

# **Zhen Ding Technology Holding Limited**

## **2022 Annual General Shareholders' Meeting**

### **Meeting Handbook**

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# **Procedure for the 2022 Annual Shareholders' Meeting**

- I. Call Meeting to Order**
- II. Chairman's Address**
- III. Report Items**
- IV. Ratification Items**
- V. Discussion Items**
- VI. Extraordinary Motions**
- VII. Meeting Adjourned**

# **Zhen Ding Technology Holding Limited**

## **2022 Annual Shareholders' Meeting**

**Time: 9:00 a.m., May 31, 2022**

**Location: No.6, Lane 28, Sanho Road, Sanshi Village, Dayuan District, Taoyuan City, Taiwan, R.O.C. (Conference room on the 1st floor)**

- I. Call the Meeting to Order (Declare the total number of shares of attendance)
- II. Chairman's Address
- III. Report Items
  - (1) 2021 Business Report
  - (2) 2021 Audit Committee's Review Report
  - (3) Distribution of Employees' Profit Sharing Bonus and Directors' Remuneration for 2021
  - (4) Distribution of Cash Dividends for 2021
  - (5) Issuance and Execution of Overseas Unsecured Convertible Bonds
  - (6) Proposals Submitted by Shareholders with Shareholding of More Than 1%
- IV. Ratification Items
  - (1) Ratification of 2021 Business Report and Consolidated Financial Statements
  - (2) Ratification of 2021 Earnings Distribution
- V. Discussion Items
  - (1) Amendments to the "Articles of Association"
  - (2) Amendments to the "Procedures for Acquisition and Disposal of Assets".
- VI. Extraordinary Motions
- VII. Meeting Adjourned

## **Report Items**

**Report 1: 2021 Business Reports**

**Explanatory Notes:** To report the business of 2021, please refer to Attachment 1 of the Meeting Handbook

**Report 2: 2021 Audit Committee's Review Report**

**Explanatory Notes:** For the 2021 Audit Committee's Review Report, please refer to Attachment 2 of the Meeting Handbook

**Report 3: Distribution of Employees' Profit Sharing Bonus and Directors' Remuneration for 2021**

**Explanatory Notes:** The Company's profit (net profit before tax and the remuneration to employees and directors) was NT\$11,394,842,258 for 2021, among which:

1. Remuneration of employees: Surplus profits of 1.32% in the amount of NT\$150,000,000 was distributed in cash to employees including employees of subsidiaries who meet certain criteria.
2. Directors' remuneration: According to the Articles of Association, directors' remuneration shall not exceed 0.5% of profits, NT\$17,500,000 (0.15% of net profit) for this year is allocated for director remuneration.
3. The proposal has been discussed and approved by the Compensation Committee and the Board of Directors on March 16, 2022.

**Report 4: Distribution of Cash Dividends for 2021**

**Explanatory Notes:**

1. According to Article 13.4 of the Articles of Association, the Board of Directors is authorized to distribute cash dividends and report to shareholders at the shareholders' meeting.
2. Based on 947,049,161 outstanding shares issued as of December 31, 2021, the cash dividend per share proposed for distribution is NT\$5 (allocated to the nearest NT\$1). The Company's 2021 earnings distribution is NT\$4,735,245,805.

3. The Chairman is authorized to determine ex-dividend date, distribution date, and other relevant matters. If changes to shareholders' dividends arise due to changes in the number of outstanding shares, the Chairman is also authorized to handle relevant matters.

**Report 5: Issuance and Execution of Overseas Unsecured Convertible Bonds**

**Explanatory Notes:** The Company's third foreign non-guaranteed convertible corporate bonds were issued on June 30, 2020. There has been no conversion of ordinary shares by bondholders to date.

**Report 6: Proposals Submitted by Shareholders with Shareholding of More Than 1%**

**Explanatory Notes:** According to Article 22.6 of the Articles of Association, no shareholder proposals were submitted during the designated period.

# **Ratification Items**

## **Proposal 1**

**Proposed by the Board of Directors**

**Subject: Ratification of 2021 Business Report and Consolidated Financial Statements**

**Explanatory Notes:**

1. The Company's consolidated financial statements for 2021 were audited by independent auditors, CPA Yung-Chien, Hsu, and CPA Min-Chuan, Feng of the CPA firm, PricewaterhouseCoopers, Taiwan.
2. For the 2021 business report, independent auditors' report and consolidated financial statements, please refer to Attachment 1 and Attachment 3 of the Meeting Handbook.
3. Please proceed to acknowledge.

**Resolution:**

## **Proposal 2**

**Proposed by the Board of Directors**

**Subject: Ratification of 2021 Earnings Distribution**

**Explanatory Notes:**

1. The net profit after tax of the Company's parent company for 2021 was NT\$9,651,296,713 and the retained earnings available to distribute for the year was NT\$31,214,933,038.
2. For 2021 Earnings Distribution Table, please refer to Attachment 4 on page 25 of the Handbook.
3. Please proceed to acknowledge.

**Resolution:**

# **Discussion Items**

## **Proposal 1**

**Proposed by the Board of Directors**

**Subject:** **Amendments to the "Articles of Association"**

**Explanatory Notes:**

1. The Company's "Articles of Association" have been partially amended in accordance with Letters Tai-Zheng-Shang-II-Zi No. 1101701488 dated May 14, 2021 and No. 1111700674 dated March 11, 2022 issued by Taiwan Stock Exchange regarding the amendments to the regulations of the "Check List for the Protection of Shareholders of Issuer Registered in Foreign Country". For the comparison table before and after the amendment, please refer to Appendix 5 on page 26 of this Meeting Handbook.
2. The registered agent is authorized to make a necessary declaration to the Cayman Islands company registration office after the shareholders meeting approves the proposal.
3. Please proceed to discuss.

**Resolution:**

## **Proposal 2**

**Proposed by the Board of Directors**

**Subject:** **It is proposed to approve the amendments to the "Procedures for Acquisition and Disposal of Assets".**

**Explanatory Notes:**

1. In order to strengthen the management of related party transactions and improve the quality of opinions issued by external experts, the "Procedures for Acquisition and Disposal of Assets" of the Company were partially amended according to Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465 dated January 28, 2022 issued by the Financial Supervisory Commission.
2. For the comparison table before and after the amendment, please refer to Appendix 6.
3. Please proceed to discuss.

**Resolution:**



## **Extraordinary Motions**

**Meeting Adjourned**

## **Zhen Ding Technology Holding Limited**

### **Business Report**

2021 was a challenging and unstable year. With the effects of the Covid-19 pandemic, the global supply chain was in disarray. Various expenses soared and the price of raw materials skyrocketed. However, even with these difficult conditions, the Group's revenue reached new heights. This was the result of the dedication of all employees and the continuous support from shareholders, suppliers, customers, and the government.

Last year, we began the construction of new plants in 4 sites, including the Shenzhen ABF plant, Qinhuangdao BT plant, Kaohsiung FPC plant, and the MSAP and advanced HDI plant in Huai'an Third Park. After two years of developing the India plant, it began mass production on December 24 last year. Although we faced setbacks during the process, the deployment of the India site is extremely necessary for long-term sustainable developments. Although there are still many restrictions for investment and development from an objective standpoint in India, it will become a great market in the future. Therefore, the Company is undeterred in its development and continues to move forward.

Because of the successful advancement of our long-term deployment and various strategies, several of our products achieved good results. We continue to lead the world in flexible printed circuits, accounting for 30% of the global market. Our MSAP is also leading the world, with the best yield rate globally. The production capacity for Mini LED ultra-thin HDI also rapidly increased early last year due to the efforts of all our employees, achieving world-leading results. IC substrates grew by 100% last year.

In terms of R&D investments, we have increased the amount from NT\$5.545 billion in 2020 to NT\$7.302 billion in 2021. Discounts and amortization increased from NT\$8.405 billion to NT\$11.875 billion, an increase of NT\$3.470 billion. The total amount increased was NT\$5.227 billion, which fully represents Zhen Ding Group's focus on long-term developments.

The Company's 2021 business overview and future outlook are as follows:

#### **I. Large increases in revenue and profit**

The Company's consolidated revenue for 2021 was NT\$155.022 billion, representing an increase of 18.09% compared to the previous year. Consolidated net profit after tax was NT\$13.694 billion (net profit after tax attributable to the parent company was NT\$9.651 billion), representing an increase of 19.00% compared to the previous year. The consolidated earnings per share (EPS) was NT\$14.49 (consolidated EPS attributable to the parent company was NT\$10.21). The driving forces behind the Company's growth include FPCs, CCLs, ICs, HDI, and MSAP, which all produced strong growth momentum. Several new products were

also added, such as battery boards, Mini LED ultra-thin HDIs, etc. Benefiting from the promotion of the one ZDT strategy, 4 major product lines exploded in 2021. The increase in revenue far exceeded previous standards.

## II. Active investments to expand production capacity

Last year, the Company launched a new wave of large-scale investment projects. We began construction of 4 new sites, including the FPC and advanced module assembly lines in Kaohsiung Science Park, Taiwan, IC (ABF) products in Shenzhen Leading Park, advanced HDI/MSAP in Huai'an Third Park, and ICs (BT) in Qinhuangdao Leading Park. Additionally, through active interactions with customers and the continuous adoption of circular quality management improvements in each plant, the product lines showed varying degrees of improvement in customer ratings. In the evaluations of major US customers, 4 business units of the Group had an overall score higher than the average score of all suppliers of the customer. Among the scores, FPC was the leader out of all suppliers.

## III. Expanding the future of product deployment

Looking towards the future, apart from the continued cultivation of the FPC business in recent years, the Company is also entering the advanced HDI, AnyLayer, MSAP, CSP, and BGA markets. The products range from traditional PCs and network communication to servers and automobiles. We will also enter the niche areas of aerospace and healthcare in the future. According to the current customer orders, inventory, and needs, the Company's business performance will continue to grow. Moreover, the transition to 5G devices, the need for remote working, and the deployment of various applications, such as new customer products, automobiles, industrial computers, data centers, etc., will inject new energy into the Group's operations.

## IV. Digital transformation increased performance

The global pandemic has strengthen the Group's resolve to implement digital transformations. In 2016, the Company's revenue was around NT\$82.4. Compared to revenue now, the Company has grown by 88%. However, the number of employees has only increased by 11%. This shows that automation has improved the Company's performance. We hope that, in the next few years, digital transformations will continue to increase revenue, even without increases in manpower. To this end, the Company has established the Smart Manufacturing Committee and Digital Transformation Center. Apart from smart manufacturing, we will implement digital transformations for people, finance, and business step by step, allowing us to further improve our efficiency.

These have been turbulent times. We are facing more and more challenges. Therefore, the Company must adapt to the changes in the environment and seize new opportunities, thereby providing ourselves with the best positions for development. The circuit board industry was first established more than 140 years ago, and it will continue to exist in the future. Therefore, we must continue to seek innovations and excellence. We uphold the ideals of "respect and

love for all" in our active implementation of ESG guidelines. We are realizing our corporate mission of "developing technologies for the betterment of human beings" by bringing the digital world to every person, every home, and every organization. The creation of an interconnected world is the direction of our developments.

Chairman:  
Chang-Fang Shen

General Manager:  
Ting-Chuan Lee

Accounting Manager:  
Jin-Ten Chang

## **Zhen Ding Technology Holding Limited**

### **Audit Committee's Audit Report**

The Board of Directors has prepared and submitted the 2021 business report, consolidated financial statements, and earnings distribution proposal, of which the consolidated financial statements have been audited by the CPAs Yung-Chien Hsu and Min-Chuan Feng of PricewaterhouseCoopers, Taiwan and an Audit Report is submitted. The Audit Committee has reviewed the business report, consolidated financial statements, and the earnings distribution proposal and did not find any incompliance. According to the regulations in the Articles of Association, it is hereby submitted for your examination.

To:

2022 Shareholders' Annual General Meeting

**Zhen Ding Technology Holding Limited**  
**Audit Committee Convener: Chih-Chen Chou**

**March 16, 2022**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Zhen Ding Technology Holding Limited

### **Opinion**

We have audited the accompanying consolidated balance sheets of Zhen Ding Technology Holding Limited and its subsidiaries (the 'Group') as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the 'Regulations Governing the Preparation of Financial Reports by Securities Issuers' and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission.

### **Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards 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 Group in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgement, were of most significance in our audit of the Group's 2021 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, we do not provide a separate opinion on these matters.

Key audit matters on the Group's 2021 consolidated financial statements were as follows:

### **Cut-off of hub warehouse sales revenue**

#### Description

Refer to Note 4(28) for accounting policies on revenue recognition.

The Group recognises revenue when the goods are directly shipped from factories and when customers accept the goods (the transfer of control) if picked up from hub warehouses. For pick-ups from hub warehouses, the Group recognises sales revenue based on movements of inventory records contained in the statements or other information provided by the warehouse custodians. The hub warehouses are located around the world with numerous warehouse custodians, the frequency and contents of statements provided by custodians are different, and the process of revenue recognition may involve manual procedures. These factors may potentially result in inaccurate timing of sales revenue recognition.

As there are numerous daily sales transactions from hub warehouses and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, we considered the cut-off of hub warehouse sales revenue a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Assessed and tested internal controls over regular record verification between the Group and customers.
- B. Assessed and checked the appropriateness of cut-off of sales revenue prior to or after the balance sheet date, and verified the statements provided by the hub warehouse custodians.
- C. Performed confirmation of the storage quantities or observed physical counts in warehouse, compared against inventory records, and determined whether differences, if any, are properly adjusted.

## **Estimation of allowance for inventory valuation losses**

### Description

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(6) for details of inventory. As of December 31, 2021, the Group's inventory cost and allowance for valuation losses were NT\$18,838,639 thousand and NT\$1,163,474 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of printed circuit board. Due to rapid technological innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due to market value decline or obsolescence. The Group measures inventories at the lower of cost and net realisable value and recognises the allowance for inventory valuation losses based on the inventories over normal age and those individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories are numerous, and the estimation of net realisable value for individually obsolete or damaged inventories is subject to significant judgement, we considered the estimation of allowance for inventory valuation losses a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in relation to the estimation of allowance for inventory valuation losses:

- A. Assessed the reasonableness of accounting policy on allowance for inventory valuation losses and checked whether it has been consistently applied.
- B. Checked whether the logic in calculating inventory aging report was appropriate and confirmed whether the inventory over normal age has been included in the aging report.
- C. Assessed the reasonableness of individually obsolete or damaged inventory identified by the Group against related supporting documents, reviewed scrap inventory before and after the balance sheet date, and verified the information obtained from physical count.
- D. For the net realisable value of inventories over normal age and those individually identified as obsolete and damaged inventory, discussed with the Group, obtained supporting documents and reviewed calculation of inventory loss.



## **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 ‘Regulations Governing the Preparation of Financial Reports by Securities Issuers’ and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission, 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 Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Group’s financial reporting process.

## **Auditors’ 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 auditors’ 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 the generally accepted auditing standards 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 the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- A. 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.

- B. 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 Group's internal control.
  - C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - D. 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group 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 the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' 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.

PricewaterhouseCoopers, Taiwan

March 16, 2022

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1) and 8	\$ 33,789,530	17	\$ 44,222,887	24
1136	Current financial assets at amortised cost	6(3) and 8	1,389,177	1	2,552,215	1
1170	Accounts receivable, net	6(4)	35,002,337	18	31,048,067	17
1180	Accounts receivable due from related parties, net	6(4) and 7	2,531,004	1	2,693,088	2
1200	Other receivables	6(5)	1,135,584	1	1,002,641	1
130X	Inventories	6(6)	17,675,165	9	12,998,784	7
1410	Prepayments	6(5)	4,297,594	2	4,780,208	3
1470	Other current assets	8	114,643	-	14,115	-
11XX	Total current assets		95,935,034	49	99,312,005	55
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,114,588	1	753,522	-
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	476,619	-	431,266	-
1535	Non-current financial assets at amortised cost	6(3) and 8	78,408	-	-	-
1550	Investments accounted for using equity method		23,430	-	-	-
1600	Property, plant and equipment	6(8) and 8	86,072,884	44	68,177,175	38
1755	Right-of-use assets	6(9)	8,545,293	4	8,609,465	5
1780	Intangible assets	6(10)	2,079,308	1	2,165,029	1
1840	Deferred income tax assets	6(30)	1,199,753	1	1,285,039	1
1990	Other non-current assets	6(11) and 8	229,977	-	386,986	-
15XX	Total non-current assets		99,820,260	51	81,808,482	45
1XXX	Total assets		\$ 195,755,294	100	\$ 181,120,487	100

(Continued)

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 19,636,568	10	\$ 12,838,545	7
2110	Short-term notes and bills payable	6(13)	-	-	949,666	-
2170	Accounts payable		19,030,051	10	22,863,017	13
2180	Accounts payable to related parties	7	1,066,691	-	986,556	1
2200	Other payables	6(14)	14,820,927	8	15,831,329	9
2230	Current income tax liabilities		1,029,989	-	777,204	-
2280	Current lease liabilities		133,689	-	132,310	-
2320	Long-term liabilities, current portion	6(16)	-	-	8,888,537	5
2399	Other current liabilities		1,161,811	1	156,634	-
21XX	<b>Total current liabilities</b>		<u>56,879,726</u>	<u>29</u>	<u>63,423,798</u>	<u>35</u>
<b>Non-current liabilities</b>						
2530	Bonds payable	6(15)	10,383,152	5	10,480,741	6
2540	Long-term borrowings	6(16)	7,599,023	4	39,986	-
2570	Deferred income tax liabilities	6(30)	2,750,027	2	2,022,315	1
2580	Non-current lease liabilities		383,627	-	523,511	-
2600	Other non-current liabilities		4,239,800	2	592,260	1
25XX	<b>Total non-current liabilities</b>		<u>25,355,629</u>	<u>13</u>	<u>13,658,813</u>	<u>8</u>
2XXX	<b>Total liabilities</b>		<u>82,235,355</u>	<u>42</u>	<u>77,082,611</u>	<u>43</u>
<b>Equity</b>						
<b>Equity attributable to owners of parent</b>						
	Share capital	6(19)				
3110	Ordinary share		9,470,492	5	9,470,492	5
	Capital surplus	6(20)				
3200	Capital surplus		36,937,742	19	35,671,212	19
	Retained earnings	6(21)				
3310	Legal reserve		6,029,763	3	5,219,158	3
3320	Special reserve		4,130,316	2	5,014,697	3
3350	Unappropriated retained earnings		32,898,629	17	27,429,476	15
	Other equity interest	6(22)				
3400	Other equity interest		( 4,848,301 )	( 3 )	( 4,130,316 )	( 2 )
3500	Treasury shares		( 257,489 )	-	( 257,489 )	-
31XX	<b>Equity attributable to owners of parent</b>		<u>84,361,152</u>	<u>43</u>	<u>78,417,230</u>	<u>43</u>
36XX	Non-controlling interest	6(32)	<u>29,158,787</u>	<u>15</u>	<u>25,620,646</u>	<u>14</u>
3XXX	<b>Total equity</b>		<u>113,519,939</u>	<u>58</u>	<u>104,037,876</u>	<u>57</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	<b>Total liabilities and equity</b>		\$ 195,755,294	100	\$ 181,120,487	100

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

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

Items	Notes	Years ended December 31,			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(23), 7 and 14	\$ 155,022,197	100	\$ 131,278,537	100
5000 Operating costs	6(6) and 7	( 124,484,711)	( 80)	( 104,694,389)	( 80)
5950 Gross profit from operations		<u>30,537,486</u>	<u>20</u>	<u>26,584,148</u>	<u>20</u>
Operating expenses	6(24)				
6100 Selling expenses		( 1,646,890)	( 1)	( 1,929,601)	( 1)
6200 Administrative expenses		( 5,822,470)	( 4)	( 4,945,998)	( 4)
6300 Research and development expenses		( 7,302,208)	( 5)	( 5,545,496)	( 4)
6450 Reversal of (expected credit loss) 12 in accordance with IFRS 9		<u>15,538</u>	<u>-</u>	<u>( 22,837)</u>	<u>-</u>
6000 Total operating expenses		( 14,756,030)	( 10)	( 12,443,932)	( 9)
6900 Net operating income		<u>15,781,456</u>	<u>10</u>	<u>14,140,216</u>	<u>11</u>
Non-operating income and expenses					
7100 Interest income	6(26)	298,959	-	686,800	-
7010 Other income	6(27)	961,883	1	892,194	1
7020 Other gains and losses	6(28)	( 288,355)	-	( 1,461,852)	( 1)
7050 Finance costs	6(29)	( 525,209)	-	( 463,368)	-
7060 Share of loss of associates and joint ventures accounted for using equity method		( 9,927)	-	-	-
7000 Total non-operating income and expenses		<u>437,351</u>	<u>1</u>	<u>( 346,226)</u>	<u>-</u>
7900 Profit before income tax		16,218,807	11	13,793,990	11
7950 Income tax expense	6(30)	( 2,524,439)	( 2)	( 2,285,700)	( 2)
8200 Profit		<u>\$ 13,694,368</u>	<u>9</u>	<u>\$ 11,508,290</u>	<u>9</u>

(Continued)

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

		Years ended December 31,				
		2021		2020		
Items	Notes	AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(17)				
		\$	7,252	-	\$ 14,371	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(7)(22)				
			47,630	-	80,705	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)				
		( 10,589)	-	( 10,727)	-	
8310	Other comprehensive income that will not be reclassified to profit or loss					
		44,293	-	84,349	-	
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Exchange differences on translation of foreign financial statements	6(22)				
		( 1,157,715)	( 1)	1,109,752	1	
8300	<b>Other comprehensive (loss) income</b>					
		( \$ 1,113,422)	( 1)	\$ 1,194,101	1	
8500	<b>Total comprehensive income</b>					
		\$ 12,580,946	8	\$ 12,702,391	10	
Profit attributable to:						
8610	Owners of the parent					
		\$ 9,651,297	6	\$ 8,094,547	6	
8620	Non-controlling interests					
		4,043,071	3	3,413,743	3	
		\$ 13,694,368	9	\$ 11,508,290	9	
Comprehensive income attributable to:						
8710	Owners of the parent					
		\$ 8,939,113	6	\$ 8,990,427	7	
8720	Non-controlling interests					
		3,641,833	2	3,711,964	3	
		\$ 12,580,946	8	\$ 12,702,391	10	
Earnings per share						
9750	Basic earnings per share	6(31)				
		\$ 10.21		\$ 8.90		
9850	Diluted earnings per share	6(31)				
		\$ 9.58		\$ 8.64		

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of the parent											

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



ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Years ended December 31,	
	Notes	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 16,218,807	\$ 13,793,990
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	11,492,846	8,127,620
Amortisation	6(24)	382,067	277,397
Gain on financial assets or liabilities at fair value through profit or loss, net	6(2)	( 228,392 )	( 67,484 )
Share of loss of associates and joint ventures accounted for using equity method		9,927	-
Impairment losses	6(8)	91,499	114,410
Expected credit (gain) loss	12	( 15,538 )	22,837
(Gains) losses on disposals of property, plant and equipment	6(28)	( 8,437 )	150,871
Interest income	6(26)	( 298,959 )	( 686,800 )
Interest expense	6(29)	525,209	463,368
Share-based payment	6(18)	207,115	103,130
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		25,239	31,507
Accounts receivable	(	4,694,991 )	( 5,883,750 )
Accounts receivable due from related parties		21,209	5,491
Other receivables	(	16,070 )	120,050
Inventories	(	4,844,859 )	( 3,504,744 )
Prepayments		428,433	( 1,595,082 )
Other current assets		536	( 268 )
Changes in operating liabilities			
Accounts payable	(	3,549,162 )	7,446,421
Accounts payable to related parties		91,174	385,819
Other payables	(	202,076 )	( 177,360 )
Other current liabilities		33,359	( 8,001 )
Cash inflow generated from operations		15,668,936	19,119,422
Income tax paid	(	1,610,746 )	( 2,171,394 )
Net cash flows from operating activities		14,058,190	16,948,028

(Continued)

**ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

		Years ended December 31,	
	Notes	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash inflows from business combination	6(33)	\$ -	\$ 944,497
Acquisition of financial assets at fair value through profit or loss		( 138,066 )	( 666,775 )
Decrease in current financial assets at amortised cost		1,028,690	2,065,133
Acquisition of financial assets at fair value through other comprehensive income		-	( 130,800 )
Acquisition of property, plant and equipment	6(34)	( 30,745,042 )	( 21,356,238 )
Proceeds from disposals of property, plant and equipment		396,775	475,086
Acquisition of right-of-use assets		( 403,532 )	( 288,300 )
Increase in restricted assets		( 101,026 )	( 43,252 )
Increase in other non-current assets		( 194,754 )	( 294,665 )
Increase in other non-current liabilities		209,145	242,374
Interest received		349,609	785,077
Net cash flows used in investing activities		( 29,598,201 )	( 18,267,863 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term borrowings	6(34)	6,929,472	552,015
Decrease in short-term notes and bills payable	6(34)	( 950,000 )	-
Proceeds from long-term borrowings		7,813,020	-
Repayments of long-term borrowings		( 8,694,000 )	( 39,952 )
Increase in guarantee deposits received	6(34)	4,459,036	2,095
Cash dividends paid	6(21)	( 4,261,721 )	( 4,060,034 )
Proceeds from issuance of convertible bonds		-	11,795,359
Payments of lease liabilities		( 134,439 )	( 122,525 )
Interest paid		( 296,515 )	( 375,655 )
Changes in non-controlling interests - distribution of retained earnings by subsidiaries		( 1,343,549 )	( 1,315,566 )
Change in non-controlling interests - acquisition of shares of the subsidiary	6(32)	601,160	11,819
Change in non-controlling interest - disposal of the subsidiary	6(5)(32)	1,531,891	-
Net cash flows from financing activities		5,654,355	6,447,556
Effect of exchange rate changes on cash and cash equivalents		( 547,701 )	703,186
Net (decrease) increase in cash and cash equivalents		( 10,433,357 )	5,830,907
Cash and cash equivalents at beginning of year		44,222,887	38,391,980
Cash and cash equivalents at end of year		\$ 33,789,530	\$ 44,222,887

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

**Zhen Ding Technology Holding Limited**  
**ZHEN DING TECHNOLOGY HOLDING LIMITED**  
**Earnings Distribution for 2021**

Units: NT\$

Items	Amount
Net income after tax	\$ 9,651,296,713
Add: Unappropriated earnings adjustments for the current year (Note 2)	5,801,781
Adjusted net profit after tax (Note 3)	\$ 9,657,098,494
Less: 10% general reserve (Note 3)	965,709,849
Less: Allocation to special reserve (Note 4)	717,986,511
Add: Undistributed earnings in previous years	23,241,530,904
Retained earnings available for distribution for this year	\$ 31,214,933,038
Distribution Project: Cash dividends (NT\$5.00 per share)	4,735,245,805
Accumulated undistributed earnings at the end of the period	\$ 26,479,687,233
<p>Note:</p> <ol style="list-style-type: none"> <li>1. As of December 31, 2021, the Company's outstanding shares were 947,049,161 shares.</li> <li>2. The actuarial gains and losses of defined benefit plans are recognized in other comprehensive income (net), and is an adjustment for distributable earnings for the current year.</li> <li>3. Using the "total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period" as the basis for allocating statutory surplus reserve, and the statutory surplus reserve in previous years does not need to be adjusted retrospectively. (Reference to Letter No. 10802432410 dated January 9, 2020 issued by the Ministry of Economic Affairs)</li> <li>4. Pursuant to the Order No. Financial-Supervisory-Securities-Corporate-1090150022 of the Financial Supervisory Commission's Securities and Futures Commission, a special surplus reserve of the same amount should be included for the net amount of other shareholders' equity deducted for the current year. Later when the other shareholders' equity deductions have been reversed, the reversal in surplus will be distributed.</li> <li>5. The amount of NT\$ is converted according to the balance of US\$, the functional currency.</li> <li>6. The cash dividends shall be calculated in NT\$ (allocated to the nearest NT\$1) in accordance with distribution ratio, and below NT\$1 will be rounded down.</li> </ol>	

Chairman:  
Chang-Fang Shen

General Manager:  
Ting-Chuan Lee

Accounting Manager:  
Jin-Ten Chang

**Zhen Ding Technology Holding Limited**  
**Amendment and restated the outline of Memorandum of Association**

<b>Article</b>	<b>After Amendment</b>	<b>Before Amendment</b>	<b>Reason for Amendments</b>
4	Except as prohibited or limited by the Companies Act ( <u>Revised</u> ), the Company shall have full power and authority to carry out any object of the Company and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, the power to make any alterations or amendments to this Articles of Association and Memorandum of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and the power to do any of the following acts or things, viz: to pay for all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any	Except as prohibited or limited by the Companies Act ( <u>2020 Revision</u> ), the Company shall have full power and authority to carry out any object of the Company and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, the power to make any alterations or amendments to this Articles of Association and Memorandum of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and the power to do any of the following acts or things, viz: to pay for all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any	Amended in line with the changes in the version of the Cayman Islands Companies Act.

Article	After Amendment	Before Amendment	Reason for Amendments
	<p>other jurisdiction; to sell, lease or dispose of any property of the Company; to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company (including uncalled capital) or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to categories of the shareholders of the Company; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance; to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be fittingly or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the aforesaid business activities.</p>	<p>other jurisdiction; to sell, lease or dispose of any property of the Company; to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company (including uncalled capital) or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to categories of the shareholders of the Company; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance; to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be fittingly or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the aforesaid business activities.</p>	

Article	After Amendment	Before Amendment	Reason for Amendments
6	<p>The share capital of the Company is NT\$16,000,000,000 divided into 1,600,000,000 ordinary shares of a par value of NT\$10 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Act (<u>Revised</u>) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issuance shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained, PROVIDED ALWAYS that notwithstanding any provision to the contrary contained in this Memorandum of Association, the Company shall have no power to issue bearer shares, warrants, coupons or certificates.</p>	<p>The share capital of the Company is NT\$16,000,000,000 divided into 1,600,000,000 ordinary shares of a par value of NT\$10 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Act (<u>2020 Revision</u>) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issuance shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained; PROVIDED ALWAYS that notwithstanding any provision to the contrary contained in this Memorandum of Association, the Company shall have no power to issue bearer shares, warrants, coupons or certificates.</p>	<p>Amended in line with the changes in the version of the Cayman Islands Companies Act.</p>

Article	After Amendment	Before Amendment	Reason for Amendments
7	<p>If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Act (<u>Revised</u>) and, subject to the provisions of the Companies Act (<u>Revised</u>) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.</p>	<p>If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Act (<u>2020 Revision</u>) and, subject to the provisions of the Companies Law (<u>2020 Revision</u>) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.</p>	<p>Amended in line with the changes in the version of the Cayman Islands Companies Act.</p>

**Zhen Ding Technology Holding Limited**  
**Comparison Table of Amendments to the Articles of Incorporation**

Article	After Amendment	Before Amendment	Reason for Amendments
1.1	<p>In these Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:</p> <p>(Omitted)</p> <p><b>"Electronic Transactions Law"</b> Refers to the "Electronic Transactions Law" (Revised Version) of the Cayman Islands.</p> <p>(Omitted)</p> <p><b>"Cayman Islands Companies Act"</b> The Companies Act (Revised) of the Cayman Islands and every modification, reenactment or revision thereof for the time being in force.</p>	<p>In these Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:</p> <p>(Omitted)</p> <p><b>"Electronic Transactions Law"</b> Refers to the "Electronic Transactions Law" (2003 Revision) of the Cayman Islands.</p> <p>(Omitted)</p> <p><b>"Cayman Islands Companies Act"</b> The Cayman Islands Companies Act (2020 Revision) and every modification, reenactment or revision thereof for the time being in force.</p>	<p>Amended in line with the changes in the version of the Cayman Islands Companies Act and the change in the name of the "Electronic Transactions Law".</p>
3.8	<p>A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due inquiry, estimate to be representative of the rates being offered by banks holding "A" licenses (as defined in the Banks and Trust Companies Law (Revised) of the Cayman Islands) in the Cayman Islands for thirty day deposits in the same currency.</p>	<p>A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due inquiry, estimate to be representative of the rates being offered by banks holding "A" licenses (as defined in the Banks and Trust Companies Law (2020 Revision) of the Cayman Islands) in the Cayman Islands for thirty day deposits in the same currency.</p>	<p>Amended in line with the name change of the "Banks and Trust Companies Law".</p>



Article	After Amendment	Before Amendment	Reason for Amendments
17.2	The shareholders meetings (including annual shareholders meetings and extraordinary shareholders meetings) shall be held at such time and place as the Chairman or any two Directors or any Director and the Secretary or the Board shall appoint provided that unless otherwise provided by the Law, the <u>physical</u> shareholders meetings shall be held in the ROC. If the Board resolves to hold a <u>physical</u> shareholders meeting outside the ROC, the Company shall apply for the approval of the TSE thereof within two days after the Board adopts such resolution. Where a shareholders meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration of such shareholders meeting (including but not limited to the handling of the voting of proxies submitted by shareholders).	The shareholders meetings (including annual shareholders meetings and extraordinary shareholders meetings) shall be held at such time and place as the Chairman or any two Directors or any Director and the Secretary or the Board shall appoint provided that unless otherwise provided by the Law, the shareholders meetings shall be held in the ROC. If the Board resolves to hold a shareholders meeting outside the ROC, the Company shall apply for the approval of the TSE thereof within two days after the Board adopts such resolution. Where a shareholders meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration of such shareholders meeting (including but not limited to the handling of the voting of proxies submitted by shareholders).	This Article was amended pursuant to the revised "Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation" published by the Taiwan Stock Exchange on March 11, 2022.
17.3	Shareholders meeting may be held by means of video conference. The conditions, operating procedures and other matters to be observed when holding a shareholders' meeting by video conference during the period when the shares are listed in the emerging stock market or listed on the TPEx or TWSE of the Republic of China shall abide by the Public Company Rules.	(Newly added article)	This Article was added pursuant to the revised "Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation" published by the Taiwan Stock Exchange on March 11, 2022.
17.4	Shareholders may participate in the shareholders meeting by means of video conference or other communication facilities, as permitted by the applicable Law, where all persons participating in the meeting may communicate with each other	(Newly added article)	This Article was added pursuant to the revised "Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of

Article	After Amendment	Before Amendment	Reason for Amendments
	simultaneously and instantaneously, and participation in such way shall constitute presence in person at such meeting.		Incorporation" published by the Taiwan Stock Exchange on March 11, 2022.
18.7	<u>Deleted</u>	<u>If the Board does not or is unable to convene a shareholders meeting (including the general shareholders meeting) or it is for the Company's benefit, the Independent Director may convene a shareholders meeting when he/she in his/her absolute discretion deems necessary.</u>	This Article is amended pursuant to Letter Tai-Zheng-Shang-II-Zi No. 1101701488 dated May 14, 2021 issued by Taiwan Stock Exchange regarding the amendments to the "Check List for the Protection of Shareholders of Issuer Registered in Foreign Country".
19.5	For so long as the shares are listed on the TSE, the Company shall announce to the public the notice of a shareholders meeting, the proxy instrument, agendas and materials relating to the matters to be approved and discussed in the shareholders meetings, including but not limited to, election or dismissal of Directors, in accordance with Articles 19.1 and 19.2 hereof, and shall transmit the same via the Market Observation Post System in accordance with the Public Company Rules; If the voting power of a shareholder at a shareholders meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the shareholder to exercise the voting power together with the above mentioned materials to the shareholder. The Directors shall prepare a meeting handbook of the relevant shareholders meeting and	For so long as the shares are listed on the TSE, the Company shall announce to the public the notice of a shareholders meeting, the proxy instrument, agendas and materials relating to the matters to be approved and discussed in the shareholders meetings, including but not limited to, election or dismissal of Directors, in accordance with Articles 19.1 and 19.2 hereof, and shall transmit the same via the Market Observation Post System in accordance with the Public Company Rules; If the voting power of a shareholder at a shareholders meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the shareholder to exercise the voting power together with the above mentioned materials to the shareholder. The Directors shall prepare a meeting handbook of the relevant shareholders meeting and	This Article was amended pursuant to the revised "Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation" published by the Taiwan Stock Exchange on March 11, 2022.

Article	After Amendment	Before Amendment	Reason for Amendments
	<p>supplemental materials, which will be sent to or made available to all shareholders and shall be transmitted to the Market Observation Post System in a manner consistent with the Public Company Rules twenty-one (21) days prior to the general shareholders meetings or, in the case of extraordinary shareholders meetings, fifteen (15) days prior to such meeting. <u>However, when the Company's paid-in capital at the end of the most recent fiscal year is NT\$10 billion or more, or the Company holds a shareholders meeting in the most recent fiscal year, and the total shareholding ratio of foreign and China capital recorded in the shareholder register is more than 30%, the transmission of the aforementioned electronic files shall be completed 30 days before the shareholders meeting.</u></p>	<p>supplemental materials, which will be sent to or made available to all shareholders and shall be transmitted to the Market Observation Post System in a manner consistent with the Public Company Rules twenty-one (21) days prior to the general shareholders meetings or, in the case of extraordinary shareholders meetings, fifteen (15) days prior to such meeting.</p>	
24.4	<p><u>The Company shall allow the</u> shareholders to exercise <u>voting rights</u> by electronic means. The method for exercising such voting power shall be described in the shareholders meeting notice to be given to the shareholders if the voting power may be exercised by way of a written ballot or electronic transmission. Any shareholder who intends to exercise the voting power by way of a written ballot or by way of electronic transmission shall serve the Company with the voting decision at least two (2) days prior to the date of such shareholders meeting. Where more than one voting decision are received from the same shareholder by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant</p>	<p><u>The Board may determine that the voting power of a shareholder at a shareholders meeting may be exercised by way of a written ballot or by way of electronic transmission; provided, however, that if a shareholders meeting is to be held outside the ROC or pursuant to the Public Company Rules, the Company is obligated to provide the shareholders with a method for exercising their voting power by way of a written ballot or electronic transmission.</u> The method for exercising such voting power shall be described in the shareholders meeting notice to be given to the shareholders if the voting power may be exercised by way of a written ballot or electronic transmission. Any shareholder who</p>	<p>This Article was amended pursuant to the revised "Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation" published by the Taiwan Stock Exchange on March 11, 2022.</p>

Article	After Amendment	Before Amendment	Reason for Amendments
	<p>shareholder to revoke the previous voting decision in the later-received voting decision. A shareholder who exercises the voting power at a shareholders meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the shareholders meeting as proxy to vote such shareholders' shares at the shareholders meeting only in the manner directed in the written instrument or electronic document. The chairman of the shareholders meeting as proxy shall not have the power to exercise the voting rights of such shareholder with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the said shareholders meeting. For the purpose of clarification, shareholders voting in such manner shall be deemed to have waived their voting rights with respect to any extempore motions or amendments to resolution(s) proposed at such shareholders meeting.</p>	<p>intends to exercise the voting power by way of a written ballot or by way of electronic transmission shall serve the Company with the voting decision at least two (2) days prior to the date of such shareholders meeting. Where more than one voting decision are received from the same shareholder by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant shareholder to revoke the previous voting decision in the later-received voting decision. A shareholder who exercises the voting power at a shareholders meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the shareholders meeting as proxy to vote such shareholders' shares at the shareholders meeting only in the manner directed in the written instrument or electronic document. The chairman of the shareholders meeting as proxy shall not have the power to exercise the voting rights of such shareholder with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the said shareholders meeting. For the purpose of clarification, shareholders voting in such manner shall be deemed to have waived their voting rights with respect to any extempore motions or amendments to resolution(s) proposed at such shareholders meeting.</p>	
33.1	<p>There shall be a Board consisting of no less than five (5) and no more than nine (9) persons, <u>and more than half of them shall have household registration</u></p>	<p>There shall be a Board consisting of no less than five (5) and no more than nine (9) persons. The term of office for each Director shall not exceed a</p>	<p>Amended in line with the Taiwan Stock Exchange Corporation Rules Governing</p>

Article	After Amendment	Before Amendment	Reason for Amendments
	in the Republic of China. The term of office for each Director shall not exceed a period of three (3) years. Directors may be eligible for re-election. The Company may from time to time by Special Resolution increase or reduce the number of Directors, subject to the applicable laws and the foregoing range of number of directors.	period of three (3) years. Directors may be eligible for re-election. The Company may from time to time by Special Resolution increase or reduce the number of Directors, subject to the applicable laws and the foregoing range of number of directors.	Review of Securities Listings in Letter Tai-Zheng-Shang-II-Zi No. 1100005986 dated 7 April, 2021 issued by the Taiwan Stock Exchange.
33.4	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 <u>two (2)</u> of the Independent Directors shall be domiciled in the ROC and at least one of them shall have accounting or financial expertise.	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 <u>one</u> of the Independent Directors shall be domiciled in the ROC and at least one of them shall have accounting or financial expertise.	Amended in line with the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings in Letter Tai-Zheng-Shang-II-Zi No. 1100005986 dated 7 April, 2021 issued by the Taiwan Stock Exchange.
36.1	The office of Director shall be vacated if the Director:  The above has been omitted. (i) has committed an offense as specified in the Organized Crime Prevention Act of ROC and subsequently has been adjudicated guilty by a final judgment, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five years, or (D) was pardoned for less than five years; Omitted.	The office of Director shall be vacated if the Director:  The above has been omitted. (i) has committed an offense as specified in the ROC statute of prevention of organizational crimes and subsequently has been adjudicated guilty by a final judgment, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five years, or (D) was pardoned for less than five years; Omitted.	Amended pursuant to the "Check List for the Protection of Shareholders of Issuer Registered in Foreign Country" of Taiwan Stock Exchange.

**Zhen Ding Technology Holding Limited**  
**Comparison table before and after the amendment of the Procedures for**  
**Acquisition and Disposal of Assets**

After amendment	Before amendment	Reason for amendment
<p>Article 5</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>(The above has been omitted).</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-discipline regulations of their respective trade associations and</u> the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>working on</u> a case, they shall appropriately plan and execute adequate working procedures, in order to form a conclusion and use the conclusion as the basis for issuing the report or opinion; the related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of</p>	<p>Article 5</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>(The above has been omitted).</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to form a conclusion and use the conclusion as the basis for issuing the report or opinion; the related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the</p>	<p>Amended in order to improve the quality of opinions issued by external experts and to be in line with the Letter</p> <p>Jin-Guan-Zheng-Fa-Zi No. 1110380465</p>

After amendment	Before amendment	Reason for amendment
<p>data used, the parameters, and the information, and use them as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to matters including the professional competence and independence of the relevant personnel, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	<p>parameters, and the information, and use them as the basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to matters including the professional competence and independence of the relevant personnel, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations.</p>	
<p>Article 7: Procedures for acquisition or disposal of property, equipment, or right-of-use assets thereof</p> <p>(The above has been omitted).</p> <p>IV. Appraisal report for property, equipment, or right-of-use assets. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency of the place of listing, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p>	<p>Article 7: Procedures for acquisition or disposal of property, equipment, or right-of-use assets thereof</p> <p>(The above has been omitted).</p> <p>IV. Appraisal report for property, equipment, or right-of-use assets. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency of the place of listing, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special</p>	<p>1. Contents of the Article have been amended in order to improve the quality of opinions issued by external experts and to be in line with the Letter Jin-Guan-Zheng-Fa -Zi No. 1110380465</p> <p>2. Alterations to the text</p>

After amendment	Before amendment	Reason for amendment
<p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) For the transaction amount reaching NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances occurs with regard to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount reaches 20 percent or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers</li> </ol>	<p>circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) For the transaction amount reaching NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.</p> <p>(III) Where any one of the following circumstances occurs with regard to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant <u>shall be engaged to perform the appraisal in accordance with the provisions of Statement on Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter referred to as the "ARDF") of the place of listing and</u> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount reaches 20 percent or more of the</li> </ol>	



After amendment	Before amendment	Reason for amendment
<p>is 10 percent or more of the transaction amount.</p> <p>(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract conclusion date. Provided, where the publicly announced current value for the same period is applicable and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(V) Where the Company acquires or disposes of assets through court auction procedures, the supporting documentation issued by the court may be used to substitute for the appraisal report or CPA opinion.</p>	<p>transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) Where the professional appraiser <u>make an appraisal before the contract conclusion date</u>, no more than 3 months may elapse between the issuance date of the appraisal report and the contract conclusion date. Provided, where the publicly announced current value for the same period is applicable and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(V) Where the Company acquires or disposes of assets through court auction procedures, the supporting documentation issued by the court may be used to substitute for the appraisal report or CPA opinion.</p>	
<p>Article 8: Procedures for acquisition or disposal of securities</p> <p>(The above has been omitted).</p> <p>IV. Obtaining of expert opinions</p> <p>(I) If the Company has one of the following circumstances and if the amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of</p>	<p>Article 8: Procedures for acquisition or disposal of securities</p> <p>(The above has been omitted).</p> <p>IV. Obtaining of expert opinions</p> <p>(I) If the Company has one of the following circumstances and if the amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of</p>	<p>Amended in order to improve the quality of opinions issued by external experts and to be in line with the Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465</p>

After amendment	Before amendment	Reason for amendment
<p>the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (hereinafter referred to as the "FSC") of the place of listing. (The following has been omitted).</p>	<p>the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement on Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (hereinafter referred to as the "FSC") of the place of listing. (The following has been omitted).</p>	
<p>Article 9: Procedures for acquisition or disposal of intangible assets or the right-of-use assets or memberships thereof</p> <p>(The above has been omitted).</p> <p>IV. Obtaining of expert opinions</p> <p>(I) When the transaction price of the Company's acquisition or disposal of its memberships reaches NT\$5 million, the Company shall consult an expert to issue an appraisal report.</p> <p>(II) Where the Company acquires or disposes its intangible asset or right-of-use assets thereof, the Company shall consult an expert to issue an appraisal report when the transaction price reaches NT\$100 million.</p> <p>(III) Where the Company acquires or disposes of its intangible assets, the right-of-use assets thereof, or memberships, and the transaction amount reaches 20</p>	<p>Article 9: Procedures for acquisition or disposal of intangible assets or the right-of-use assets or memberships thereof</p> <p>(The above has been omitted).</p> <p>IV. Obtaining of expert opinions</p> <p>(I) When the transaction price of the Company's acquisition or disposal of its memberships reaches NT\$5 million, the Company shall consult an expert to issue an appraisal report.</p> <p>(II) Where the Company acquires or disposes its intangible asset or right-of-use assets thereof, the Company shall consult an expert to issue an appraisal report when the transaction price reaches NT\$100 million.</p> <p>(III) Where the Company acquires or disposes of its intangible assets, the right-of-use assets thereof, or memberships, and the transaction amount reaches 20 percent or more of the</p>	<p>Amended in order to improve the quality of opinions issued by external experts and to be in line with the Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465</p>

After amendment	Before amendment	Reason for amendment
<p>percent or more of the Company's paid-in capital or NT\$300 million or more, except for transactions with the government agency of the place of listing, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>Company's paid-in capital or NT\$300 million or more, except for transactions with the government agency of the place of listing, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement on Auditing Standards No. 20 published by the ARDF of the place of listing.</u></p>	
<p>Article 11: Related Party Transactions</p> <p>I. When the Company intends to acquire assets from or dispose of assets to its related parties, the Company shall proceed with the relevant resolution procedures and assessment for the reasonableness of the transaction terms according to the regulations; and it shall also acquire professional appraiser's appraisal report or opinion of the CPA in accordance with the provisions of Articles 7 to 9 of these Procedures when the transaction amount reaches 10% or more of the Company's total assets; the calculation of the aforementioned transaction amount shall be calculated in accordance with the provisions of Article 9-1. When judging whether the counterparty of the transaction is a related person, in addition to paying attention to its legal form, the substantive relationship shall be considered.</p>	<p>Article 11: Related Party Transactions</p> <p>I. When the Company intends to acquire assets from or dispose of assets to its related parties, the Company shall proceed with the relevant resolution procedures and assessment for the reasonableness of the transaction terms according to the regulations; and it shall also acquire professional appraiser's appraisal report or opinion of the CPA in accordance with the provisions of Articles 7 to 9 of these Procedures when the transaction amount reaches 10% or more of the Company's total assets; the calculation of the aforementioned transaction amount shall be calculated in accordance with the provisions of Article 9-1. When judging whether the counterparty of the transaction is a related person, in addition to paying attention to its legal form, the substantive relationship shall be considered.</p>	<p>Amended in order to improve the quality of opinions issued by external experts and to be in line with the Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465</p>

After amendment	Before amendment	Reason for amendment
<p>(The above has been omitted).  <u>If the Company or a subsidiary of the Company that is not a public company in the place where the Company is listed has the transaction mentioned in the preceding subparagraph of this paragraph, and the transaction amount is more than 10% of the Company's total assets, the information listed in the preceding subparagraph shall be submitted to the Company's shareholders meeting for approval. Only after that can the transaction contract be executed and the payment be made. However, the transaction between the Company and its subsidiary, or between the Company's subsidiaries, is not subject to this limitation.</u></p> <p>The calculation of the transaction amounts referred to in the Subparagraphs 1 and 2 of this Paragraph shall be made in accordance with the information disclosure provisions in Article 13 of these <u>Procedures</u>, and the within one year as used herein refers to the one year preceding the date of occurrence of the current transaction. Items that have been submitted to the <u>shareholders meeting after being approved by the board of directors</u> and recognized by the supervisors according to these Procedures need not be counted toward the transaction amount.</p> <p>(The following has been omitted).</p>	<p>(The above has been omitted).  The <u>aforementioned</u> calculation of the transaction amounts shall be made in accordance with the information disclosure provisions in Article 13 of these Procedures, and the within one year as used herein refers to the one year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors according to these Procedures need not be counted toward the transaction amount.</p> <p>(The following has been omitted).</p>	

After amendment	Before amendment	Reason for amendment
<p>Article 11-1: Handling of objections expressed by directors</p> <p>(III) The terms all Audit Committee members and all directors as stated in these <u>Procedures</u> shall be counted based on the actual number of persons currently holding those positions.</p> <p>(The following has been omitted).</p>	<p>Article 11-1: Handling of objections expressed by directors</p> <p>(III) The terms all Audit Committee members and all directors as stated herein shall be counted as the actual number of persons currently holding those positions.</p> <p>(The following has been omitted).</p>	<p>Alterations to the text</p>
<p>Article 13: Disclosure of information</p> <p>(The above has been omitted).</p> <p>(VI) In addition to the previous Subparagraphs 1 to 5, assets transactions, obligations disposed of by financial institutions, or investment in China, where the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Trading of domestic government bonds in the country of the listing <u>or foreign government bonds with a credit rating not lower than the sovereign rating of the country of the listing.</u></li> <li>2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises of the country of the listing.</li> </ol> <p>(The following has been omitted).</p>	<p>Article 13: Disclosure of information</p> <p>(The above has been omitted).</p> <p>(VI) In addition to the previous Subparagraphs 1 to 5, assets transactions, obligations disposed of by financial institutions, or investment in China, where the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Trading of domestic government bonds in the country of the listing.</li> <li>2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises of the country of the listing.</li> </ol> <p>(The following has been omitted).</p>	<p>Information disclosure relaxing of some transactions and amendment in accordance with Letter Jin-Guan-Zheng-Fa-Zi No. 1110380465</p>

## Zhen Ding Technology Holding Limited

### Shareholding Status of All Directors

- I. The Company's paid-in capital of NT\$9,470,491,610, and issued outstanding shares 947,049,161 Shares.
- II. According to the regulations stipulated in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the Company's shares held by the directors are 30,305,573. The total number of shares held by all directors as of the book closure date is 310,169,627 shares, which has complied with the legal regulations.
- III. The Company has established an Audit Committee and therefore the Supervisor has not applied the applicable laws and regulations.

Book closure date: April 2, 2022

Title	Account Name	Date Elected	Number of shares held when elected	Number of Shares Held at Current
Chairman	Chang-Fang Shen	2020.06.19	4,158,000	4,588,000
Director	Foxconn (Far East) Limited Legal representative: Che-Hung Yu	2020.06.19	305,515,627	305,515,627
Director	John-See Lee	2020.06.19	0	0
Director	Ting-Chuan Li	2020.06.19	0	66,000
Independent Director	Chih-Cheng Chou	2020.06.19	0	0
Independent Director	Chen-Fu Chien	2020.06.19	0	0
Independent Director	Chi-Hsien Lee	2020.06.19	0	0
Total Shareholding of Directors			309,673,627	310,169,627

## **Zhen Ding Technology Holding Limited**

### **Rules and Procedures of Shareholders' Meeting**

**Article 1. According to the basis**

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies for compliance.

**Article 2. Scope of Review**

The rules and procedures for the Company's shareholders' meetings, the content of the major issues, the operating procedures, and the minutes of the meeting, and the matters to be complied with shall be stated in the provisions of these Regulations.

**Article 3. Convening Shareholders' Meeting**

- I. Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
- II. The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and 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 the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the 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 the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
- III. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- IV. Election or dismissal of directors (including independent directors), amendments to the Articles of Association, the dissolution, merger, or split-up of the corporation, lease of all operations or any other important matters as provided in the laws and regulations of R.O.C., shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
- V. Shareholders holding more than 1% of the Company's outstanding shares are entitled to propose, in writing, agenda items for discussion in general shareholders meetings. Provided, however, only one agenda item may be proposed; any further proposals will be excluded from discussion. The board of directors may disregard shareholders' proposals if the proposed agenda item

involve any of the circumstances listed in Article 172-1, Paragraph 4 of the Company Act of the Republic of China.

- VI. Prior to the book closure date before a general shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- VII. 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.
- VIII. 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.

#### Article 4. Proxy Form

- I. 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.
- II. 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.
- III. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights 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.

#### Article 5. Principles determining the time and place of a shareholders meeting

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. 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.

#### Article 6. Preparation of documents such as the attendance book and attendance book for proxy

- I. The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
- II. 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.
- III. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements



for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

- IV. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- V. 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 or supervisors, pre-printed ballots shall also be furnished.
- VI. 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.

#### Article 7. Chairman and Acting as the Agent

- I. 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 managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
- II. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or 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.
- III. It is advisable that shareholders' meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
- IV. 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.
- V. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting.

#### Article 8. Documentation of a shareholders meeting by audio or video

- I. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.
- II. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the

Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9. Shareholders' Meeting Attendance and Voting

- I. Attendance at shareholders' meetings shall be calculated based on numbers of shares. 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.
- II. The chair shall call the meeting to order at the appointed meeting time, and simultaneously announce information in relation to the number of shares that are not entitled to vote and the number of shares in attendance. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made.  
If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
- III. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.
- IV. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10. Convening and Agenda of Shareholders' Meeting

- I. If the shareholders' meeting is convened by the board of directors, the board of directors shall determine the meeting agenda. Meeting agenda (including extraordinary motions and amendments to the original agendas) shall be voted by poll. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.
- II. 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.
- III. 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.
- IV. The Chairman must allow adequate time to explain and discuss the various agenda items, amendments or special motions proposed during the meeting. The Chairman may announce to discontinue further discussion if the issue in question is considered to have been sufficiently discussed, proceed with the voting, and arrange sufficient time to vote.

#### Article 11. Shareholder's Speech

- I. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
- II. 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. 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 exceeds the scope of the agenda item, the chair may terminate the speech.
- III. 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.
- IV. 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.
- V. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

#### Article 12. Calculation of voting shares

- I. Voting at a shareholders meeting shall be calculated based the number of shares.
- II. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- III. 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 this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
- IV. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- V. 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.

#### Article 13. Exercise of voting rights

- I. 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 179, paragraph 2 of the Company Act.
- II. Voting rights shall be exercised electronically and may be exercised in writing during a shareholders' meeting. 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 amendments to original proposals of that meeting.

- III. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 5 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.
- IV. 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 retract the voting rights already exercised under the preceding paragraph shall be made known 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.
- V. Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, 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, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
- VI. If the Chair consulted all the shareholders present at the meeting, the proposal is deemed to be passed. If there is a dissent, the motion shall be voted on by the same basis as the voting method. If a dissent is found, a poll shall be taken.
- VII. 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.
- VIII. Vote 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 this Corporation.
- IX. 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.
- X. When the Company adopts electronic voting by a shareholder meeting, it shall avoid the audio and tear of the motion and amendment of the original motion.

#### Article 14. Election of Directors and Independent Directors

- I. The election of directors (including independent directors) at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected and the names of those who were not elected and the number of votes they received.
- II. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 15. Minutes of Shareholders' Meetings

- I. 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.
- II. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
- III. The meeting minutes shall detail the date and venue of the meeting, the Chairman's name, the method of resolution, and the proceeding and voting results of various meeting agenda items (including the statistical tallies of the numbers of votes). For election of directors, the number of votes of each candidate shall be disclosed. These minutes must be retained for as long as the company is in existence.
- IV. If the aforementioned method of resolution is consulted by the Chairman, the shareholders' meeting shall be consulted. If a shareholder has no objection to the proposal, the Company shall record the "Chairman consulted all the shareholders present, and they shall record the voting method and the percentage of voting resolved and approved." However, the shareholders' meeting shall record the voting method and the percentage of voting votes.

#### Article 16. Public disclosure

- I. On the day of a shareholders meeting, this Corporation 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.
- II. 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.

#### Article 17. Staff handling affairs of the shareholders' meeting

- I. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- II. 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."

- III. 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.
- IV. 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.

Article 18. Recess and resumption of a shareholders meeting

- I. 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.
- II. 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.
- III. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19. Implementation and Amendment

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

**THE COMPANIES LAW (2020 REVISION)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES  
FOURTEENTH AMENDED AND RESTATED ARTICLES OF  
ASSOCIATION  
OF  
ZHEN DING TECHNOLOGY HOLDING LIMITED  
(Adopted by a Special Resolution passed on June 19, 2020)**

**Table A**

The regulations in Table A in the First Schedule to the Law (as defined below) do not apply to the Company.

**INTERPRETATION**

**1. Definitions**

**1.1** In these Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

<b>Applicable Law</b>	the Applicable Public Company Rules, the Law or such other rules or legislation applicable to the Company;
<b>Applicable Public Company Rules</b>	the ROC laws, rules and regulations (including, without limitation, the Company Law, the Securities and Exchange Law, the Business Mergers and Acquisitions Act, the rules and regulations promulgated by the FSC and the rules and regulations promulgated by the TSE, as amended from time to time) affecting public reporting companies or companies listed on any ROC stock exchange or securities market that from time to time are required by the relevant regulator as applicable to the Company;
<b>Appointed Representative</b>	has the meaning given thereto in Article 34.5;
<b>Articles</b>	these Articles of Association as altered from time to time;
<b>Audit Committee</b>	the audit committee of the Board, which shall comprise solely of Independent Directors of the Company;
<b>Board</b>	the board of directors appointed or elected pursuant to these Articles and acting at a meeting of directors at which there is a quorum in accordance with these Articles;

<b>Capital Reserve</b>	for the purpose of these Articles only, comprises of the premium paid on the issuance of any share and income from endowments received by the Company under the Law;
<b>Chairman</b>	the Director elected amongst all the Directors as the chairman of the Board;
<b>Company</b>	Zhen Ding Technology Holding Limited 臻鼎科技控股股份有限公司;
<b>Compensation Committee</b>	a committee of the Board, which shall be comprised of professional individuals and having the functions, in each case, prescribed by the Applicable Public Company Rules;
<b>Cumulative Voting</b>	the voting mechanism for an election of Directors as described in Article 34.2;
<b>Directors</b>	the directors for the time being of the Company and shall include any and all Independent Director(s);
<b>Dissenting Member</b>	has the meaning given thereto in Article 27.2;
<b>Dividend</b>	means any dividend resolved to be paid on the shares of the Company pursuant to the Articles;
<b>Electronic Record</b>	has the same meaning as in the Electronic Transactions Law;
<b>Electronic Transactions Law</b>	the Electronic Transactions Law (2003 Revision) of the Cayman Islands;
<b>FSC</b>	the Financial Supervisory Commission of the ROC;
<b>Independent Directors</b>	the Directors who are elected as "Independent Directors" in accordance with the Applicable Public Company Rules;
<b>Joint Operation Contract</b>	a contract between the Company and one or more person(s) or entit(ies) where the parties thereto agree to pursue the same business venture and jointly bear losses and enjoy profits arising out of such business venture in accordance with the terms thereof;
<b>Law</b>	The Companies Law (2020 Revision) of the Cayman Islands and every modification, reenactment or revision thereof for the time being in force;
<b>Lease Contract</b>	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) lease or rent from the Company the necessary means and assets to operate the whole business of the Company in the name of such person, and as consideration, the Company receives a pre-determined compensation from such person;
<b>Management Contract</b>	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) manage and operate the business of the Company in the name of and for the benefit of the Company, and as consideration, such person(s) receive a pre-determined compensation from the Company while the Company continues to be



	entitled to the profits (or losses) of such business;
<b>Market Observation Post System</b>	the public company reporting system maintained by the Taiwan Stock Exchange Corporation, via <a href="http://newmopsov.twse.com.tw/">http://newmopsov.twse.com.tw/</a> ;
<b>Member</b>	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
<b>Memorandum</b>	the memorandum of association of the Company;
<b>Merger</b>	a transaction whereby: (a) a "merger" or "consolidation" as defined under the Law; or (b) other forms of mergers and acquisitions which fall within the definition of "merger" or "acquisition" under the Applicable Public Company Rules;
<b>month</b>	calendar month;
<b>Notice</b>	written notice as further provided in these Articles unless otherwise specifically stated;
<b>Officer</b>	any person appointed by the Board to hold an office in the Company;
<b>Ordinary Resolution</b>	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by not less than a simple majority of the votes cast;
<b>Private Placement</b>	means, after the shares are listed on the TSE, obtaining subscription 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 in the ROC as prescribed under the Applicable Public Company Rules and permitted by the competent securities authority in the ROC, but excluding any employee incentive programme or subscription agreement, warrant, option or issuance of Shares under Articles 2.5, 2.8 and 2.10 hereof;
<b>Preferred Shares</b>	has the meaning given thereto in Article 6;
<b>Register of Directors and Officers</b>	the register of directors and officers referred to in these Articles;
<b>Register of Members</b>	the register of members of the Company maintained in accordance with the Law and (as long as the Company is listed on the TSE,) the Applicable Public Company Rules;
<b>Registered Office</b>	the registered office for the time being of the Company;
<b>Replacement</b>	has the meaning given thereto in Article 34.6;

<b>Restricted Shares</b>	has the meaning given thereto in Article 2.5;
<b>ROC</b>	Taiwan, the Republic of China;
<b>Seal</b>	the common seal or any official or duplicate seal of the Company;
<b>Secretary</b>	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
<b>share(s)</b>	share(s) of par value NT\$10 each in the Company;
<b>Share Swap</b>	a 100% share swap as defined in the ROC Business Mergers and Acquisitions Act whereby a company (the "Acquiring Company") acquires all the issued and outstanding shares of another company with the consideration being the shares of the Acquiring Company, cash or other assets;
<b>Share Exchange</b>	a share exchange as permitted under the ROC Company Act whereby a company acquires a portion of the issued and outstanding shares of another company with the consideration being the newly issued shares of such acquiring company;
<b>Special Resolution</b>	Subject to the Law, means a resolution passed at a general meeting of the Company by a majority of at least two-thirds of the votes cast by such Members who, being entitled to do so, vote in person or by their proxies, or, in the case of Members that are corporations or other non-natural person, by their duly authorised representatives by computing the number of votes to which each Member is entitled;
<b>Spin-off</b>	a spin-off as defined in the ROC Business Mergers and Acquisitions Act whereby a company transfers a part or all of its business that may be operated independently to an existing company or a newly incorporated company (the "Acquirer") with the consideration being the shares of the Acquirer, cash or other assets;
<b>Subsidiary</b>	with respect to any company, (1) the entity, one half or more of whose total number of the issued voting shares or the total amount of the share capital are directly or indirectly held by such company; (2) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (3) the entity, one half or more of whose shareholders involved in management or board of directors are concurrently acting as the shareholders involved in management or board of directors of such company; and (4) the entity, one half or more of whose total number of issued voting shares or the total amount of the share capital are held by the same shareholder(s) of such company;
<b>Supermajority</b>	a resolution passed by a majority vote of the Members

<b>Resolution</b>	present at a general meeting attended by Members who represent two-thirds or more of the total issued shares or, if the total number of shares represented by the Members present at the general meeting is less than two-thirds of the total issued shares, but more than one half of the total issued shares, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting;
<b>Treasury Shares</b>	has the meaning given thereto in Article 3.12;
<b>TDCC</b>	means the Taiwan Depository & Clearing Corporation;
<b>TSE</b>	the Taiwan Stock Exchange Corporation; and
<b>year</b>	calendar year.

**1.2** In these Articles, where not inconsistent with the context:

- (a) words denoting the plural number include the singular number and vice versa;
- (b) words denoting the masculine gender include the feminine and neuter genders;
- (c) words importing persons include companies, associations or bodies of persons whether corporate or not;
- (d) the words:-
  - (i) "may" shall be construed as permissive; and
  - (ii) "shall" shall be construed as imperative;
- (e) "written" and "in writing" include all modes of representing or reproducing words in visible form, including the form of an Electronic Record;
- (f) a reference to statutory provision shall be deemed to include any amendment or re-enactment thereof;
- (g) unless otherwise provided herein, words or expressions defined in the Law shall bear the same meaning in these Articles; and
- (h) Section 8 of the Electronic Transactions Law shall not apply to the extent that it imposes obligations or requirements in addition to those set out in these Articles.

**1.3** In these Articles expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

**1.4** Headings used in these Articles are for convenience only and are not to be used or relied upon in the construction hereof.

## **SHARES**

### **2. Power to Issue Shares**

**2.1** Subject to these Articles and any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any

existing shares or class of shares, the Board shall have the power to issue any unissued shares of the Company on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the Members prescribe, provided that no share shall be issued at a discount except in accordance with the Law.

- 2.2 Unless otherwise provided in these Articles, the issue of new shares of the Company shall be approved by the Board. The issue of new shares shall at all times be subject to the sufficiency of the authorized capital of the Company.
- 2.3 Where the Company increases its issued share capital by issuing new shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new shares to be issued, for offering in the ROC to the public ("**Public Offering Portion**") unless it is not necessary or appropriate, as determined by the FSC or TSE for the Company to conduct the aforementioned public offering. However, if a percentage higher than the aforementioned 10% is resolved by the Members in a general meeting by Ordinary Resolution to be offered, the percentage determined by such resolution shall prevail and shares corresponding to such percentage shall be reserved as Public Offering Portion. The Company shall also reserve 10% to 15% of such new shares for subscription by the employees of the Company and its Subsidiaries (the "**Employee Subscription Portion**").
- 2.4 Unless otherwise resolved by the Members in general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new shares for cash consideration, after allocation of the Public Offering Portion and the Employee Subscription Portion pursuant to Article 2.3 hereof, the Company shall make a public announcement and notify each Member that he is entitled to exercise a pre-emptive right to purchase his pro rata portion of the remaining new shares, to be issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members the procedures for exercising such pre-emptive rights. Where an exercise of the pre-emptive right may result in fractional entitlement of a Member, the entitlements (including fractional entitlements) of two or more Members may be combined to jointly subscribe for one or more whole new shares in the name of a single Member, subject to compliance with such directions and terms and conditions as determined by the Board and the Applicable Public Company Rules. If the total number of the new shares to be issued has not been fully subscribed for by the Members within the prescribed period, the Company may consolidate such shares into the public offering tranche or offer any un-subscribed new shares to a specific person or persons in such manner as is consistent with the Applicable Public Company Rules.

If any person who has subscribed the new shares fails to pay when due any amount of the subscription price within the payment period as determined by the Company, the Company shall fix a period of no less than one month and demand for payment of the subscription price or the Company may declare a forfeiture of the subscription. No

forfeiture of such subscription shall be declared as against any such person unless the amount due thereon shall remain unpaid for such period after such demand has been made. Notwithstanding the provisions of the preceding sentence, forfeiture of the subscription may be declared without the demand process if the payment period for subscription price set by the Company is one month or longer. Upon forfeiture of the subscription, the shares remaining unsubscribed to shall be offered for subscription in such manner as is consistent with the Applicable Public Company Rules.

- 2.5** Subject to the provisions of the Law, the Company may issue new shares with restricted rights ("**Restricted Shares**") to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution provided that Article 2.3 hereof shall not apply in respect of the issue of such shares. For so long as the shares are listed on the TSE, the terms of issue of Restricted Shares, including but not limited to the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.
- 2.6** The pre-emptive right of employees under Article 2.3 and the pre-emptive right of Members under Article 2.4 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, Share Swap, Share Exchange, Spin-off, 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 rendered in Articles 2.8 and 2.10 hereof;
  - (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;
  - (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
  - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares;
  - (f) in connection with the issue of shares in accordance with Article 13.8; or
  - (g) in connection with Private Placement of the securities issued by the Company.
- 2.7** The Company shall not issue any unpaid shares or partly paid shares.
- 2.8** Notwithstanding Article 2.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more employee incentive programmes and may issue shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries, and for the avoidance of doubt, resolution of the Members is not required.
- 2.9** Options, warrants or other similar instruments issued in accordance with Article 2.8 above are not transferable save by inheritance.

- 2.10** The Company may enter into agreements with employees of the Company and/or the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 2.8 above, whereby employees may subscribe for, within a specific period, 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.

### **3. Redemption and Purchase of Shares**

- 3.1** Subject to the Law, the Company is authorised to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member.
- 3.2** The Company is authorised to make payments in respect of the redemption of its shares out of capital or out of any other account or fund authorised for this purpose in accordance with the Law.
- 3.3** The redemption price of a redeemable share, or the method of calculation thereof, shall be fixed by the Board at or before the time of issue.
- 3.4** Every share certificate relating to redeemable share shall indicate that the share is redeemable.
- 3.5** Subject to the provisions of the Law and these Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own shares (including any redeemable shares) on such terms and in such manner as the Directors may determine.
- 3.6** In the event that the Company proposes to purchase any share listed on the TSE pursuant to the preceding Article, the resolution of the Board approving such proposal and the implementation thereof should be reported to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase its shares listed on the TSE for any reason.
- 3.7** The redemption price may be paid in any manner authorised by Article 15.1.
- 3.8** A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due enquiry, estimate to be representative of the rates being offered by banks holding "A" licenses (as defined in the Banks and Trust Companies Law (2020 Revision) of the Cayman Islands) in the Cayman Islands for thirty day deposits in the same currency.
- 3.9** The Directors may exercise as they think fit the powers conferred on the Company by Section 37(5) of the Law (payment out of capital) but only if and to the extent that the redemption could not otherwise be made (or not without making a fresh issue of shares for this purpose).
- 3.10** Subject as aforesaid, the Directors may determine, as they think fit all questions that may arise concerning the manner in which the redemption of the shares shall or may be effected.
- 3.11** No share may be redeemed unless it is fully paid.

- 3.12** Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or held as treasury shares ("**Treasury Shares**") at the discretion of the Directors.
- 3.13** No Dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up of the Company) may be made to the Company in respect of a Treasury Share.
- 3.14** The Company shall be entered in the Register of Members as the holder of the Treasury Shares provided that:
- (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
  - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Law.
- 3.15** Any proposal to transfer the Treasury Shares to the employees of the Company and its Subsidiaries at a price below the average actual repurchase price must be approved by Special Resolution in the next general meeting and the items required by the Applicable Public Company Rules shall be specified in the notice of the general meeting and may not be proposed as an extemporary motion. The aggregate number of Treasury Shares resolved at all general meetings and transferred to the employees of the Company and its Subsidiaries shall not exceed 5% of the total issued shares, and each employee may not subscribe for more than 0.5% of the total issued shares in aggregate. The Company may prohibit such employees from transferring such Treasury Shares within a certain period; provided, however, that such a period cannot be more than two years.
- 3.16** Subject to Article 3.15, Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

#### **4. Rights Attaching to Shares**

Subject to Article 2.1, the Memorandum and these Articles, other contractual obligations or restrictions that the Company is bound by and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the share capital of the Company shall be divided into shares of a single class the holders of which shall, subject to the provisions of these Articles:

- (a) be entitled to one vote per share;
- (b) be entitled to such Dividends as recommended by the Board and approved by the Members at general meeting;
- (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- (d) generally be entitled to enjoy all of the rights attaching to shares.

## **5. Share Certificates**

- 5.1** Shares of the Company shall be issued in uncertificated/scripless form unless the issuance of share certificates is required by the provisions of the Applicable Public Company Rules. Where share certificates are issued, every Member shall be entitled to a certificate issued under the Seal (or a facsimile thereof), which shall be affixed or imprinted with the authority of the Board, specifying the number and, where appropriate, the class of shares held by such Member. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means.
- 5.2** If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.
- 5.3** Share may not be issued in bearer form.
- 5.4** When the Company shall issue share certificates pursuant to Article 5.1 hereof, the Company shall deliver the share certificates to the subscribers within thirty (30) days from the date such share certificates may be issued pursuant to the Law, 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.
- 5.5** Where the Company shall issue the shares in uncertificated/scripless form, the Company shall upon the issue of such shares cause the name of the subscriber and other particulars to be entered onto the Register of Members in accordance with the Law and the Applicable Public Company Rules.

## **6. Preferred Shares**

- 6.1** Notwithstanding any provisions of these Articles, the Company may by Special Resolution designate one or more classes of shares with preferred or other special rights as the Company, by Special Resolution, may determine (shares with such preferred or other special rights, the "Preferred Shares"), and cause to be set forth in these Articles.
- 6.2** The rights and obligations of Preferred Shares may include (but not limited to) the following terms and shall be consistent with the Applicable Public Company Rules:
- (a) the order of priority and fixed amount or fixed ratio of allocation of Dividends and bonus on Preferred Shares;
  - (b) the order of priority and fixed amount or fixed ratio of allocation of surplus assets of the Company;
  - (c) the order of priority for or restriction on the voting right(s) (including declaring no voting rights whatsoever) of the Members holding the Preferred Shares;
  - (d) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
  - (e) other matters concerning rights and obligations incidental to Preferred Shares.



## **REGISTRATION OF SHARES**

### **7. Register of Members**

- (a) For so long as shares are listed on the TSE, the Board shall cause to be kept a Register of Members which may be kept outside the Cayman Islands at such place as the Directors shall appoint and which shall be maintained in accordance with the Law and the Applicable Public Company Rules.
- (b) In the event that the Company has shares that are not listed on the TSE, the Company shall also cause to be kept a register of such shares in accordance with Section 40 of the Law.

### **8. Registered Holder Absolute Owner**

Except as required by law:

- (a) no person shall be recognised by the Company as holding any share on any trust; and
- (b) no person other than the Member shall be recognised by the Company as having any right in a share.

### **9. Transfer of Registered Shares**

- 9.1** Title to shares listed on the TSE may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules (including through the book-entry system of the TDCC).
- 9.2** All transfers of shares which are in certificated form may be effected by an instrument of transfer in writing in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and, if the Board so requires, by or on behalf of the transferee. Without prejudice to the foregoing, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers.
- 9.3** The Board may refuse to recognise any instrument of transfer in respect of shares in certificated form unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- 9.4** The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.
- 9.5** The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share in certificated form in the event such registration of transfer would (i) conflict with the Applicable Law; or (ii) conflict with the Memorandum and/or these Articles. If the Board refuses to register a transfer of any share, the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

## 10. Transmission of Registered Shares

**10.1** In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.

**10.2** Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Member

• (the "Company")

I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased Member] to [number] share(s) standing in the Register of Members of the Company in the name of the said [name of deceased/bankrupt Member] instead of being registered myself/ourselves, elect to have [name of transferee] (the "Transferee") registered as a transferee of such share(s), and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assignees, subject to the conditions on which the same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [ ] day of [ ], 201[ ]

Signed by:

In the presence of:

\_\_\_\_\_  
Transferor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Transferee

\_\_\_\_\_  
Witness

**10.3** On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration or refuse registration as stipulated in Article 9.5 as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.

- 10.4** Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

## **ALTERATION OF SHARE CAPITAL**

### **11. Power to Alter Capital**

- 11.1** Subject to the Law, the Company may from time to time by Ordinary Resolution to increase its authorized share capital by such amount as it thinks expedient.
- 11.2** Subject to the Law, the Company may from time to time by Ordinary Resolution alter the conditions of its Memorandum of Association to:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares in such manner as permitted by Applicable Law; or
  - (b) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled in such manner as permitted by Applicable Law.
- 11.3** Subject to the Law and the Articles, the Company may from time to time by Special Resolution:
- (a) change its name;
  - (b) alter or add to the Articles;
  - (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; or
  - (d) reduce its share capital and any capital redemption reserve fund.
- 11.4** Subject to the Law, Article 11.5 and Article 11.6, the following actions by the Company shall require the approval of the Members by a Supermajority Resolution, provided that if the Applicable Public Company Rules permit the Company to only require the approval of the Board or of the Members by an Ordinary Resolution for the following actions, the Company is not required to obtain the approval of the Members by a Supermajority Resolution:
- (a) effecting any capitalization of distributable Dividends and/or bonuses and/or any other amount prescribed under Article 16 hereof;
  - (b) effecting any Merger (except for any Merger which falls within the definition of "merger" and/or "consolidation" under the Law, which requires the approval of the Company by Special Resolution only), Share Swap or Spin-off of the Company;
  - (c) entering into, amend, or terminate any Lease Contract, Management Contract

or Joint Operation Contract;

- (d) the transferring of the whole or any essential part of the business or assets of the Company; or
- (e) acquiring or assuming the whole business or assets of another person, which has a material effect on the Company's operation.

**11.5** Subject to the Law, the Company may be wound up voluntarily:

- (a) if the Company resolves by Ordinary Resolution that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
- (b) if the Company resolves by Special Resolution that it be wound up voluntarily for reasons other than set out in Article 11.5(a) above.

**11.6** For so long as the shares are listed on the TSE, if the Company proposes to undertake:

- (a) a merger or consolidation which will result in the Company being dissolved;
- (b) a sale, transfer or assignment of all of the Company's businesses and assets;
- (c) a Share Swap; or
- (d) a Spin-off,

which would result in the termination of the Company's listing on the TSE, and where (in the case of (a) above) the surviving entity, (in the case of (b) above) the transferee, (in the case of (c) above) the entity whose shares has been allotted or who pays cash or uses its assets as the consideration in exchange for the Company's shares and, (in the case of (d) above) the existing or newly incorporated spun-off company is not a listed company on the TSE or Taipei Exchange, then in addition to any requirements to be satisfied under the Law, such action shall be first approved at a general meeting by a resolution passed by Members holding two-thirds or more of the votes of the total number of issued shares of the Company.

**11.7** Subject to the Law, the Company may, by Special Resolution, issue securities by way of Private Placement within the territory of the ROC in accordance with Applicable Public Company Rules; provided that, for issuance of straight corporate bonds by way of Private Placement within the territory of the ROC, the Company may do so by resolution of the Board in accordance with Applicable Public Company Rules.

## **12. Variation of Rights Attaching to Shares**

If, at any time, the share capital 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 the 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. 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. To any such meeting all the provisions of the Articles relating to general meetings shall apply *mutatis mutandis*.

## **DIVIDENDS AND CAPITALISATION**

### **13. Dividends**

- 13.1** The Board may declare a Dividend to be paid to the Members in proportion to the number of shares held by them, and such Dividend may be paid in cash, shares or, subject to Article 13.2, wholly or partly in specie. No unpaid Dividend shall bear interest as against the Company.
- 13.2** Subject to the provisions of Article 13.1 hereof and approval by Members by way of Ordinary Resolution, the Directors may determine that a Dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution, subject, however to obtaining the prior consent of any shareholder to whom it is proposed to make a distribution in specie and an assurance on the valuation of the assets for distribution from an ROC certified public accountant, prior to the Directors fixing the value of the assets for distribution. The Directors may make cash payments to some Members on the footing of the value so fixed in order to adjust the rights of Members. Without limiting the foregoing generality, the Directors may vest any such specific assets in trustees on such terms as the Directors think fit and may issue fractional shares.
- 13.3** Subject to the Applicable Law, no Dividends or other distribution shall be paid except out of profits of the Company, realised or unrealised, out of share premium account or any reserve, fund or account as otherwise permitted by the Law. Except as otherwise provided by the rights attached to any shares, all Dividends and other distributions shall be paid according to the number of the shares that a Member holds. If any share is issued on terms providing that it shall rank for Dividend as from a particular date, that share shall rank for Dividends accordingly.
- 13.4** With respect to the Dividend to be distributed at the end of each financial year, subject to the Law and this Article and except as otherwise provided by the rights attached to any shares, the Company may distribute profits after each financial year in accordance with a proposal for profits distribution approved by, in the case of Dividend to be paid in cash, a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors or, in the case of Article 11.4(a), Supermajority Resolution in the annual meeting. After the Board approves the distribution of Dividend in cash, the Board shall report such distribution in the next annual general meeting.
- 13.5** Upon the final settlement of the Company's accounts, if there is "surplus profit" (as defined below), the Company shall set aside zero point five per cent (0.5%) to twenty per cent (20%) as compensation to employees ("**Employees' Compensations**") and Employees' Compensations may be distributed to employees of the Company and its Subsidiaries, who meet certain qualifications. The Company shall, from the surplus

profit, set aside no more than zero point five per cent (0.5%) thereof as remuneration for the Directors ("**Directors' Remuneration**"). The distribution proposals in respect of Employees' Compensation and Directors' Remuneration shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and submitted to the shareholders' meeting for report. However, if the Company has accumulated losses, the Company shall reserve an amount thereof for making up the losses before proceeding with the abovementioned distributions and allocation. The "surplus profit" referred to above means the net profit before tax and for the avoidance of doubt, such amount is before any payment of compensation to employees and remuneration for the Directors.

- 13.6** In determining the Company's dividend policy, the Board recognises that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the Dividend or other distribution it recommends to Members for approval in any financial year, the Board:
- (a) may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests; and
  - (b) shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) ten per cent (10%) as a general reserve (unless the general reserve reserved in the past years has reached the total paid-up capital of the Company), and (iv) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules or a reserve as determined by the Board pursuant to Article 14.1.
- 13.7** Subject to compliance with the Law and after setting aside the amounts for Employees' Compensations and Directors' Remuneration in accordance with Article 13.5 and such amounts as the Board deems fit in accordance with the distribution policy set out in Article 13.6, the Board shall recommend to distribute no less than ten per cent (10%) of the distributable amount as Dividend to the Members.
- 13.8** Dividends to the Members and the Employees' Compensation may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares or a combination of both for allocation and distribution to employees or the Members, provided that, in the case of a distribution to Members, no less than fifty per cent (50%) of the total amount of such Dividend shall be paid in cash. No unpaid Dividend and compensation shall bear interest as against the Company.
- 13.9** The Board shall fix any date as the record date for determining the Members entitled to receive any Dividend or other distribution.
- 13.10** For the purpose of determining Members entitled to receive payment of any Dividend or other distributions, the Directors may provide that the Register of Members be

closed for transfers for five (5) days before the relevant record date or such other period consistent with the Applicable Public Company Rules subject to compliance with the Law.

#### **14. Capital Reserve and Power to Set Aside Profits**

- 14.1** The Board may, before declaring a Dividend, set aside out of the surplus or profits of the Company, such sum as it thinks proper as a reserve to be used to meet contingencies or for meeting the deficiencies for implementing Dividend distribution plans or for any other purpose to which those funds may be properly applied. Pending application, such sums may be in the absolute discretion of the Directors either be employed in the business of the Company or invested in such investment as Directors may from time to time think fit, and need not be kept separate from other assets of the Company. The Directors may also, without placing the same to reserve, carry forward any profit which they decide not to distribute.
- 14.2** Subject to any direction from the Company in general meeting, the Directors may on behalf of the Company exercise all the powers and options conferred on the Company by the Law in regard to the Capital Reserve. Subject to compliance with the Law, the Directors may on behalf of the Company set off accumulated losses against credits standing in the Capital Reserve and make distributions out of the Capital Reserve.

#### **15. Method of Payment**

- 15.1** Any Dividend, interest, or other monies payable in cash in respect of the shares may be paid by wire transfer to the Member's designated account or by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the holder may in writing direct.
- 15.2** In the case of joint holders of shares, any Dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the holder may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any Dividend paid in respect of such shares.

#### **16. Capitalisation**

Subject to the Law and Article 11.4(a), the Board may capitalise any sum for the time being standing to the credit of the Capital Reserve or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

### **MEETINGS OF MEMBERS**

#### **17. Annual General Meetings**

- 17.1** The Company shall hold a general meeting as its annual general meeting within six months following the end of each fiscal year. The Board shall call all annual general meetings.

- 17.2** The general meetings (including annual general meetings and extraordinary general meetings) shall be held at such time and place as the Chairman or any two Directors or any Director and the Secretary or the Board shall appoint provided that unless otherwise provided by the Law, the general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall apply for the approval of the TSE thereof within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members).

## **18. Extraordinary General Meetings**

- 18.1** General meetings other than annual general meetings shall be called extraordinary general meetings.
- 18.2** The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or is desirable, and the Board shall on a Member's requisition as defined in Article 18.3 forthwith proceed to convene an extraordinary general meeting of the Company.
- 18.3** A Member's requisition set forth in Article 18.2 is a requisition of one or more Members of the Company holding in the aggregate at the date of deposit of the requisition not less than three per cent (3%) of the total number of issued shares of the Company which as at that date have been held by such Member(s) for at least one year.
- 18.4** The Member's 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 the Company's stock affairs agent located in the ROC, and may consist of several documents in like form each signed by one or more requisitionists.
- 18.5** If the Board does not within fifteen (15) days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the TSE for its prior approval.
- 18.6** Any one or more Member(s) may summon an extraordinary general meeting, provided that such Member or Members shall hold more than fifty per cent (50%) of the total issued Shares of the Company for a continuous period of no less than three (3) months. The number of the Shares held by a Member and the period during which a Member holds such Shares, shall be calculated and determined based on the Register of Members as of the first day of the period that the Register of Members shall be closed for transfers.
- 18.7** If the Board does not or is unable to convene a general meeting (including the annual general meeting) or it is for the Company's benefit, the Independent Director may convene a general meeting when he/she in his/her absolute discretion deems necessary.



## **19. Notice**

- 19.1** At least thirty days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of business to be conducted at the meeting.
- 19.2** At least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of the business to be considered at the meeting.
- 19.3** The Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly in accordance with Applicable Public Company Rules.
- 19.4** Subject to Article 22.4, the accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- 19.5** For so long as the shares are listed on the TSE, the Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the general meetings, including but not limited to, election or discharge of Directors, in accordance with Articles 19.1 and Article 19.2 hereof, and shall transmit the same via the Market Observation Post System in accordance with Applicable Public Company Rules. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Articles 19.1 and 19.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in a manner consistent with the Applicable Public Company Rules twenty-one (21) days prior to the general meetings or, in the case of extraordinary general meetings, fifteen (15) days prior to such meeting.
- 19.6** The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:
- (a) election or discharge of Directors,
  - (b) alteration of the Memorandum or Articles,
  - (c) capital deduction,
  - (d) application to terminate the public offering of the Shares,
  - (e) (i) dissolution, Merger, Share Swap or Spin-off, (ii) entering into, amending, or terminating any Lease Contract, Management Contract or Joint Operation Contract, (iii) transfer of the whole or any essential part of the business or

assets of the Company, and (iv) acquisition or assumption of the whole of the business or assets of another person, which has a material effect on the operations of the Company,

- (f) ratification of an action by Director(s) who engage(s) in business for himself or on behalf of another person that is within the scope of the Company's business,
- (g) distribution of the whole or part of the surplus profit of the Company in the form of new shares, capitalization of Capital Reserve and any other amount in accordance with Article 16 or distributions of cash out of the general reserve accumulated in accordance with Article 13.5 (b) or Capital Reserve to its Members, and
- (h) Private Placement of any equity-related securities to be issued by the Company.

The major content of the above matters can be announced at the website designated by Taiwan securities authority or by the Company, and the Company shall specify the link to the website in the notice of the relevant general meeting.

- 19.7** The Board shall keep the Memorandum and Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the Registered Office (if applicable) and the Company's stock affairs agent located in the ROC. Members may request, from time to time, by submitting document(s) evidencing his interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents. If the relevant documents are kept by the Company's stock affairs agent, upon the request of such Member, the Company shall order the Company's stock affairs agent to provide such Member with the requested documents.
- 19.8** The Company shall make available all the statements and records prepared by the Board and the report prepared by the Audit Committee which will be submitted to the Members at the annual general meeting at the Registered Office (if applicable) and its stock affairs agent located in the ROC ten (10) days prior to such annual general meeting in accordance with Applicable Public Company Rules. Members may inspect and review the foregoing documents from time to time and may be accompanied by their lawyers or certified public accountants for the purpose of such inspection and review.
- 19.9** If the general meeting is convened by the Board and other person entitled to convene a general meeting in accordance with these Articles or any Applicable Law, the Board and such person may request the Company or the Company's stock affairs agent to provide the Register of Members.

## **20. Giving Notice**

**20.1** Any Notice or document, whether or not to be given or issued under these Articles from the Company to a Member, shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication, and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register of Members or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the Notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or to the extent permitted by Applicable Law, may also be served by advertisement in appropriate newspapers. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

**20.2** Any Notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service, or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent;
- (c) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant dispatch or transmission; and in proving such service or delivery a certificate in writing signed by the secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, dispatch or transmission shall be conclusive evidence thereof; and
- (d) may be given to a Member either in the English language or the Chinese language, subject to due compliance with all Applicable Law, rules and regulations.

This Article shall apply *mutatis mutandis* to the service of any document by a Member on the Company under these Articles.

## **21. Postponement of General Meeting**

The Board may postpone any general meeting called in accordance with the provisions of these Articles provided that notice of postponement is given to each Member before the time for such meeting. A notice stating the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Articles.

## **22. Quorum and Proceedings at General Meetings**

**22.1** No resolutions shall be adopted unless a quorum is present. Unless otherwise provided for in the Articles, Members present in person or by proxy or in the case of a corporate Member, by corporate representative, representing more than one-half of the total issued shares of the Company entitled to vote, shall constitute a quorum for any general meeting.

**22.2** The Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members in a manner consistent with the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies of or announce to the public the ratified financial statements and the Company's resolutions on distribution of profits or allocation of losses, to each Member or otherwise make the same available to the Members in accordance with the Applicable Public Company Rules.

**22.3** Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll; provided that the resolution shall be deemed unanimously adopted and have the same effect as a resolution received on a poll after the chairman of the meeting inquires all attending Members' opinion and receives no objections thereto. No resolution put to the vote at the meeting shall be decided by a show of hands.

**22.4** Nothing in these Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the convening of any general meeting or the passage of any resolution in violation of applicable laws or regulations or the Articles within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court of the first instance for adjudicating any disputes arising out of the foregoing.

**22.5** Unless otherwise expressly required by the Law, the Memorandum or the Articles, 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.

**22.6** Member(s) holding one per cent (1%) or more of the Company's total issued shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing or any electronic means designated by the Company one matter for discussion at an annual general meeting. The Company shall give a public notice in such manner as permitted by Applicable Law at such time deemed appropriate by the Board specifying the

place and a period of not less than ten (10) days for Members to submit proposals. The Board shall include the proposal in the agenda of the annual general meeting unless (a) the proposing Member(s) holds less than one per cent of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting or the proposal exceeds 300 Chinese words; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company outside the period fixed and announced by the Company for accepting Member(s)' proposal(s). If the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibilities, the Board may accept such proposal to be discussed in general meeting.

### **23. Chairman to Preside**

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman, shall act as chairman at all meetings of the Members at which such person is present. In his absence a chairman shall be appointed or elected in accordance with the Applicable Public Company Rules.

### **24. Voting on Resolutions**

- 24.1** Subject to any rights, privileges or restrictions attached to any share, every Member who (being an individual) is present in person or by proxy or (in the case of a corporation or other non-natural person) by duly authorized corporate representative(s) or by proxy shall have one vote for every share of which he is the holder. A Member who holds shares for benefit of others, need not use all his votes or cast all the votes he holds in the same way as he uses his votes in respect of shares he holds for himself. The qualifications, scope, methods of exercise, operating procedures and other matters for compliance with respect to exercising voting power separately shall comply with the Applicable Public Company Rules.
- 24.2** 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.
- 24.3** Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.
- 24.4** The Board may determine that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission; provided, however, that if a general meeting is to be held outside the ROC or pursuant to the Applicable Public Company Rules, the Company is obligated to provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. Any Member who intends to exercise his voting power by way of a written ballot or by

way of electronic transmission shall serve the Company with his voting decision at least two (2) days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman of the general meeting as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the said general meeting. For the purpose of clarification, such Members voting in such manner shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.

**24.5** In the event any Member who intended to exercise his voting power by way of a written ballot or electronic transmission and has served his voting decision on the Company pursuant to Article 24.4 hereof later intends to attend the general meetings in person, he shall, at least two (2) days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous voting decision. Such separate notice shall be sent to the Company in the same manner (e.g., by courier, registered mail or electronic transmission, as applicable) as the previous voting decision under Article 24.4 was given to the Company. Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke his voting decision before the prescribed time.

**24.6** A Member who has served the Company with his voting decision in accordance with Article 24.4 for the purpose of exercising his voting power by way of a written ballot or by way of electronic transmission may appoint a person as his proxy to attend the meeting in accordance with these Articles, in which case the vote cast by such proxy shall be deemed to have revoked his previous voting decision served on the Company and the Company shall only count the vote(s) cast by such expressly appointed proxy at the meeting.

## **25. Proxies**

**25.1** The instrument of proxy shall be in the form approved by the Board from time to time and be expressed to be for a particular meeting only. 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.

**25.2** An instrument of proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a

corporation or other non-natural person, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.

- 25.3** Subject to the Applicable Public Company Rules, except for an ROC trust enterprise or stock affair agents approved pursuant to Applicable Public Company Rules, save with respect to the Chairman being deemed appointed as proxy under Article 24.4, in the event a person acts as the proxy for two or more Members, the total number of issued and voting shares entitled to be voted as represented by such proxy shall be no more than three per cent (3%) of the total number of issued and voting shares of the Company immediately prior to the relevant book closed period, during which the Company close its Register of Member; any vote in respect of the portion in excess of such three per cent (3%) threshold shall not be counted.
- 25.4** In the event that a Member exercises his voting power by way of a written ballot or electronic transmission and has also authorised 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 (2) days prior to the date of such general meeting, serve the Company with a separate written notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.
- 25.5** The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company not less than five (5) days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, save with respect to the Chairman being deemed appointed as proxy under Article 24.4. Where more than one instrument to vote are received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.

## **26. Proxy Solicitation**

For so long as the shares are listed on the TSE, the use and solicitation of proxies shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

## **27. Dissenting Member's Appraisal Right**

- 27.1** Subject to compliance with the Law, in the event any of the following resolutions is passed at general meetings, any Member who has abstained from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record to that effect in the minutes of the meeting) before or during the meeting, may request the Company to purchase all of his shares at the then prevailing fair price:

- (a) the Company proposes to enter into, amend, or terminate any Lease Contract, Management Contract or Joint Operation Contract;
- (b) the Company transfers the whole or an essential part of its business or assets, provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;
- (c) the Company acquires or assumes the whole business or assets of another person, which has a material effect on the operation of the Company;
- (d) the Company proposes to undertake a Spin-off, Merger or Share Swap; or
- (e) the Company generally assumes all the assets and liabilities of another person or generally assigns all its assets and liabilities to another person.

**27.2** Without prejudice to the Law, any Member exercising his rights in accordance with Article 27.1 (the "**Dissenting Member**") shall, within twenty (20) days from the date of the resolution passed at the general meeting, give his written notice of objection stating the repurchase price proposed by him. If the Company and the Dissenting Member agree on a price at which the Company will purchase the Dissenting Member's Shares, the Company shall make the payment within ninety (90) days from the date of the resolution passed at the general meeting. If, within ninety (90) days from the date of the resolution passed at the general meeting, the Company and any Dissenting Member fail to agree on a price at which the Company will purchase the Dissenting Member's Shares, the Company shall pay the fair price it deems fit to such Dissenting Member within ninety (90) days from the date of the resolution passed at the general meeting. If the Company fails to pay the fair price it deems fit to such Dissenting Member within the ninety-day period, the Company shall be deemed to agree on the repurchase price proposed by such Dissenting Member.

**27.3** Without prejudice to the Law, if, within sixty (60) days from the date of the resolution passed at the general meeting, the Company and any Dissenting Member fail to agree on a price at which the Company will purchase such Dissenting Member's Shares, then, within thirty (30) days immediately following the date of the expiry of such sixty-day period, the Company shall file a petition with the court against all the Dissenting Members which have not agreed at the purchase price by the Company for a determination of the fair price of all the Shares held by such Dissenting Shareholders. The Taiwan Taipei District Court, ROC, may be the court of the first instance for this matter.

**27.4** Notwithstanding the above provisions under this Article 27, nothing under this Article shall restrict or prohibit a Member from exercising his right under section 238 of the Law to payment of the fair value of his shares upon dissenting from a merger or consolidation.

## **28. Shares that May Not be Voted**

### **28.1** Shares held:

- (a) by the Company itself;
- (b) by any entity in which the Company owns, legally or beneficially, more than



fifty per cent (50%) of its total issued and voting share or share capital; or

- (c) by any entity in which the Company, together with (i) the holding company of the Company and/or (ii) any Subsidiary of (a) the holding company of the Company or (b) the Company owns, legally or beneficially, directly or indirectly, more than fifty per cent (50%) of its issued and voting share or share capital;

shall not carry any voting rights nor be counted in the total number of issued shares at any given time.

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

**28.3** If the number of shares pledged by a Director at any time amounts to more than fifty per cent (50%) of the total shares held by such Director at the time of his latest appointment, such pledged shares exceeding fifty per cent (50%) of the total shares held by such Director at the time of his latest appointment, shall not carry any voting rights and such above-threshold shares shall not be counted in determining the number of votes of the Members present at a general meeting but shall be counted towards the quorum of the general meeting.

## **29. Voting by Joint Holders of Shares**

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

## **30. Representation of Corporate Member**

**30.1** A corporation or non-natural person which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting of the Members and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation or such non-natural person which such person represents as that corporation or non-natural person could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

**30.2** Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation or non-natural person which is a Member.

**31. Adjournment of General Meeting**

The chairman of a general meeting may, with the consent of a majority in number of the Members present at any general meeting at which a quorum is present, and shall if so directed, adjourn the meeting. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, a notice stating the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with the provisions of these Articles.

**32. Directors Attendance at General Meetings**

The Directors of the Company shall be entitled to receive notice of, attend and be heard at any general meeting.

**DIRECTORS AND OFFICERS**

**33. Number and Term of Office of Directors**

**33.1** There shall be a Board consisting of no less than five (5) and no more than nine (9) persons. The term of office for each Director shall not exceed a period of three (3) years. Directors may be eligible for re-election. The Company may from time to time by Special Resolution increase or reduce the number of Directors, subject to the foregoing and the Applicable Law.

**33.2** Unless otherwise approved by the TSE, the number of Directors having a spousal relationship or familial relationship within the second degree of kinship with any other Directors shall be less than half of the total number of Directors.

**33.3** 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 33.2 hereof, the non-qualifying Director(s) who was elected with the fewest number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 33.2 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall be automatically discharged from his office effective from such violation.

**33.4** 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 ROC and at least one of them shall have accounting or financial expertise.

**33.5** The Directors (including Independent Directors and non-independent Directors) shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules.

**33.6** Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be consistent with the Applicable Public Company Rules.

**33.7** Unless provided otherwise in these Articles, the qualifications, composition, appointment, removal, exercise of power in performing duties and other matters with respect to the Directors, Independent Directors, Compensation Committee and Audit Committee, shall comply with the provisions under ROC Securities and Exchange Act and the regulations issued pursuant to the ROC Securities and Exchange Act applicable to the Company.

#### **34. Election of Directors**

**34.1** The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 34.2 below. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to elect one or more Directors.

**34.2** The election of Independent Directors and non-independent Directors shall be held together and the Director(s) shall be elected by Members upon a poll vote by way of cumulative voting (the manner of voting described in this Article to be referred to as "Cumulative Voting") in the following manner:

- (i) the numbers of votes attached to each voting share held by a Member shall be cumulative and correspond to the number of Directors (including the Independent Directors and non-independent Directors) nominated for appointment at the general meeting;
- (ii) the Member(s) may vote all or part of their cumulated votes in respect of one or more Independent Director or non-independent Director candidates;
- (iii) such number of Director candidates receiving the highest number of votes in the same category of Directors to be elected shall be appointed; and
- (iv) where two or more Director candidates receive the same number of votes and as a result the total number of new Directors intended to be appointed is exceeded, there shall be a draw by such Director candidates receiving the same number of votes to determine who shall be appointed; the chairman of the meeting shall draw for a Director nominated for appointment who is not present at the general meeting.

**34.3** If the number of Independent Directors is less than three (3) persons due to the resignation or removal of such Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the Board shall hold, within sixty (60) days from the date of resignation or removal of last Independent Director, a general meeting to elect succeeding Independent Directors to fill the vacancies.

**34.4** If the number of Directors is less than five (5) persons due to the vacancy of Director(s) for any reason, the Company shall call an election of Director(s) at the next following general meeting to fill the vacancies. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty (60) days from the date of the occurrence of vacancies, a general meeting to elect succeeding Directors to fill the vacancies.

**34.5** Any corporation (or other legal entity) which is a Member shall be entitled to appoint such person or persons as its representative to be elected as a Director (the "**Appointed Representative**"). The election of an Appointed Representative as a Director is subject to the approval of Members in accordance with the provisions of this Article 34.

**34.6** Where the Appointed Representative has been elected as a Director of the Company, the corporation (or other legal entity) which is a Member which has appointed the Appointed Representative to be elected as a Director, may at any time, serve notice on the Company giving notice to replace the Appointed Representative with another person. Such replacement of the Appointed Representative as a Director (the "**Replacement**") shall take effect from the date specified in the notice or in the absence of such date, from the date on which the notice was served on the Company, and will not require any shareholders' approval. Accordingly, Articles 34.1, 34.2 and 34.5 do not apply in respect of the Replacement.

### **35. Removal of Directors**

**35.1** The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another in his stead. Prior to the expiration of the term of office of the current Directors, the Members may at a general meeting re-elect all Directors, whose vote shall be calculated in accordance with Article 34.2 above. If no resolution is passed to approve that the existing Director(s) who is/are not re-elected at the general meeting shall remain in office until expiry of his/her original term of office, such non-re-elected Directors shall vacate their office with effect from the date the other Directors elected or re-elected at the same general meeting commence their office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors. If the term of office of all Directors expires at the same time and no general meeting was held before such expiry for re-election, their term of office shall continue and be extended to such time when new Directors are elected or re-elected in the next general meeting and they commence their office.

**35.2** In case a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or is in serious violation of applicable laws, regulations and/or these Articles, but has not been removed by a Supermajority Resolution, the Member(s) holding three per cent (3%) or more of the total number of issued shares of the Company may, within thirty (30) days after such general meeting, to the extent permissible under Applicable Law, institute a lawsuit to remove such Director. The Taiwan Taipei District Court, ROC, may be the court of the first instance for this matter.

### **36. Vacation of Office of Director**

**36.1** The office of Director shall be vacated if the Director:

- (a) is removed from office pursuant to these Articles;
- (b) is an Appointed Representative and the corporation (or other legal entity)

which appointed such Appointed Representative, serves notice on the Company giving notice to remove such Appointed Representative from the office of Director, such removal shall take effect from the date specified in the notice or in the absence of such date, from the date on which the notice was served on the Company;

- (c) dies;
- (d) has been adjudicated bankrupt or the court has declared a liquidation process in connection with such Director, and such Director has not been reinstated to his rights and privileges;
- (e) is automatically discharged from his office in accordance with Article 33.3;
- (f) resigns his office by notice in writing to the Company;
- (g) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to Applicable Law;
- (h) has been adjudicated of the commencement of assistantship (as defined under the Taiwan Civil Code) or similar declaration and such assistantship/declaration has not been revoked yet;
- (i) has committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently has been adjudicated guilty by a final judgment, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five years, or (D) was pardoned for less than five years;
- (j) has committed an offence involving fraud, breach of trust or misappropriation and subsequently has been punished with imprisonment for a term of more than one year by a final judgement, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;
- (k) has been adjudicated guilty by a final judgment for committing offenses under the Taiwan Anti-Corruption Act, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;
- (l) having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- (m) is automatically removed in accordance with Article 36.2; or
- (n) ceases to be a Director in accordance with Article 36.3.

In the event that the foregoing events described in clauses (d), (g), (h), (i), (j), (k) or (l) has occurred in relation to a candidate for election of Director, such person shall be

disqualified from being elected as a Director.

**36.2** In case a Director (other than an Independent Director) that has, during the term of office as a Director (other than an Independent Director), transferred more than one half of the Company's shares being held by him at the time he is elected, he shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required.

**36.3** If any Director (other than an Independent Director) has, after having been elected and before his inauguration of the office of Director, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, then he shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him within the share transfer prohibition period prior to a shareholders' meeting according to the Applicable Public Company Rules, then he shall immediately cease to be a Director and no shareholders' approval shall be required.

### **37. Compensation of Directors**

**37.1** The Board shall, in accordance with the Applicable Public Company Rules, establish a Compensation Committee comprised of at least three members, one of whom shall be an Independent Director. The professional qualifications of the members of the Compensation Committee, the responsibilities, powers and other related matters of the Compensation Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Compensation Committee, the Board shall, by a resolution, adopt a charter for the Compensation Committee the provisions of which shall be consistent with the Applicable Public Company Rules.

**37.2** The compensation referred in the preceding Article shall include the compensation, stock option and other incentive payments of Directors and managers of the Company.

**37.3** The compensation of the Directors may be decided by the Board by reference to recommendation made by the Compensation Committee (if established), the standard generally adopted by other enterprises in the same industry, and shall be paid in cash only. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to distribution of profits of the Company if permitted by the Law, the Applicable Public Company Rules, the service agreement or other similar contract that he/she has entered into with the Company.

### **38. Defect in Election of Director**

All acts done in good faith by the Board or by a committee of the Board or by any person acting as a Director 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 was qualified to be a Director.

### **39. Directors to Manage Business**

The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Law or by these Articles, required to be exercised by the Company in general meeting subject, nevertheless, to these Articles, the provisions of the Law, and to such directions as may be prescribed by the Company in general meeting.

### **40. Powers of the Board of Directors**

Without limiting the generality of Article 39, the Board may subject to Article 11.4:

- (a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their compensation and determine their duties;
- (b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;
- (c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;
- (d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;
- (e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney. Such attorney may, if so authorised, execute any deed or instrument in any manner permitted by the Law;
- (f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;
- (g) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board and every such committee shall conform to such directions as the Board shall impose on them. Subject to any directions or regulations made by the Directors for this purpose, the meetings and proceedings of any such committee shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Board;
- (h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board sees fit;

- (i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;
- (j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and
- (k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any agreement, document or instrument on behalf of the Company.

#### **41. Register of Directors and Officers**

**41.1** The Board shall cause to be kept in one or more books at the Registered Office a Register of Directors and Officers in accordance with the Law and shall enter therein the following particulars with respect to each Director and Officer:

- (a) first name and surname; and
- (b) address.

**41.2** The Board shall, within the period of thirty days from the occurrence of:-

- (a) any change among its Directors and Officers; or
- (b) any change in the particulars contained in the Register of Directors and Officers,

cause to be entered on the Register of Directors and Officers the particulars of such change and the date on which such change occurred, and shall notify the Registrar of Companies in accordance with the Law.

#### **42. Officers**

The Officers shall consist of a Secretary and such additional Officers as the Board may determine all of whom shall be deemed to be Officers for the purposes of these Articles.

#### **43. Appointment of Officers**

The Secretary (and additional Officers, if any) shall be appointed by the Board from time to time.

#### **44. Duties of Officers**

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

#### **45. Compensation of Officers**

The Officers shall receive such compensation as the Board may determine.

#### **46. Conflicts of Interest**

**46.1** Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to compensation as if such Director were not a Director; provided that this Article 46.1 shall not apply to Independent Directors.



- 46.2** A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by the Applicable Law. If the Company proposes to enter into any transaction specified in Article 27.1 or effect other forms of mergers and acquisitions in accordance with Applicable Law, a director who has a personal interest in such transaction shall declare the essential contents of such personal interest and the reason why he believes that the transaction is advisable or not advisable at the relevant meeting of the Directors and the general meeting as required by the Applicable Law.
- 46.3** Notwithstanding anything to the contrary contained in this Article 46, a Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting. Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relation with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.
- 46.4** Notwithstanding anything to the contrary contained in this Article 46, a Director who is engaged in anything on his own account or on behalf of another person, which is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek their approval by Supermajority Resolution.
- 46.5** Notwithstanding anything to the contrary contained in this Article 46, a Director who has a personal interest in the matter under discussion at a meeting of the Directors shall declare the nature of and the essential contents of his interest at the relevant meeting of the Directors.

**47. Indemnification and Exculpation of Directors and Officers**

- 47.1** The Directors and Officers of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, officer or trustee and their respective heirs, executors, administrators, and personal representatives (each of which persons being referred to in this Article as an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon

which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons and shall not relieve their duties provided under Article 47.4.

**47.2** The Company may purchase and maintain insurance for the benefit of any Director or Officer of the Company against any liability incurred by him in his capacity as a Director or Officer of the Company or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any Subsidiary thereof.

**47.3** To the extent permitted under the laws of the Cayman Islands, Members continuously holding one per cent (1%) or more of the total issued shares of the Company for six (6) months or longer may:

- (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taiwan Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or
- (b) request in writing any Independent Director of the Audit Committee to file a petition with the Taiwan Taipei District Court, ROC for and on behalf of the Company against any of the Directors;

within thirty (30) days after the Member(s) having made the request under the preceding clause (a) or (b), if (i) in the case of clause (a), the Board fails to make such authorisation or the Independent Director of the Audit Committee having been authorised by the Board fails to file such petition, or (ii) in the case of clause (b), the Independent Director of the Audit Committee fails to file such petition, to the extent permitted under the laws of the Cayman Islands, such Member(s) may file a petition with the Taiwan Taipei District Court, ROC for and on behalf of the Company against any of the Directors.

**47.4** Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Law, a Director shall assume fiduciary duty to the Company and without limitation, shall exercise due care and skill in conducting the business operation of the Company. A Director shall be liable to the Company if he has acted contrary to the above. In case such action is made for himself or on behalf of another person in violation of the provisions above, the Company may, with the sanction of an Ordinary Resolution, demand the Director to disgorge any profit so realized by the Director as if such misconduct is done for the benefit of the Company. If a Director and/or an officer of the Company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, he shall be liable, jointly and severally with the Company, for the damage to such other person.

## **MEETINGS OF THE BOARD OF DIRECTORS**

### **48. Board Meetings**

Subject to the Applicable Public Company Rules, the Chairman may call a meeting of the Board and the Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. The Company shall hold, or cause to be held, regular meetings of the Board at least on a quarterly basis to review the Company's performance during the previous fiscal quarter and to decide on matters customarily requiring approval of the Board as stipulated herein. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

### **49. Notice of Board Meetings**

The Chairman may, and the Secretary on the requisition of the Chairman shall, at any time summon a meeting of the Board. To convene a meeting of the Board, a notice setting forth therein the matters to be considered and if appropriate, approved at the meeting shall be given to each Director no later than seven (7) days prior to the scheduled meeting date. However, in the case of emergency as agreed by a majority of the Directors, the meeting may be convened with a shorter notice period in a manner consistent with the Applicable Public Company Rules. Notice of a meeting of the Board shall be deemed to be duly given to a Director if, to the extent permitted by Applicable Law, it is given to such Director verbally (in person or by telephone) or otherwise communicated or sent to such Director by post, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.

### **50. Participation in Meetings by Video Conference**

Directors may participate in any meeting of the Board by means of video conference or other communication facilities, as permitted by the Applicable Law, where all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

### **51. Quorum at Board Meetings**

The quorum for a meeting of the Board shall be more than one-half of the total number of the Directors. Any of the Directors may appoint another Director to represent him at any meeting of the Board if such Director is unable to do so in person for any cause. If a Director appoints a proxy then for all purposes the presence or vote of the proxy shall be deemed to be that of the appointing Director. The appointed Director may only act as the proxy of one Director only.

### **52. Board to Continue in the Event of Vacancy**

The Board may act notwithstanding any vacancy in its number.

### **53. Chairman to Preside**

Unless otherwise agreed by a majority of the Directors attending, the Chairman, if there be

one, shall act as chairman at all meetings of the Board at which such person is present. In his absence a chairman shall be appointed or elected in accordance with the Applicable Public Company Rules.

**54. Validity of Prior Acts of the Board**

No regulation or alteration to these Articles made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

**CORPORATE RECORDS**

**55. Minutes**

The Board shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all elections and appointments of Officers;
- (b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and
- (c) of all resolutions and proceedings of general meetings of the Members, meetings of the Board, meetings of managers and meetings of committees appointed by the Board.

**56. Register of Mortgages and Charges**

**56.1** The Directors shall cause to be kept the Register of Mortgages and Charges required by the Law.

**56.2** The Register of Mortgages and Charges shall be open to inspection by Members and creditors in accordance with the Law, at the Registered Office on every business day in the Cayman Islands, subject to such reasonable restrictions as the Board may impose, so that not less than two (2) hours in each such business day be allowed for inspection.

**57. Form and Use of Seal**

**57.1** The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf; and, until otherwise determined by the Directors, the Seal shall be affixed in the presence of a Director or the Secretary or an assistant secretary or some other person authorised for this purpose by the Directors or the committee of Directors.

**57.2** Notwithstanding the foregoing, the Seal may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.

**57.3** The Company may have one or more duplicate Seals, as permitted by the Law; and, if the Directors think fit, a duplicate Seal may bear on its face of the name of the country, territory, district or place where it is to be issued.

## **TENDER OFFER AND ACCOUNTS**

### **58. Tender Offer**

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

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

### **59. Books of Account**

**59.1** The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:-

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;
- (b) all sales and purchases of goods by the Company; and
- (c) all assets and liabilities of the Company.

Such books of account shall be kept for at least five (5) years from the date they are prepared.

**59.2** Such records of account shall be kept and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept, at such place as the Board thinks fit, such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

**59.3** 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 (1) year. However, if a Member institutes 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 (1) year.

### **60. Financial Year End**

The financial year end of the Company shall be 31st December in each year but, subject to any direction of the Company in general meeting, the Board may from time to time prescribe

some other period to be the financial year, provided that the Board may not without the sanction of an Ordinary Resolution prescribe or allow any financial year longer than eighteen months.

## **AUDIT COMMITTEE**

### **61. Number of Committee Members**

The Board shall set up an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and the number of committee members shall not be less than three (3). One of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members.

### **62. Powers of Audit Committee**

**62.1** The Audit Committee shall have the responsibilities and powers as specified under the Applicable Public Company Rules. Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the Board for resolution:

- (a) adoption of or amendment to an internal control system;
- (b) assessment of the effectiveness of the internal control system;
- (c) adoption of or amendment to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others;
- (d) any matter relating to the personal interest of the Directors;
- (e) a material asset or derivatives transaction;
- (f) a material monetary loan, endorsement, or provision of guarantee;
- (g) the offering, issuance, or Private Placement of any equity-related securities;
- (h) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
- (i) the appointment or discharge of a financial, accounting, or internal auditing officer;
- (j) approval of annual and semi-annual financial reports; and
- (k) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

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

- 62.2** Subject to compliance with the Law, before the meeting of Directors resolves any matter specified in Article 27.1 or other mergers and acquisitions in accordance with the Applicable Law, the Audit Committee shall review the fairness and reasonableness of the relevant merger and acquisition plan and transaction, and report its review results to the meeting of Directors and the general meeting; provided, however, that such review results need not be submitted to the general meeting if the approval from the Members is not required under the Applicable Law. When the Audit Committee conducts the review, it shall engage an independent expert to issue an opinion on the fairness of the share exchange ratio, cash consideration or other assets to be offered to the Members. The review results of the Audit Committee and the fairness opinion issued by the independent expert shall be distributed to the Members, along with the notice of the general meeting; provided, however, that the Company can only report matters relating to such merger and acquisition at the next following general meeting if the approval from the Members is not required under the Applicable Law. Such review results and fairness opinion shall be deemed to have been distributed to the Members if the same have been uploaded onto the website designated by the FSC and made available to the Members for their inspection and review at the venue of the general meeting.

## **VOLUNTARY WINDING-UP AND DISSOLUTION**

### **63. Winding-Up**

- 63.1** The Company may be voluntarily wound-up in accordance with Article 11.5.
- 63.2** If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

## **CHANGES TO CONSTITUTION**

### **64. Changes to Articles**

Subject to the Law and to the conditions contained in its Memorandum, the Company may, by Special Resolution, alter or add to its Articles.

## **REDUCTION OF SHARE CAPITAL**

### **65. Reduction of Share Capital**

The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by the Law and the Applicable Public Company Rules. Any such reduction of share capital shall be effected based on the percentage of shareholding of the Members pro rata, unless otherwise provided for in the Law or the Applicable Public Company Rules.

### **66. Discontinuance**

The Board may exercise all the powers of the Company to transfer by way of continuation the Company to a named country or jurisdiction outside the Cayman Islands pursuant to the Law.

## **OTHER**

### **67. Social Responsibilities**

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