages in business conduct for himself or on behalf of another person in violation of this provision, the Members may, by an Ordinary Resolution, require the disgorgement of any and all earnings derived from such act, except when at least one year has lapsed since the realization of such associated earnings.
- 30.5 A Director who has a personal interest in the matter under discussion at a meeting of the Directors shall disclose the material information of such director's interest at the meeting; provided that in the event a Director's spouse or any second degree relatives, or company(s) with controlling and subordinating relationship with a Director, has a personal interest in the matter under discussion at a meeting, the said Director shall be deemed to have a personal interest in such matter. If the interest of such director conflicts with or impairs the interest of the Company, such Director shall not be entitled

to 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 board meeting. Wherever proposal are under consideration concerning a proposed merger and acquisition by the Company, the forepart of this article 30.5 shall not be applicable and a Director who has a personal interest in the proposed transaction shall disclose at meeting of the board of Directors and the general meeting the nature of such director's personal interest and the reason(s) for the approval or objection to the proposed resolution.

## **31 Minutes**

The Directors shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Directors, all proceedings at meetings of the Company or the holders of any class of Shares and of the Directors, and of committees of Directors including the names of the Directors present at each meeting.

## **32 Delegation of Directors' Powers**

- 32.1 Subject to the Applicable Public Company Rules, the Directors may delegate any of their powers 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 as they consider desirable to be exercised by him provided that 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 Directors may impose and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
- 32.2 The Directors may establish any committees or appoint any person to be a manager or agent for managing the affairs of the Company and may appoint any person to be a member of such committees. Any such appointment may be made subject to any conditions the Directors may impose and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of any such committee shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
- 32.3 The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.
- 32.4 The Directors may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised 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 the 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 Directors 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.

32.5 The Directors shall appoint a chairman and may appoint such other officers 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 Directors may think fit. Unless otherwise specified in the terms of his appointment an officer may be removed by resolution of the Directors.

32.6 Notwithstanding anything to the contrary contained in this Article 32.1 to 32.9, unless otherwise permitted by the Applicable Public Company Rules, the Directors shall establish an audit committee comprised of all of the Independent Directors, one of whom shall be the chairman, and at least one of whom shall have accounting or financial expertise. A resolution of the audit committee shall be passed by one-half or more of all members of such committee. The rules and procedures of the audit committee shall be in accordance with policies proposed by the members of the audit committee and passed by the Directors from time to time, which shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules and the instruction of the FSC or TWSE, if any. The Directors shall, by a resolution, adopt a charter for the audit committee in accordance with these Articles and the Applicable Public Company Rules.

32.7 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 of Directors for resolution:

- (a) Adoption or amendment of an internal control system of the Company;
- (b) Assessment of the effectiveness of the internal control system;
- (c) Adoption or amendment of handling procedures for significant financial or operational actions, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees on behalf of others;
- (d) A matter where a Director has a personal interest;
- (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 removal of a financial, accounting, or internal auditing officer;
- (j) Annual and semi-annual financial reports;
- (k) Any other matters so determined by the Company from time to time or required by any competent authority overseeing the Company; and
- (l) Any other matters in accordance with the Applicable Public Companies Rules.

Except for item (j) above, any matter under subparagraphs (a) through (k) of the preceding paragraph that has not been approved with the consent of one-half or more of the audit committee members may be undertaken only upon the approval of two-thirds or more of all Directors, without regard to the restrictions of the preceding paragraph, and the resolution of the audit committee shall be recorded in the minutes of the Directors meeting.

- 32.8 Prior to the commencement of the meeting of Board of Directors to adopt any resolution of M&A, the Company shall have the Audit Committee review the fairness and reasonableness of the plan and transaction of the M&A, and then report the results of the review to the Board of Directors and the general meeting unless the resolution by the general meeting is not required by the Statute. During the review, the Audit Committee shall seek opinions from an independent expert on the justification of the share exchange ratio or distribution of cash or other assets. The results of the review of Audit Committees and opinions of independent experts shall be sent to the Members together with the notice of the general meeting. In the event that the resolution by the general meeting is not required by the Statute, the Board of Directors shall report the foregoing at the next closest general meeting.
- 32.9 With respect to the documents that need to be sent to the Members as provided in the preceding Article, in the event that the Company posts the same documents on the website designated by the R.O.C. securities competent authorities, and also prepares and places such documents at the venue of the general meeting for the Members' review, then those documents shall be deemed as having been sent to the Members.
- 32.10 The Directors shall establish a remuneration committee in accordance with the Applicable Public Company Rules. The number of members of the remuneration committee, professional qualifications, restrictions on shareholdings and position that a member of the remuneration committee may concurrently hold, and assessment of independence with respect to the members of the remuneration committee shall comply with the Applicable Public Company Rules. The remuneration committee shall comprise of no less than three members, one of which shall be appointed as chairman of the remuneration committee. The rules and procedures for convening any meeting of the remuneration committee shall comply with policies proposed by the members of the remuneration committee and approved by the Directors from time to time, provided that the rules and procedures approved by the Directors shall be in accordance with the Statute, the Memorandum, the



Articles and the Applicable Public Company Rules and any directions of the FSC or TWSE. The Directors shall, by a resolution, adopt a charter for the remuneration committee in accordance with these Articles and the Applicable Public Company Rules.

- 32.11 The remuneration referred in the preceding Article shall include the compensation, salary, stock options and other incentive payment to the Directors and managers of the Company. Unless otherwise specified by the Applicable Public Company Rules, the managers of the Company for the purposes of this Article 32.11 shall mean executive officers as defined by the rules and procedures governing the remuneration committee.

### **33 Seal**

- 33.1 The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. The use of Seal shall be in accordance with the use of Seal policy adopted by the Directors from time to time.
- 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 kept under the custody of a person appointed by the Directors, and if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
- 33.3 A person authorized by the Directors may 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 As the Company is in the growing stage, the dividend distribution may take the form of a cash dividend and/or stock dividends and shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure and funds requirement for sustainable development needs etc.

The distribution of profits or covering of losses proposal may be proposed at the close of each half fiscal year. Such distribution of profits or covering of losses proposal shall be made based on the financial statements audited or reviewed by a certified public accountant and such proposal, together with the business reports and financial statements of the Company, shall be submitted to the Audit Committee for their auditing, and then submitted to the board of Directors for approval by resolutions. Prior to distribution of its profits, the Company shall estimate and reserve an amount to be paid for or cover taxes, employee compensations, and losses and set aside a legal reserve (unless the amount of such legal reserve is equal to the total paid-in capital of the Company.) If the Company is to distribute profits in the form of cash, such shall be approved by the board of Directors; and if such distribution

of profits is to be made in the form of new shares to be issued by the Company, it shall be approved by a Supermajority Resolution of the shareholders' meeting.

Unless otherwise required by the Statute and the Applicable Public Company Rules, at the close of each fiscal year, the Company shall distribute profits in accordance with a proposal for distribution of profits prepared by the Directors and approved by the Members by an Ordinary Resolution at any general meeting. The Directors shall prepare such proposal as follows:

- (a) If there is any Profit (after tax) of the current fiscal year under the annual final accounts, it shall first be used to offset its losses in previous years which have not been previously offset (including the adjusted amount of undistributed earnings);
- (b) set aside a special capital reserve or reversal, if one is required, in accordance with the Applicable Public Company Rules or as requested by the authorities in charge;
- (c) If there is any Profit, it shall be set aside no more than 2% of the balance as bonus to Directors and no less than 2% of the balance as compensation to employees of the Company, which may be distributed under an incentive programme approved pursuant to Article 11.1 above. The board of directors shall adopt the exact percentages to be distributed as bonuses to Directors and compensation to employees, and such resolution shall be reported in the shareholders meeting. A Director who also serves as an executive officer of the Company may receive a bonus in his capacity as a Director and a compensation in his capacity as an employee;
- (d) the Company distributes profits or covering losses at the close of the first half fiscal year (if any); and
- (e) Any balance left over may be distributed as Dividends in accordance with the Statute and the Applicable Public Company Rules and after taking into consideration profits of the current year and capital structure of the Company, the amount of profits distributed to Members shall not be lower than 20% of profits (after tax) of the then current year and the amount of cash dividends distributed thereupon shall not be less than 50% of the profits proposed to be distributed of the then current year; in the event that the Dividends per share distributed in the current year is less than NT\$1, the Company may determine the Dividends to be distributed partially or entirely by stock dividends or cash dividends.

34.2 Subject to the Statute and this Article, the Directors may declare Dividends and distributions on Shares in issue and authorise payment of the Dividends or distributions out of the funds of the Company lawfully available therefor. No Dividend or distribution shall be paid except out of the realised or unrealised profits of the Company, or out of the share premium account or as otherwise permitted by the Statute.

- 34.3 Except as otherwise provided by the rights attached to Shares, all Dividends shall be declared and paid in proportion to the number of 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.
- 34.4 The Directors may deduct from any Dividend or distribution payable to any Member all sums of money (if any) then payable by him to the Company on any account.
- 34.5 The Directors may, after obtaining an Ordinary Resolution, declare that any distribution other than a Dividend be paid wholly or partly by the distribution of specific assets and in particular 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 Directors may settle the same as they think expedient and 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 as may seem expedient to the Directors.
- 34.6 Any Dividend, 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. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- 34.7 No Dividend or distribution shall bear interest against the Company.
- 34.8 Any Dividend which cannot be paid to a Member and/or which remains unclaimed after six months from the date of declaration of such Dividend 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 shall remain as a debt due to the Member. Any Dividend which remains unclaimed after a period of six years from the date of declaration of such Dividend shall be forfeited and shall revert to the Company.
- 34.9 The Company may distribute to the Members, in the form of cash, all or a portion of its dividends and bonuses and/or legal reserve and capital reserve derived from issuance of new shares at a premium or from endowments received by the Company by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, and shall subsequently report such distribution to a shareholders' meeting.

## **35 Capitalisation**

Subject to Article 14.2(d), the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve fund) 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 them had the same been a distribution of profits by way of Dividend and to 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 to the Directors to make such provisions as they think fit such that Shares shall not become 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 thereto and any agreement made under such authority shall be effective and binding on all concerned.

### **36 Tender Offer**

After the receipt of the copy of a tender offer application form, the prospectus and relevant documents by the Company or its litigation or non-litigation agent appointed, the board of the Directors shall proceed with the process of the tender offer subject to the Applicable Public Company Rules.

### **37 Books of Account**

- 37.1 The Directors 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 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.
- 37.2 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by the Company in general meeting.
- 37.3 The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.
- 37.4 Subject to applicable law, after the Company becomes a public reporting company, minutes and written records of all meetings of Directors, any committees of Directors, and any general meeting shall be made in the Chinese language with an English translation. In the event of any inconsistency between the Chinese language version and the relevant English translation, the Chinese language version shall prevail, except in the case where a resolution is required to be filed with the Registrar of Companies of Cayman Islands, in which case the English language version shall prevail.

37.5 Subject to the Statute, the instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant rules and regulations shall be kept for at least one year. However, if a Member initiates a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information mentioned herein, they shall be kept until the conclusion of the litigation if longer than one year.

## **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, or e-mail to him or to his address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, is to be sent by airmail.

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) 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, or telex, 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 the 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 hereinbefore authorised to every person shown as a Member in the Register of Members on the record date for such meeting 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 of record where the Member of record 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 subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company. 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, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute and in compliance with the Applicable Public Company Rules, divide amongst the Members in proportion to the number of Shares they hold the whole or any part of the assets of the Company in kind (whether they 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 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.

## **41 Litigation and Non-Litigation Agent in the R.O.C.**

Subject to the provisions of the Statute, the Company shall, by a resolution of the Directors, appoint or remove a natural person domiciled or resident in the territory of the R.O.C. to be its litigation and non-litigation agent in the R.O.C., pursuant to the Applicable Public Company Rules, and under which the litigation and non-litigation agent shall be the responsible person of the Company in the R.O.C. The Company shall report such appointment and any change thereof to the competent authorities in the R.O.C. pursuant to the Applicable Public Company Rules.

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## Appendix 2

### Eurocharm Holdings Co., Ltd.

#### Rules of Procedures of Shareholders' Meeting

Article 1	<p><b>Purpose</b></p> <p>To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meeting, and to strengthen management capabilities, these Rules are adopted pursuant to the rules provided by rules and regulations established by the competent securities authority.</p>
Article 2	<p><b>Range</b></p> <p>The rules of procedures for this for this Corporation's shareholders meetings, except as otherwise provided by applicable laws or the articles of association, shall be as provided in these Rules.</p>
Article 3	<p><b>Responsibility Range</b></p> <p>Group's General of Administration : Responsible for amendments of the rules.</p>
Article 4	<p><b>Definition</b></p> <p>None.</p>
Article 5	<p><b>Process</b></p> <p>None.</p>
<b>Article 6</b>	<b>Contents of Operation</b>
<b>Article 6.1</b>	<b>The convening and noticing of shareholders meetings</b>
Article 6.1.1	Unless otherwise provided by law or regulation, this corporation's shareholders meetings shall be convened by the board of directors.
Article 6.1.2	The company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to MOPS before 21 days before the date of the regular shareholders meeting or before 15 days



before the date of the shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the company and its shareholder services agent as well as being distributed on-site at the meeting place.

6.1.3 The company shall specified in the meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. With the consent of the addressee, the meeting notice may be given in electronic form.

6.1.4 Matters pertaining to (a) election or discharge of Directors, (b) alteration of the Articles, (c) reduction of capital, (d) application to cease public offering, (e) (i) dissolution, Merger (other than a Short-form Merger), Share Exchange (other than a Short-form Share Exchange) or Spin-off (other than a Short-form 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 whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which has a material effect on the business operation of the Company, and (f) 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, (g) distribution of the whole or a part of the dividend and bonus of the Company in the form of new Shares, (h) capitalization of the whole or a part of the statutory reserve and/or any other amount in accordance with Article 35 in the form of new Shares, and (i) the Private Placement of any equity-type securities issued by the Company, and (j) Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be indicated in the notice of general meeting, with a summary of the



material content to be discussed, and shall not be brought up as an ad hoc motion, and the material content may be placed on the website specified by the R.O.C. competent authorities of securities or by the Company, and the website address link shall be indicated in the notice. If the meeting notice has specified the whole election and the on board date of directors and supervisors, of the directors and supervisors, then such on board date shall not be changed by being brought up as an ad hoc motion or other means during the same general meeting.

- 6.1.5 A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal or by means of electronic transmission for discussion at a regular shareholders meeting. Other than the following situation, proposals proposed by Member(s) shall be included in the agenda by the board of Directors where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) where the matter of such proposal may not be resolved by a general meeting, (c) the proposing Member has proposed more than one proposal, (d) such proposal contains more than 300 words, or (e) such proposal is submitted on a day beyond the deadline announced by the Company for accepting the Member's proposals; provided that the proposal(s) proposed by Member(s) which is intended to improve the public interest or fulfil its social responsibilities of the Company, the board of Director may include such proposal(s) in the agenda.
- 6.1.6 Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, ways to be accepted by written ballot or electronic means, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- 6.1.7 Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
- 6.1.8 Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

## **6.2 Proxy to Attend**

6.2.1 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

6.2.2 A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

6.2.3 After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting right by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

## **6.3 Holding of General Meeting**

6.3.1 The general meetings shall be held at such time and place as the Directors shall appoint provided that unless otherwise provided by the Statute, the general meetings shall be held in Taiwan. For general meetings to be held outside Taiwan, the Company shall obtain the approval from competent authorities to convene the same. In addition, where a general meeting is to be held outside Taiwan, the Company shall engage a professional securities agent in Taiwan to handle the administration of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members). The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

6.3.2 Shareholders or their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company shall not ask shareholder to provide any additional supporting document that the certification of the shareholder's attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in sign-in card in lieu of signing in.

- 6.3.3 The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
- 6.3.4 When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- 6.3.5 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair.
- Where the chairperson does not make such a designation or a director serves as chair who or any reason unable to exercise the powers, the directors shall select from among themselves one person to serve as chair. When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.
- 6.3.6 It is advisable the shareholders meeting convened by the board of directors, the chairperson shall preside over the meeting personally and be attended by a majority of the directors and at least one representative of various functional committee member is present. The attendance will be recorded in the minutes of the shareholders' meeting.
- 6.3.7 If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- 6.3.8 The company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
- 6.4 Starting at Shareholder Meeting**
- 6.4.1 Attendance at shareholders meetings shall be calculated based on

numbers of share. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

- 6.4.2 Unless otherwise provided herein, if a quorum is not present at the time appointed for the shareholder meeting, the chairman may postpone the shareholder meeting to a later time, provided, however, that the maximum number of times a shareholder meeting may be postponed shall be no more than two and the total time postponed shall not exceed one hour. If the shareholder meeting has been postponed for two times, but at the postponed shareholder meeting a quorum is still not present, the chairman shall declare the shareholder meeting is dissolved, and if it is still necessary to convene a shareholder meeting, it shall be reconvened as a new shareholder meeting in accordance with the Articles.

## **6.5 Proposal discussion**

- 6.5.1 If a shareholder meeting is convened by the board of directors, the proposals (including ad hoc motions and amendment of the original proposals) shall be voted on a case by case basis, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholder meeting.
- 6.5.2 The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.
- 6.5.3 The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- 6.5.4 The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote,

and arrange adequate voting time.

## **6.6 Shareholder Speech**

6.6.1 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

6.6.2 A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

6.6.3 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceed the scope of the agenda item, the chair may terminate the speech.

6.6.4 When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

6.6.5 When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

6.6.6 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

## **6.7 Calculation of voting shares and avoidance system**

6.7.1 Voting at a shareholders meeting shall be calculated based the number of shares.

6.7.2 With respect to resolutions of shareholders meeting, the number of share held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

6.7.3 When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

6.7.4 The number of shares for which voting rights may not be exercised under the preceding paragraphs shall not be calculated as part of the voting rights represented by attending shareholders.

6.7.5 With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is

concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

6.8

**Voting**

6.8.1

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article of Association.

6.8.2

When the Company holds a shareholder meeting, it shall allow the shareholders to exercise voting rights by electronic means, and may permit the shareholders to exercise their voting power by written ballot. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A Shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendment to original proposals of that meeting. Therefore, the Company should avoid to making any extraordinary motions and amendment to original proposals of that meeting.

6.8.3

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

6.8.4

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retrace the voting rights already exercised under the preceding paragraph shall be made know to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

- 6.8.5 Expect as otherwise provided in the Company Act and in the Company's Articles of Association, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders. And on the day after the shareholders' meeting, the shareholders' consent, objection and abstention are entered into the MOPS.
- 6.8.6 Except for proposals listed in the agenda, other motions submitted by shareholders or revisions of original proposals or substitute proposals must be seconded by another shareholder.
- 6.8.7 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- 6.8.8 Voting monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.
- 6.8.9 Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
- 6.9 Election Items**
- 6.9.1 The election of directors at a shareholders meeting shall be held in accordance with the applicable regulation adopted by the Company, and voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
- 6.9.2 The ballots for the election referred to in the preceding paragraph shall be sealed with the signature of the monitoring personnel and kept in proper custody for at least 1 year. If, however, when the shareholders' meeting is convened improperly through the resolution of the relevant litigation, it should be kept until the end of the proceedings, the ballots shall be retained until the conclusion of the litigation.
- 6.10 Recording of Meeting**
- 6.10.1 Matters relating to the resolutions of a shareholders meeting shall be



recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

6.10.2 The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

6.10.3 The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and voting results (including statistical tallies of the numbers of votes). When there are elected directors and supervisors, the number of votes for each candidate should be disclosed. The record shall be retained for the duration of the existence of the Company.

6.10.4 The Company shall accept the process of reporting the shareholders, the process of the meeting, the voting process throughout the continuous recording and video, audio and video information and should be kept at least one year.

If, however, when the shareholders' meeting is convened improperly through the resolution of the relevant litigation, it should be kept until the end of the proceedings, the ballots shall be retained until the conclusion of the litigation.

## **6.11 Announcement**

6.11.1 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

6.11.2 If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

6.11.3 The Company shall accordance with the Rules and the relevant laws and ordinances, apply for the announcement of the Company as soon as the Company has applied for the commencement of the public offering of shares.

## **6.12 Maintain the order of the venue**

6.12.1 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.



- 6.12.2 The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word “Proctor”.
- 6.12.3 At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
- 6.12.4 When a shareholder violates the rules of procedure and defies the chair’s correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- 6.13 Break, continue to meet**
- 6.13.1 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- 6.13.2 If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
- 6.13.3 A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days.
- 6.13.4 After the meeting, the shareholders shall not elect the chair in the original site or another place to continue the meeting.
- 6.14** These regulations and all amendments hereof shall come into effect upon approval by a shareholders meeting. After the promulgation of these Rules, the Rules shall be amended in a timely manner in accordance with the relevant laws and regulations and shall be passed by the resolutions of the board of directors and the shareholders meeting.
- 6.15** These procedures were revised by the board of directors on February 26 , 2020 and adopted by the shareholders’ meeting on May 29, 2020.

### Appendix 3

## Shareholding of All directors

1. The paid-in capital is NT\$658,261,530. The total number of issued shares outstanding is 65,826,153 common shares.
2. The minimum required combined shareholding of all directors by law is 5,266,092 shares. The combined shareholding of all directors on the book closure date is 38,602,276 shares, which meets the requirements of Article 26 of the Securities and Exchange Act and the Review Procedures for Director and Supervisor Share Ownership Ratio at Public Companies.
3. The Company has set up an Audit Committee, so the rule on the minimum required combined shareholding of all supervisors by law is not applicable.

Record Date: March 30, 2021

Title	Name	Current Shareholding
Chairman	New General Limited Representative : Steven Yu	13,833,217
Director	Seashore Group Limited Representative : Michael Yu Representative : Antonio Yu	24,769,059
Director	Steven Chang	-
Independent director	Wei-Min Lin	-
Independent director	Bryan Peng	-
Independent director	Gen-Yu Fong	-
Total shareholding of all Directors		38,602,276