

**THE COMPANIES ACT (AS REVISED)  
COMPANY LIMITED BY SHARES  
AMENDED AND RESTATED**

**MEMORANDUM & ARTICLES OF ASSOCIATION  
OF  
CHAILEASE HOLDING COMPANY LIMITED**

(Adopted by Special Resolution passed on May 24, 2023)



# TABLE OF CONTENTS

## MEMORANDUM OF ASSOCIATION

The Name of the Company .....	1
The Registered Office of the Company .....	1
The Objects for which the Company is established .....	1
The Liability of the Members .....	1
The Capital of the Company .....	1

## ARTICLES OF ASSOCIATION

TABLE A .....	3
Interpretation .....	3
Preliminary .....	6
Shares .....	6
Power to issue Shares .....	6
Preferred Shares .....	9
Variation of Rights Attaching to Shares .....	11
Share Certificates .....	11
Fractional Shares .....	12
Alteration and Reduction of Share Capital .....	12
Purchase of Own Shares .....	12
Registration of Shares .....	13
Register of Members .....	13
Transfer of Shares .....	14
Transmission of Shares .....	14
Closing Register of Members .....	14
Meetings of Members .....	15
General Meetings .....	15
Notice of General Meetings .....	15
Quorum and Proceedings at General Meetings .....	17
Votes of Members .....	18
Special and Supermajority Resolutions of Members .....	19
Proxies .....	20
Representation of Corporate Member .....	21
Dissenting Member's Appraisal Right .....	22
Adjournment and Postponement of General Meeting .....	22
Directors and Officers .....	23
Number and Term of Office of Directors .....	23
Election of Directors .....	24
Removal of Directors .....	25
Remuneration of Directors .....	25
Proxy of Director .....	25
Powers and Duties of Directors .....	26
Borrowing Powers of Directors .....	27



The Seal .....	27
Disqualification of Directors .....	27
Proceedings of Directors .....	28
Meetings of the Board of Directors .....	28
Quorum at Meetings of the Board of Directors .....	29
Conflict of Interest.....	29
Chairman to Preside.....	30
Corporate Record .....	30
Minutes.....	30
Dividends, Bonus And Reserves .....	31
Accounts and Audit.....	32
Capitalisation of Profits.....	33
Share Premium Account.....	34
Audit Committee .....	34
Tender Offer .....	35
Notices .....	35
Information .....	36
Indemnity.....	37
Charitable Donation.....	38
Non Recognition of Trusts .....	38
Financial Year .....	38
Winding Up.....	38
Amendment of Articles of Association .....	39
Registration by Way of Continuation .....	39
Litigious and Non-Litigious Agent .....	39



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**AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION**  
**OF**  
**CHAILEASE HOLDING COMPANY LIMITED**

(Adopted by Special Resolution passed on May 24, 2023)

1. The name of the Company is **Chailease Holding Company Limited** (the "**Company**").
2. The Registered Office of the Company will be situated at the offices of Corporate Filing Services Ltd., P.O. Box 61, 3rd Floor Harbour Centre, North Church Street, Grand Cayman, KY1-1102, Cayman Islands or at such other location as the Directors may from time to time determine.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Act (As Revised).
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by Section 27(2) of the Companies Act (As Revised).
5. Nothing in the preceding sections shall be deemed to permit the Company to carry on the business of a Bank or Trust Company without being licensed in that behalf under the provisions of the Banks & Trust Companies Act (As Revised), or to carry on Insurance Business from within the Cayman Islands or the business of an Insurance Manager, Agent, Sub-agent or Broker without being licensed in that behalf under the provisions of the Insurance Act (As Revised) or to carry on the business of Company Management without being licensed in that behalf under the provisions of the Companies Management Act (As Revised).
6. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company from effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of the members is limited to the amount, if any, unpaid on the shares respectively held by them.
8. The authorised capital of the Company is New Taiwan Dollars 25,000,000,000 divided into 2,500,000,000 shares, comprising of (i) 2,150,000,000 Ordinary Shares of a nominal or par value of New Taiwan Dollars 10.00 each, and (ii) 350,000,000 Preferred Shares of a nominal or par value of New Taiwan Dollars 10.00 each. The board of directors is authorized to issue ordinary shares and preferred shares in instalments based on actual needs. The Company has issued 150,000,000 Class A Preferred Shares. Each provided always that subject to the provisions of the Companies Act (As Revised) and the Articles of Association the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights



or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

9. The Company may exercise the power contained in Section 206 of the Companies Act (As Revised) to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.



**THE COMPANIES ACT (AS REVISED)**  
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(Adopted by Special Resolution passed on May 24, 2023)

**TABLE A**

The Regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Act (As Revised) shall not apply to this Company and the following Articles shall comprise the Articles of Association of the Company:

**INTERPRETATION**

1. In these Articles:

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

**"Articles"** means these Articles of Association as altered from time to time;

**"Audit Committee"** means a committee of the Board of Directors, which shall comprise solely of Independent Directors of the Company;

**"Book Closure Period"** means the period that the registration of transfer of the Shares on the Register of Members shall be suspended;

**"Company"** means the company for which these Articles are approved and confirmed;

**"Companies Act"** means the Companies Act (As Revised) of the Cayman Islands and every modification, re-enactment or revision thereof for the time being in force;

**"Dissenting Member"** has the meaning given thereto in Article 78;

**"Share Exchange"** means a 100% share exchange as defined in the ROC Business Mergers and Acquisitions Act whereby a company acquires all the issued and outstanding shares of another company with the consideration being the shares of such acquiring company, cash or other assets;

**"Spin-off"** means 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 newly incorporated company with the consideration being the shares of such existing company or newly incorporated company, cash or other assets;



**"Class A Preferred Dividends"** has the meaning given thereto in Article 16-1;

**"Class A Preferred Shareholders"** has the meaning given thereto in Article 16-1;

**"Class A Preferred Shares"** means the class A preferred shares of a nominal or par value of New Taiwan Dollars 10.00 each;

**"Designated Stock Market"** means the Taiwan Stock Exchange or the GreTai Securities Market of the ROC;

**"Directors"** and **"Board of Directors"** means the Directors of the Company for the time being, or as the case may be, the Directors assembled as a board or as a committee thereof, and shall include any and all Independent Director(s);

**"Electronic Record"** shall have the meaning given to it in the Electronic Transactions Act;

**"Electronic Transactions Act"** means the Electronic Transactions Act (As Revised) of the Cayman Islands;

**"GTSM"** means the GreTai Securities Market of the ROC;

**"FSC"** means the Financial Supervisory Commission of the Republic of China;

**"Independent Directors"** means the Directors who are elected as "Independent Directors" in accordance with these Articles or the Applicable Public Company Rules;

**"Market Observation Post System"** means the public company reporting system maintained by the TSE, via <http://newmops.tse.com.tw/>;

**"Member"** or **"Shareholder"** means a person whose name is entered in the Register of Members and includes each subscriber to the Memorandum of Association pending the issue to him of the subscriber share or shares;

**"Memorandum of Association"** means the Memorandum of Association of the Company, as amended and re-stated from time to time;

**"Merger"** means a transaction whereby:

- (a) (i) all of the companies participating in such transaction are combined into a new company, which new company generally assumes all rights and obligations of the combined companies; or (ii) all of the companies participating in such transaction are merged into one of such companies as the surviving company, and the surviving company generally assumes all rights and obligations of the merged companies, and in each case the consideration for the transaction being the shares of the surviving or consolidated company or any other company, cash or other assets; or
- (b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Applicable Public Company Rules;

**"Officer"** means any person appointed by the Board of Directors to hold an office in the Company;

**"Ordinary Resolution"** means a resolution passed by a simple majority of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company;



**"Ordinary Shares"** means the ordinary shares of a nominal or par value of New Taiwan Dollars 10.00 each;

**"paid up"** means paid up as to the par value and any premium payable in respect of the issue of any shares and includes credited as paid up;

**"Preferred Shares"** has the meaning given thereto in Article 16, and include the Class A Preferred Shares;

**"Preferred Dividends"** has the meaning given thereto in Article 16;

**"Preferred Shareholders"** has the meaning given thereto in Article 16;

**"Register of Members"** means the register or registers of members maintained in accordance with the Companies Act and if the Company is listed on a Designated Stock Market, the Applicable Public Company Rules.

**"Private Placement"** means, after the Shares are Traded in the Designated Stock Market, 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 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 Article 9, Articles 13 and 15 hereof;

**"ROC"** means Taiwan, the Republic of China;

**"Seal"** means the common seal of the Company (if adopted) including any facsimile thereof;

**"Share"** and **"Shares"** means any share in the capital of the Company;

**"Shareholders' Service Agent"** means the agent licensed by the ROC authorities to provide certain shareholders services in accordance with the Applicable Public Company Rules;

**"signed"** includes a signature or representation of a signature affixed by mechanical means;

**"Special Resolution"** subject to the Companies Act, being a resolution passed by a majority of at least two-thirds of the votes cast by such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given;

**"Subsidiary"** means, with respect to any company, (1) the entity, more than one half of whose total number of the outstanding voting shares or the total amount of the capital stock are directly or indirectly held by such company; (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 executive shareholders or board directors are concurrently acting as the executive shareholders or board directors of such company; and (4) the entity, one half or more of whose total number of outstanding voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company;

**"Supermajority Resolution"** means a resolution adopted by a majority vote of the Members at a general meeting attended by Members who represent two-thirds or more of the total outstanding Shares or, if the total number of Shares represented by the Members present at the general





meeting is less than two-thirds of the total outstanding Shares, but more than one half of the total outstanding Shares, means instead, a resolution adopted at such general meeting by the Members who represent two-thirds or more of the total number of Shares entitled to vote on such resolution at such general meeting;

**"Traded on Designated Stock Market"** means the Shares registered on the Emerging Stock Market with GTSM, or listed on the Over-the-Counter with GTSM or listed on TSE; and

**"Treasury Shares"** has the meaning given thereto in Article 28.

**"TSE"** means the Taiwan Stock Exchange.

2. In these Articles, save where the context requires otherwise:
  - (a) words importing the singular number shall include the plural number and vice versa;
  - (b) words importing the masculine gender only shall include the feminine gender;
  - (c) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;
  - (d) **"may"** shall be construed as permissive and **"shall"** shall be construed as imperative;
  - (e) reference to "written" and "in writing" shall include all modes of representing or reproducing words in visible form, including the form of an Electronic Record;
  - (f) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force; and
  - (g) Section 8 and 19(3) of the Electronic Transactions Act shall not apply.
3. Subject to the last two preceding Articles, any words defined in the Companies Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

## PRELIMINARY

4. The business of the Company may be commenced as soon after incorporation as the Directors see fit.
5. The registered office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.
- 5-1. When the Company conducts the business, the Company shall comply with the laws and regulations as well as business ethics and shall take actions which will promote public interests in order to fulfill its social responsibilities.

## SHARES

### Power to Issue Shares

6. During the period when the Shares are Traded on Designated Stock Market, subject to the provisions of the Companies Act, the Company shall issue Shares without printing share



certificates for the Shares issued, and the details regarding such issue of Shares shall be recorded by Taiwan Depository & Clearing Corporation in accordance with the Applicable Public Company Rules. Subject to these Articles and to 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 of Directors, subject to Article 16, 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 Companies Act and the Applicable Public Company Rules.

7. Unless otherwise provided in these Articles, the issue of new Shares shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Board of Directors. The issue of new Shares shall at all times be subject to the sufficiency of the authorized capital of the Company.
8. During the period when the Shares are Traded on Designated Stock Market and where the Company increases its issued share capital by issuing new Shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new Shares to be issued, for public offering in the ROC, unless it is deemed as either unnecessary or inappropriate by the FSC or Designated Stock Market for the Company to conduct the aforementioned public offering. However, a percentage higher than the aforementioned 10% as resolved by a general meeting for public offering in the ROC shall prevail. In the foregoing situation, the Company may also reserve 10% to 15% of the total amount of such newly issued Shares for subscription by the employees of the Company and its Subsidiaries. The Company may prohibit such employees from transferring the shares so subscribed within a certain period; provided, however, that such a period cannot be more than two years.
9. Subject to the provisions of the Companies Act, 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 8 hereof shall not apply in respect of the issue of such shares. For so long as the shares are Traded on Designated Stock Market, 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
10. Unless otherwise resolved by the Shareholders at a general meeting by Ordinary Resolution, during the period when the Shares are Traded on Designated Stock Market and where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion in Article 8) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe his/her/its pro rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to such newly-issued Shares. In the event that percentage of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued Share, Shares held by several Members may be calculated together for joint subscription of newly-issued Shares or for purchase of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. In the foregoing situation, if the total number of the new Shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such



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

11. The pre-emptive right of Members under Article 10 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, or pursuant to any reorganization of the Company;
  - (b) in connection with the issue of Restricted Shares in accordance with Article 9;
  - (c) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 13 and 15 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; or
  - (f) in connection with a Private Placement.
12. The Company shall not issue any unpaid Shares or partly paid-up Shares. Where any person who has subscribed the new Shares pursuant to these Articles fails to pay when due the subscription price in full within the payment period as determined by the Company, the Company shall fix a period of no less than one month and call for payment of the subscription price or the Company may declare a forfeiture of the subscription. No forfeiture of the 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.
- 12-1. For so long as the Shares are listed on Designated Stock Market, the Company shall not issue bearer shares.
13. 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 Board of Directors, adopt one or more incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries. Options, warrants, or other similar instruments issued in accordance with this Article are not transferable save by inheritance.
14. Directors of the Company and its Subsidiaries shall not be eligible for the Restricted Shares pursuant to Article 9 hereof or incentive programmes under Article 13 above, provided that directors who are also employees of the Company or its Subsidiaries may acquire the Restricted Shares or participate in an incentive programme in their capacity as an employee and not as a director of the Company or its Subsidiaries.
15. The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 13 above, whereby employees may subscribe, within a specific period, a specific number of the Shares. The terms and conditions of such agreements shall be no less restrictive on relevant employee than the terms specified in the applicable incentive programme.

## Preferred Shares



16. The rights and obligations of Preferred Shares are set forth below:

- (1) Notwithstanding any provisions of these Articles, the Company may by Special Resolution designate one or more classes of Shares with each class having such 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. The rights and obligations of Preferred Shares may include (but are not limited to) the following terms and shall be consistent with the Applicable Public Company Rules (during the period when the Shares are Traded on Designated Stock Market) :
  - (a) Upon the final settlement of the Company's annual accounts, if there are profits, the Company shall set aside out of the profits 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; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules, and the remaining profits shall be allocated first as the dividends of the Preferred Shares ("Preferred Dividends") payable in such financial year;
  - (b) The dividend rate of Preferred Shares is capped at 8% per annum on the issue price per share. Cash dividends shall be distributed annually at one time. Once the Company's audited financial reports have been acknowledged in the annual general meeting, the Board of Directors shall set the record date for the distribution of Preferred Dividends of such financial year. In the year of issuance and redemption of the Preferred Shares, the distribution of Preferred Dividends shall be calculated on the basis of actual number of days the Preferred Shares being outstanding in that year. Except for the foregoing Preferred Dividends, the holders of the Preferred Shares ("Preferred Shareholders") are not entitled to participate in the distribution of cash or stock dividends derived from earnings or capital reserves;
  - (c) The Company has sole discretion on the distribution of Preferred Dividends. In the event that there are no profits or insufficient profits for distributing Preferred Dividends, or due to other necessary considerations, the suspension of distributing Preferred Dividends shall not be deemed as an event of default under any agreements and directions in relation to the issuance of such Preferred Shares. The Preferred Shares issued by the Company shall be non-cumulative preferred shares. Any undistributed Preferred Dividends or shortfalls in Preferred Dividends distributed shall not be cumulative and shall cease to accrue and be payable, therefore no deferred payment will be paid in subsequent years where there are earnings;
  - (d) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, any surplus assets of the Company available for distribution to shareholders shall be first distributed to the Preferred Shareholders. All Preferred Shareholders shall rank pari passu and such distribution shall be capped at the respective issue amount;
  - (e) The Preferred Shareholders shall have no voting rights and no rights to vote on election of directors in a general meeting. Notwithstanding the foregoing, the Preferred Shareholders shall have voting rights in a separate meeting of the Preferred Shares in accordance with Article 17;
  - (f) Preferred Shares are not convertible to common shares. Preferred Shareholders have no right to request the Company to redeem the preferred shares they hold;
  - (g) Preferred Shares have no maturity date. Notwithstanding the foregoing, subject to compliance with the Companies Act, the Company may, upon the approval by the Board of Directors, redeem all or a part of the outstanding issued Preferred Shares, at



any time on the next business day after five years of issuance, at the original issue price and on such terms as the Board of Directors may approve. The rights and obligations set forth in the in the foregoing paragraphs shall remain unchanged to the unredeemed Preferred Shareholders; and

- (2) The Board of Directors is authorized to determine the name, issuance date and specific issuance terms of Preferred Shares upon actual issuance after considering the situation of capital market and the willingness of investors in accordance with the Articles, Applicable Public Company Rules, Companies Act and other applicable laws and regulations.

16-1. The rights and obligations of Class A Preferred Shares are set forth below:

- (a) Upon the final settlement of the Company's annual accounts, if there are profits, the Company shall set aside out of the profits 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; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules, and the remaining profits shall be allocated first as the dividends of Class A Preferred Shares ("Class A Preferred Dividends") payable in such financial year;
- (b) The dividend rate of Class A Preferred Shares is 3.8% (which is based on the 5-year IRS interest rate as of the record date for pricing, 0.5625% plus the fixed mark-up rate at 3.2375%) per annum on the issue price per share. The 5-year IRS interest rate will be reset on the next business day after the fifth anniversary of the issuance and every five years thereafter. The record date for reset pricing shall be two business days of Taipei banks before the reset date, and the 5-year IRS interest rate shall be calculated as the arithmetic average of the 5-year interest rates appearing on Reuters pages "TAIFXIRS" and "COSMOS3" at 11:00 a.m., Taipei time on the record date for reset pricing. If such rate cannot be obtained under the foregoing method, the Company will determine the rate based on reasonable market price with good faith.

Cash dividends shall be distributed annually at one time. Once the Company's audited financial reports have been acknowledged in the annual general meeting, the Board of Directors shall set the record date for the distribution of Class A Preferred Dividends of such financial year. In the year of issuance and redemption of the Class A Preferred Shares, the distribution of Class A Preferred Dividends shall be calculated on the basis of actual number of days the Class A Preferred Shares being outstanding in that year. Except for the foregoing Class A Preferred Dividends, the holders of the Class A Preferred Shares ("Class A Preferred Shareholders") are not entitled to participate in the distribution of cash or stock dividends derived from earnings or capital reserves;

- (c) The Company has sole discretion on the distribution of Class A Preferred Dividends. In the event that there are no profits or insufficient profits for distributing Class A Preferred Dividends, or due to other necessary considerations, the suspension of distributing Class A Preferred Dividends shall not be deemed as an event of default under any agreements and directions in relation to the issuance of such Class A Preferred Shares. The Class A Preferred Shares issued by the Company shall be non-cumulative preferred shares. Any undistributed Class A Preferred Dividends or shortfalls in Class A Preferred Dividends distributed shall not be cumulative and shall cease to accrue and be payable, therefore no deferred payment will be paid in subsequent years where there are earnings;
- (d) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, any surplus assets of the Company available for distribution to shareholders shall be first distributed to the Class A Preferred Shareholders. All Class A Preferred Shareholders shall rank pari passu and such distribution shall be capped at the respective issue amount;



- (e) The Class A Preferred Shareholders shall have no voting rights and no rights to vote on election of directors in a general meeting. Notwithstanding the foregoing, the Class A Preferred Shareholders shall have voting rights in a separate meeting of the Class A Preferred Shares in accordance with Article 17;
- (f) Class A Preferred Shares are not convertible to common shares. Class A Preferred Shareholders have no right to request the Company to redeem the Class A Preferred Shares they hold; and
- (g) Class A Preferred Shares have no maturity date. Notwithstanding the foregoing, subject to compliance with the Companies Act, the Company may, upon the approval by the Board of Directors, redeem all or a part of the outstanding issued Class A Preferred Shares, at any time on the next business day after five years of issuance, at the original issue price and on such terms as the Board of Directors may approve. The rights and obligations set forth in the in the foregoing paragraphs shall remain unchanged to the unredeemed Class A Preferred Shareholders.

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

- 17. If at any time the share capital is divided into different classes of Shares, the rights attaching to any class (unless otherwise provided by the terms of issue of the Shares of that class) may be varied or abrogated with the sanction of a Supermajority Resolution passed at a general meeting of the holders of the Shares of that class. Notwithstanding the foregoing, if any modification or alteration in these Articles is prejudicial to the preferential rights of any class of Shares, such modification or alteration shall be adopted by a Supermajority Resolution of the Company and shall also be adopted by a Supermajority Resolution passed at a separate meeting of Members of that class of Shares.
- 18. 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 or abrogated by the creation or issue of further Shares ranking *pari passu* therewith or the redemption or purchase of Shares of any class by the Company.

### **Share Certificates**

- 19. The Company may issue Shares without printing share certificates for the Shares issued and the method for issuing such Shares shall be subject to Article 6 hereof. Every person whose name is entered as a member in the Register of Members may be entitled to a certificate in the form determined by the Board of Directors if the Board of Directors resolves that a share certificate shall be issued. Such certificate may be under the Seal or with the authorised signature(s) affixed by mechanical process. All certificates shall specify the Share or Shares held by that person and the amount paid up thereon, provided that in respect of a Share or Shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all.
- 20. If a share certificate is defaced, lost or destroyed it may be renewed on such terms, if any, as to evidence and indemnity as the Directors think fit.
- 21. In the event the Board of Directors resolves that share certificates shall be issued pursuant to Article 19 hereof, the Company shall deliver the share certificates to the subscribers within thirty days from the date such share certificates may be issued pursuant to the Companies Act, the Memorandum of Association, the Articles, and the Applicable Public Company Rules (during the period when the Shares are Traded on Designated Stock Market), and shall make a public



announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules (during the period when the Shares is Traded on Designated Stock Market).

### Fractional Shares

22. Subject to these Articles, the Board of Directors may issue fractions of a Share of any class of Shares, and, if so issued, a fraction of a Share (calculated to three decimal points) shall be subject to and carry the corresponding fraction of liabilities (whether with respect to any unpaid amount thereon, contribution, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without limitation, voting and participation rights) and other attributes of a whole Share of the same class of Shares.

### Alteration and Reduction of Share Capital

23. Subject to the Companies Act, the Company may from time to time by Ordinary Resolution increase its authorized share capital by such amount as it thinks expedient. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by the Companies Act and the Applicable Public Company Rules. Unless otherwise provided under the Companies Act or Applicable Public Company Rules, any reduction of share capital shall be effected based on the percentage of shareholding of the Members pro rata.

### Purchase of Own Shares

24. Subject to the provisions of the Companies Act, the Memorandum of Association, the Articles and the Applicable Public Company Rules (during the period when the Shares are Traded on Designated Stock Market), 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 Board of Directors, purchase its own Shares on such terms and in such manner as the Board of Directors may from time to time decide. 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 for any reason.
25. Subject to the Companies Act, the total price of the Shares purchased by the Company pursuant to the preceding Article 24 shall not exceed the sum of retained earnings plus the following realized capital reserve:
- (a) the premium received from the disposal of assets that has not been booked as retained earnings;
  - (b) premium paid on the issuance of any Share and income from endowments received by the Company, provided however that income from the Shares so received shall not be included before such shares have been transferred to others.
26. The number of Shares purchased under Article 24 above shall not exceed ten percent of the total number of issued and outstanding Shares.
27. Subject to the Companies Act, during the period when the Shares are Traded on Designated Stock Market, the Company may make a payment in respect of the purchase of its own Shares in any manner authorized by the Applicable Public Company Rules.
28. 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.



29. 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) may be made to the Company in respect of a Treasury Share.
30. Unless otherwise provided in the Applicable Public Company Rules, 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 Companies Act.
31. Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors. However, during the period when the Shares are Traded on Designated Stock Market, a proposal from the Company to transfer any Treasury Shares to the employees of the Company or its Subsidiaries at a price below the average actual repurchase price shall be approved by a Supermajority Resolution, and the following shall be specified in the notice of general meeting and may not be proposed by ad hoc motions:
- (a) Proposed transfer price, discount percentage, pricing basis and reasonability;
  - (b) Number of Shares to be transferred, purpose and reasonability of the transfer;
  - (c) Qualifications of employees for subscription and number of Shares available for subscription; and
  - (d) Impact on Shareholders' rights and interests, including:
    - (i) Estimated amount recognized as expenses and dilution to earnings per Share;
    - (ii) An explanation of the aggregate cost to the Company if transferring the Treasury Shares to its employees at a price below the average actual repurchase price.

The cumulative number of Treasury Shares resolved at general meetings to be 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.

## **REGISTRATION OF SHARES**

### **Register of Members**

32. (a) For so long as the Shares are Traded on Designated Stock Market, the Board of Directors 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, which shall be maintained in accordance with the Companies Act and the Applicable Public Company Rules.
- (b) In the event that the Company has Shares that are not Traded on Designated Stock Market, the Company shall also cause to be kept a register of such Shares in accordance with Section 40 of the Companies Act.
33. Title to Shares Traded on Designated Stock Market may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules.





### **Transfer of Shares**

34. The instrument of transfer of any Share shall be in any usual or common form or such other form as the Board of Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if so required by the Board of Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to make the transfer. All instruments of transfer which are registered shall be retained by the Company. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register of Members in respect thereof.
35. Unless otherwise provided in these Articles, the Shares are transferable. The registration of transfers may be suspended when the Register of Members is closed in accordance with Article 39 hereof.
36. Subject to the requirements of applicable laws of the Cayman Islands, transfers of scrippless shares which are Traded on Designated Stock Market may be transferred by a method of transferring or dealing in securities introduced by the Designated Stock Market or operated in accordance with the Applicable Public Company Rules.

### **Transmission of Shares**

37. The successor or the legal personal representative of a deceased sole holder of a Share shall be the only person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor shall be the only person recognised by the Company as having any title to the Share.
38. Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Member in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt or liquidated or dissolved person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt or liquidated or dissolved person before the death or bankruptcy or liquidation or dissolution. In such case, the person becoming entitled shall execute in favor of such transferee an instrument of transfer in writing in the form as the Board of Directors may accept.

### **Closing Register of Members**

39. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period. For so long as the Shares are Traded on Designated Stock Market, the Register of Members shall be closed for a period not less than the minimum period of time, as prescribed by the Applicable Public Company Rules and/or the Companies Act, whichever is longer, immediately preceding the general meeting.
40. The Directors shall make a public announcement of the closing of Register of Members on the Market Observation Post System or the website designated by the FSC or Designated Stock Market pursuant to the Applicable Public Company Rules, if required.



## MEETINGS OF MEMBERS

### General Meetings

41. All general meetings other than annual general meetings shall be called extraordinary general meetings.
42. The Directors may, whenever they think fit, convene a general meeting of the Company; provided that the Company shall in each year hold a general meeting as its annual general meeting within six months following the end of each fiscal year and shall specify the meeting as such in the notices calling it.
43. Unless otherwise provided by the Companies Act, all general meetings shall be held in the ROC. During the period when the Shares are Traded on Designated Stock Market, if the Board of Directors resolves to hold a general meeting outside the ROC, the Company shall apply for the approval of Designated Stock Market therefor within two days after the Board of Directors adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional Shareholders' Service Agent in the ROC to handle the administration matters of such general meeting (including but not limited to the handling of the voting of proxies submitted by any Members).
44. For so long as the Shares are listed on Designated Stock Market, general meetings shall also be convened on the written requisition of any Member or Members entitled to attend and vote at general meetings of the Company holding in the aggregate at least 3 per cent of the paid up voting share capital of the Company for a period of one year or a longer time deposited at the registered office of the Company or the Shareholders' Service Agent specifying the objects of the meeting and the reason therefor signed by the requisitionists, and if the Board of Directors does not within fifteen days from the date of the deposit of the requisition dispatch the notice of such general meeting, and for so long as the Shares are listed on Designated Stock Market, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors.
- 44-1. For so long as the Shares are listed on Designated Stock Market, any Member or Members may convene an extraordinary general meeting, provided that such Member or Members shall hold more than 50% of the total number of issued and outstanding Shares for a continuous period of three months or longer. The number of the Shares held by a Member and the period of which a Member holds such Shares shall be calculated and determined based on the Register of Members as of the first day of the Book Closure Period.

### Notice of General Meetings

45. Before the Shares are Traded on Designated Stock Market, at least seven days notice counting from the date service is deemed to take place as provided in these Articles specifying the place, the day and the hour of the meeting and the general nature of that business, shall be given in the manner hereinafter provided to such persons as are, under these Articles, entitled to receive such notices from the Company. For so long as the Shares are Traded on Designated Stock Market, at least thirty days' notice of an annual general meeting, and 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 business to be conducted at the meeting.
46. Subject to Article 45, the accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Member shall not invalidate the proceedings at that meeting.



47. For so long as the Shares are Traded on Designated Stock Market, the Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and, including but not limited to, election or discharge of Directors, in accordance with Article 45 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 may 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. The Board of 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 at least twenty-one days for an annual general meeting, and at least fifteen days for an extraordinary general meeting prior to the date of meetings. If the Company's paid-in capital exceeds NT\$10 billion at the most recent financial year end date, or if the shareholding of foreign and PRC investors reaches more than 30% as recorded in the shareholders' roster as of the date of the general meeting held in the most recent financial year, the foregoing transmission shall be completed at least thirty days for an annual general meeting. If the Company's paid-in capital exceeds NT\$10 billion at the most recent financial year end date, or if the shareholding of foreign and PRC investors reaches more than 30% as recorded in the shareholders' roster as of the date of the general meeting held in the most recent financial year, the foregoing transmission shall be completed at least thirty days for an annual general meeting.
48. The following matters shall be stated in the notice of general meetings, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion:
- (a) election or discharge of Directors;
  - (b) amendments to these Articles;
  - (c) capital reduction;
  - (d) application to terminate the public offering of the Shares;
  - (e) dissolution, Merger, Share Exchange or Spin-off of the Company;
  - (f) entry into, amendment to, or termination of any contract for lease of its business in whole, or the delegation of management of the Company's business to others or regular joint operation of the Company with others;
  - (g) the transfer of the whole or any material part of its business or assets;
  - (h) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (i) approval of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business;
  - (j) distribution of the whole or part of the surplus profit of the Company in the form of new Shares or capitalization of statutory reserve and any other amount in accordance with Article 131; and
  - (k) the Private Placement of any equity-type securities issued by the Company.

The major content of the above matters shall be announced at the website designated by ROC security authority or by the Company, and the link to such website shall be specified in the notice of the general meeting.



## Quorum and Proceedings at General Meetings

49. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, the holders of Shares being more than an aggregate of one-half of all Shares in issue present in person or by proxy and entitled to vote shall constitute a quorum for any general meeting.
50. Nothing in the Articles shall prevent any Member from issuing proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within 30 days after the passage of such resolution. The Taipei District Court, ROC, may be the court of the first instance for adjudicating any disputes arising out of the foregoing.
51. During the period when the Shares are Traded on Designated Stock Market, member(s) holding 1% or more of the total number of outstanding Shares immediately prior to the relevant Book Close Period, during which the Company closes its Register of Members, may propose to the Company a matter for discussion at a general meeting in writing or any electronic means designated by the Company. The Board shall include the proposal in the agenda of the annual general meeting unless: (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) where the matter of such proposal may not be resolved at a general meeting (c) the proposing Member has proposed more than one proposal or the proposal exceeds 300 words, or (d) the proposal is submitted on a day beyond the deadline fixed and announced by the Company for accepting shareholders' proposals; however, if the proposal urges the Company to promote public interests or fulfill its social responsibilities, the Board of Directors may include such proposal in the agenda.
52. Unless otherwise expressly required by the Companies Act, the Memorandum of Association or these 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.
53. If a general meeting is called by the Board of Directors, the chairman of the Board of Directors shall preside as the chair of such general meeting. In the event that the chairman is on leave of absence, or is unable to exercise his powers and authorities, the vice chairman of the Board of Directors shall act in lieu of the chairman. If there is no vice chairman of the Board of Directors, or if the vice chairman of the Board of Directors is also on leave of absence, or cannot exercise his powers and authorities, the chairman shall designate a Director to chair such general meeting. If the chairman does not designate a proxy or if such chairman's proxy cannot exercise his powers and authorities, the Directors who are present at the general meeting shall elect one from among themselves to act as the chair at such general meeting in lieu of the chairman. If a general meeting is called by any person(s) other than the Board of Directors, the person(s) who has called the meeting shall preside as the chair of such general meeting; and if there is more than one person who has called a general meeting, such persons shall elect one from among themselves to act as the chair of such general meeting.
54. At any general meeting a resolution put to the vote of the meeting shall be decided on a poll. The number or proportion of the votes in favour of, or against, that resolution shall be recorded in the minutes of the meeting.
55. In the case of an equality of votes, the chairman of the meeting shall not be entitled to a casting vote.
56. In addition to those provided in these Articles, the Members may by Ordinary Resolution adopt rules governing the proceedings and procedures of the general meetings.



## Votes of Members

57. Subject to any rights and restrictions for the time being attached to any Shares, every Member who is present in person or by proxy shall have one vote for each Share of which he/she/it is the holder. If a shareholder holds shares for others, such shareholder may exercise his/her/its voting power separately. The qualifications, scope, methods of exercise, operating procedures and other matters for compliance with respect to exercising voting power separately shall comply with the rules prescribed by the competent securities authority in the ROC.
58. Votes may be cast either personally or by proxy. A Member may appoint only one proxy under one instrument to attend and vote at a meeting.
59. When the Company holds a general meeting, the Company shall permit the Members to exercise their voting power by means of electronic transmission as one of the methods for exercising voting power. 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 by way of electronic transmission. Any Member who intends to exercise his/her/its voting power by way of 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/her/its voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electronic document; provided, however, that such appointment shall be deemed not to constitute the appointment of a proxy for the purpose of the Applicable Public Company Rules. The chairman 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 general meeting notice and/or any amendment to the original agenda at the said general meeting. For the purposes of clarification, such Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda at the said general meeting. The chairman of the meeting shall vote on behalf of such Members according to their voting instructions.
60. In the event any Member who has served the Company with notice of his/her/its decision to exercise his/her/its voting power by means of a written ballot or by means of electronic transmission pursuant to Article 59 hereof later intends to attend general meetings in person, he/she/it shall, at least two day prior to the date of the meeting, serve a the Company with a separate notice revoking his/her/its previous decision. Such separate notice shall be sent to the Company in the same manner as the previous notice. Votes by means of written ballot or electronic transmission shall be valid if the relevant Member fails to revoke his/her/its decision before the prescribed time.
61. Shares held:
- (a) beneficially by the Company;
  - (b) Shares that are beneficially owned by any of the Company's Subsidiaries, more than one-half of whose total number of outstanding voting shares or paid-in capital are directly or indirectly owned by the Company; and
  - (c) by another company in which the Company, together with (i) the holding company of the Company and/or (ii) any Subsidiary of (x) the holding company of the Company or (y) the



Company owns, legally or beneficially, directly or indirectly, more than 50% of its issued and voting share capital or equity capital;

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

62. In the event that a Director creates or has created pledge on any Shares held by him/her/it, then he/she/it shall notify the Company of such pledge. If at any time a Director has created pledge on the Shares more than half of the Shares being held by him/her/it at the time he/she/it is elected, the voting power of the excessive portion of shares shall not be exercised and the excessive portion of shares shall not be counted in the quorum for the meeting.
63. 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.
64. In the case of joint holders, the joint holders shall select among them a representative for the exercise of their shareholder's rights and the vote of their representative who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.
65. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person may vote by proxy.

#### **Special and Supermajority Resolutions of Members**

66. Subject to the Companies Act, the Company may from time to time by Special Resolution:
  - (a) change its name;
  - (b) alter or add to these Articles;
  - (c) alter or add to the Memorandum of Association with respect to any objects, powers or other matters specified therein; or
  - (d) reduce its share capital and any capital redemption reserve in any manner authorised by law.
67. Subject to the Companies Act, the Company may from time to time by Supermajority Resolution:
  - (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 131 hereof;
  - (b) discharge or remove any Director;
  - (c) approve any action by one or more Director(s) who is engaging in business conduct for him/herself or on behalf of another person that is within the scope of the Company's business;



- (d) effect any Merger, Spin-off, Share Exchange or Private Placement of the Company, provided that any Merger which falls within the definition of "merger and/or consolidation" under the Companies Act shall be subject to Special Resolution only;
- (e) enter into, amend, or terminate any agreement for lease of the Company's whole business, or for entrusted business, or for frequent joint operation with others;
- (f) transfer its business or assets, in whole or in any essential part; or
- (g) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.

68. Subject to the Companies Act, the Company may be wound up voluntarily:

- (a) if the Company resolves by Supermajority 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 68 (a) above.

68-1. 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 assets and businesses to another entity;
- (c) a share exchange; or
- (d) a demerger (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 in exchange for the Company's shares and, (in the case of (d) above) the existing or newly incorporated spun-off company's shares are not listed on the TPEX or the TSE, 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.

### Proxies

69. The instrument appointing a proxy shall be in writing, be executed either under seal or under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member.

70. During the period when the Shares are Traded on Designated Stock Market, subject to the Applicable Public Company Rules, except for trust enterprises organized under the laws of the ROC or a Shareholders' Service Agent, in the event a person acts as the proxy for two or more Members, the sum of Shares entitled to be voted as represented by such proxy shall be no more than 3% of the total outstanding voting Shares immediately prior to the relevant closed period, during which the Company closes its Register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.



71. In the event that a Member exercises his/her/its voting power by means of a written ballot or by means of electronic transmission and has also authorized a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his/her/its appointment of such proxy before the prescribed time.
72. During the period when the Shares are Traded on Designated Stock Market, the instrument of proxy shall be deposited at the office of the Company's Shareholders' Service 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 days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote where more than one instrument to vote 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.
73. The instrument of proxy shall be in the form approved by the Company 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.
74. For so long as the Shares are Traded on Designated Stock Market and, 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".

### **Representation of Corporate Member**

75. A corporation 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 which such person represents as that corporation 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.
76. Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he/she thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

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

77. In the event any of the following resolutions is adopted at general meetings, any Member who has notified the Company in writing or verbally (with a record) of his objection to such a resolution prior to the meeting or during the meeting, and has expressed objection by voting or waived his/her/its voting right, may request the Company to purchase all of his/her/its Shares at the then prevailing fair price:





- (a) The Company enters into, amends, or terminates any agreement for lease of the Company's business in whole, or the delegation of management of the Company's business to other person or the regular joint operation of the Company with others;
- (b) The Company transfers the whole or a material part of its business or assets, provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company
- (c) The Company accepts the transfer of the whole business or assets of another person, which has a material effect on the Company's business operations; or
- (d) Any Spin-off, Merger or Share Exchange.

78.

- (1) Without prejudice to the laws of Cayman Islands, any Member exercising his rights in accordance with Article 77 (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 to the Company 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 the 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 the 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 the Dissenting Member within the ninety-day period, the Company shall be deemed to have agreed on the repurchase price proposed by such Dissenting Member.
- (2) Without prejudice to the laws of Cayman Islands, 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, the Company shall, within thirty (30) days immediately following the date of the expiry of such sixty-day period, file a petition with the court against all such Dissenting Members with whom no agreement on the price of Shares has been reached for a ruling on the price of the Shares held by all such Dissenting Members. The Taiwan Taipei District Court, ROC, may be the court of first instance for this matter.
- (3) Notwithstanding the above provisions under this Article 77 and 78, 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.
- (4) Shares for which voting right has been waived by the Dissenting Member in accordance with Article 77(d) shall not be counted in the number of votes of shareholders present at the meeting.

### **Adjournment and Postponement of General Meeting**

79. Unless otherwise expressly provided herein, if a quorum is not present at the time appointed for the general meeting or if during such a general meeting a quorum ceases to be present, the chairman of the meeting may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed two times, but at the postponed general meeting a quorum is still not present, the chairman of the



meeting shall declare the general meeting as dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with these Articles.

80. The chairman of a general meeting may, with the consent of a majority in number of those present at any general meeting at which a quorum is present, and shall if so directed, postpone or adjourn the meeting. The Company shall re-convene such general meeting within 5 days after the adjourned general meeting or at such other date fixed by an Ordinary Resolution adopted by the Members within such five days without giving a fresh notice of the date, time and place for resumption of the adjourned meeting.
81. Apart from Article 79, the Board of Directors 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. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Articles.

## **DIRECTORS AND OFFICERS**

### **Number and Term of Office of Directors**

82. There shall be a Board of Directors consisting of five to eleven persons, including Independent Directors, each of whom shall be appointed to a term of office not exceeding three years. Directors may be eligible for re-election. The Company may from time to time increase or reduce the number of Directors subject to the above number limitation provided that the requirements by relevant laws and regulations (including but not limited to any listing requirements) are met.
83. Unless otherwise approved by the Designated Stock Market, not more than half of the total number of Directors can have a spousal relationship or familial relationship within the second degree of kinship with any other Directors.
84. In the event where 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 83 hereof, the non-qualifying Director(s) who was elected with the fewer number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 83 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall vacate his/her/its position of Director automatically.
85. During the period when the Shares are Traded on Designated Stock Market, unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three Independent Directors and the number of Independent Directors shall consist of no less than one-fifth of the Board of Directors. To the extent required by the Applicable Public Company Rules, at least two of the Independent Directors shall be domiciled in the ROC.
86. 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. During the period when the Shares are Traded on Designated Stock Market, the professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be governed by the Applicable Public Company Rules. The office of Independent Director shall be vacated if the Independent Director becomes ineligible for such position under the Applicable Public Company Rules.



- 86-1. In the event that any Director (excluding the Independent Directors), during the term of office as a Director, transfers more than one half of the total number of the Shares being held by him/her at the time he/she was elected, he/she shall, ipso facto, be discharged from the office of Director automatically. In the event that any Director (excluding the Independent Directors), after being elected and before his/her inauguration of the office of director, transfers more than one half of the total number of Share held by him/her at the time he/she was elected, or transfers more than one half of the total number of Shares held by him/her within the Book Closure Period prior to the convention of the general meeting, his/her election as a Director shall be deemed invalid.

### Election of Directors

87. The Company may at a general meeting elect Directors, which shall be elected pursuant to a cumulative voting mechanism, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors to be elected ("Special Ballot Votes"), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the number of the Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors elected. The election of Directors shall follow a candidate nomination procedure which is in compliance with the Applicable Public Company Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established by the Directors and approved by an Ordinary Resolution from time to time, which policies shall be in accordance with the Companies Act, the Memorandum of Association, these Articles and the Applicable Public Company Rules (during the period when the Shares are Traded on Designated Stock Market).
88. Where a legal entity is a Member of the Company, its authorized representative may also be elected as a Director of the Company in accordance with these Articles. If there are more than one authorized representatives, each of them may be so elected. Such legal entity may at any time, by notice in writing to the Company, replace its authorized representative so elected and registered as a Director (due to the change of duties of such representative) (the "**Original Representative Director**") prior to the end of the term of appointment of such Director with a newly appointed authorized representative (the "**New Representative Director**") to fulfil the remaining term of appointment of the Original Representative Director. Upon receipt of such notice, the Board of Directors shall cause the register of directors to be updated accordingly. For the avoidance of doubt, the replacement of the Original Representative Director pursuant to this Article 88 does not require the approval of the Company under Article 87.
89. If the number of Independent Directors is less than three persons due to the resignation or removal of any of the Independent Directors or any other 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 or vacated, the Board of Directors shall hold, within sixty days, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.
90. If the number of Directors is less than five (5) persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the Board of Directors of the Company equals to or is greater than one third of the total number of Directors elected, the Board of Directors shall hold, within sixty days, an extraordinary general meeting to elect succeeding Directors to fill in the vacancies.

### Removal of Directors

91. The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another in his stead, except that a legal entity that is a Member may at



any time replace its Original Representative Director prior to the end of term of such Director with a New Representative Director to register as a Director of the Company in accordance with Article 88. Where re-election of all Directors is effected by a resolution adopted at a general meeting prior to the expiration of the term of office of existing Directors, in the absence of a separate resolution approving that the existing Directors shall retire from their present term of office upon its expiration, all existing Directors shall be deemed to have retired from their present term of office prior to its expiration. The aforesaid re-election shall be attended by Members who represent more than one-half of the total number of issued and outstanding shares.

92. Where a Director has, in the course of performing his/her duties, committed any act resulting in material damages to the Company or in serious violation of applicable laws, regulations and/or these Articles, but has not been removed by a Supermajority Resolution of a general meeting, the Member(s) holding 3% or more of the total number of outstanding Shares may, within 30 days after that general meeting, institute a lawsuit in the court for a judgment to remove such Director. The Taipei District Court, ROC, may be court of the first instance for this matter.

### **Remuneration of Directors and Officers**

93. The Board of Directors may, as they deem appropriate, establish a compensation committee. During the period when the Shares are Traded on Designated Stock Market, the compensation committee shall be 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 of Directors shall, by a resolution, adopt a charter for the compensation committee the provisions of which are consistent with the Applicable Public Company Rules.
94. The compensation referred in the preceding Article shall include the compensation, stock option and other incentive payments of Directors and Officers of the Company. The amount of such remuneration is authorized to be decided by the Board of Directors by reference to the suggestion made by the compensation committee (applicable only after the establishment of such compensation committee), the standard generally adopted by other enterprises in the same industry. 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 of Directors, any committee appointed by the Board of Directors, 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 other remuneration as may be appropriate in accordance with the Companies Act, the Applicable Public Company Rules (during the period when the Shares are Traded on Designated Stock Market), the service agreement or other similar contract that he/she has entered into with the Company.

### **Proxy of Director**

95. Any Director may appoint another Director to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

### **Powers and Duties of Directors**

96. Subject to the provisions of the Companies Act, these Articles, Applicable Public Company Rules (during the period when the Shares are Traded on Designated Stock Market) and any resolutions made in a general meeting, the business of the Company shall be managed by the Board of



Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. All acts done by any meeting of the Board of Directors or of a committee of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly elected and qualified to be a Director as the case may be.

97. Subject to Article 96 hereof, the Board of Directors may:

- (a) from time to time appoint any person, whether or not a Director to hold such office in the Company as the Board of Directors may think necessary for the administration of the Company, including but not limited to, the office of president, one or more vice-presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Board of Directors may think fit. Any person so appointed by the Board of Directors may be removed by the Board of Directors. The Board of Directors may also appoint one or more of their number to the office of managing director, upon like terms, but any such appointment shall ipso facto determine if any managing director ceases from any cause to be a Director, or if the Company by Special Resolution resolves that his tenure of office be terminated;
- (b) appoint a Secretary (and if need be an Assistant Secretary or Assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or Assistant Secretary so appointed by the Board of Directors may be removed by the Board of Directors;
- (c) delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any directions that may be imposed on it by the Board of Directors. Subject to any directions or regulations made by the Board of 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 of Directors;
- (d) from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him;
- (e) from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the two next following sub-paragraphs of this Article shall not limit the general powers conferred by this sub-paragraph;
- (f) from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such persons; and
- (g) from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board,



or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board of Directors may think fit and the Board of Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

- 97-1. The Company may purchase and maintain insurance for the benefit of any Director or Officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust in relation to the Company.

After purchasing the directors and officers' liability insurance, the Company shall report important content of such insurance policy to the latest meeting of the Board of the Company, including, without limitation, the insured amount, coverage and fee.

### **Borrowing Powers of Directors**

98. Subject to these Articles, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, and property, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

The Chairman is authorized to approve the renewal of a facility agreement with a financial institution with the maximum amount of financing not greater than US\$100 million, and the renewal of such facility agreement shall be considered, confirmed and ratified by the Directors in the next meeting of the Board of Directors.

### **The Seal**

99. The Company may, if the Board so determine, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of the Board authorised by the Board of Directors. The use of Seal shall be in accordance with the Seal Policy adopted by the Board of Directors (the Board of Directors may amend such policy any time as they deem necessary).
100. The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals, each of which shall be a facsimile of the Seal and kept under the custody of a person appointed by the Directors, and if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
101. A person authorized by the Directors may affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

### **Disqualification of Directors**

102. The office of Director shall be vacated, if the Director:
- (a) becomes bankrupt or has been declared by the court a liquidation process in connection with the Director and has not yet been reinstated to his rights and privileges;
  - (b) is found to be or becomes of unsound mind;
  - (c) resigns his office by notice in writing to the Company;



- (d) is removed from office by Supermajority Resolution;
- (e) is the subject in an order made by any competent court or official on the grounds that he is or will be suffering from mental disorder or is otherwise incapable of managing his affairs, or his/her legal capacity is restricted according to the applicable laws;
- (f) has been adjudicated of the commencement of assistantship (as defined under the ROC Civil Code) or similar declaration and such assistantship/declaration has not been revoked yet;
- (g) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and (i) has not yet served the sentence; (ii) has not completed the sentence; (iii) the time elapsed after completion of serving the sentence or expiration of the probation is less than five years; or (iv) was pardoned for less than five years;
- (h) having been convicted with an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a term of more than one year by a final judgment, and (i) has not yet served the sentence; (ii) has not completed the sentence; (iii) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years; or (iv) was pardoned for less than two years;
- (i) having been adjudicated guilty by a final judgment for committing offenses under the ROC Anti-Corruption Act, and (i) has not yet served the sentence; (ii) has not completed the sentence; (iii) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years; or (iv) was pardoned for less than two years; or
- (j) has allowed cheques and other negotiable instruments to be dishonored, and the term of such sanction has not expired yet.

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

## **PROCEEDINGS OF DIRECTORS**

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

- 103. The Board of Directors may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. A resolution put to the vote at a meeting of the Board of Directors shall be carried by the affirmative votes of a majority of the votes cast.
- 104. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board of Directors. Notice of a meeting of the Board of Directors shall be deemed to be duly given to a Director if 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. For so long as the Shares are Traded on Designated Stock Market, at least seven days' prior notice setting forth the general nature to be discussed shall be given for any meeting of the Board of the Directors provided that the Board of Directors may meet at any time in case of any urgent circumstances.



105. Directors may participate in any meeting of the Board of Directors by video conference or other communication facilities by means of which all persons participating in the meeting can see and communicate with each other at the same time, and participation in such a meeting shall constitute presence in person at such meeting.

#### **Quorum at Meetings of the Board of Directors**

106. The quorum necessary for the transaction of the business of the Directors shall be more than one-half of the Directors or as otherwise set out in these Articles. A Director represented by proxy at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.
107. The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for summoning a general meeting of the Company, but for no other purpose.

#### **Conflict of Interest**

108. A Director who is in any way, whether directly or indirectly, interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract with the Company shall declare the nature of and the essential contents of his interest at the relevant meeting of the Directors. If the Company proposes to enter into any transaction specified in Article 77 or effect other forms of mergers and acquisitions in accordance with the applicable laws, a Director who has a personal interest in such transaction shall, in accordance with the applicable laws, declare at the relevant meeting of the Directors and the general meeting the essential contents of such personal interest and explain the reason he believes the transaction is advisable or not advisable. The Company shall list the essential contents of a Director's personal interest and the cause of such Director's approval of or dissent to the resolution of merger/consolidation or acquisition in the notice to convene a general meeting. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or by the Company, and the address of such website shall be indicated in the above notice. A general notice given to the Board of Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. 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.
- 108-1. Where the spouse of a Director, the person having the familial relationship by blood within the second degree of kinship with a Director (by counting the number of generations between such person and the Director, one generation being taken as one 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 Board of the Company, 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.
109. A Director who does anything for himself or on behalf of another person that is within the scope of the Company's business shall declare the essential contents of such behaviour to the general meeting and be approved by Supermajority Resolution. Failure in obtaining such approval shall cause the Director being so interested be liable to account to the Company for any profit realised by any such behaviour if the general meeting so resolves by an Ordinary Resolution within one year from such behaviour.





110. Notwithstanding the preceding Articles, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.
111. Subject to these Articles, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.

#### **Chairman to Preside**

112. The Directors shall, by a resolution, establish rules governing the procedure of meeting(s) of the Directors and report such rules to a general meeting, and such rules shall be in accordance with these Articles and the Applicable Public Company Rules (during the period when the Shares are Traded on Designated Stock Market).
113. A committee appointed by the Board of Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairman of the meeting.
114. A committee appointed by the Board of Directors may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman of the meeting shall have a second or casting vote.

### **CORPORATE RECORD**

#### **Minutes**

115. The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:
- (a) all appointments of officers made by the Board of Directors;
  - (b) the names of the Directors present at each meeting of the Board of Directors and of any committee appointed by the Board of Directors; and
  - (c) all resolutions and proceedings at all general meetings, meetings of the Board of Directors, and meetings of committees appointed by the Board of Directors.
116. During the period when the Shares are Traded on Designated Stock Market, the Board of Directors shall cause resolutions adopted at a general meeting to be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all Members or announced to the public within twenty (20) days after the close of the meeting.



## DIVIDENDS, BONUS AND RESERVES

117. Subject to the Companies Act and Article 118 and except as otherwise provided by the rights attached to any Shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Directors and sanctioned by the Members by an Ordinary Resolution, in annual general meetings.
118. If there are surplus profits (surplus profit means profits before tax and, for the avoidance of doubt, such amount is before deducting any employees' compensation and directors' compensation), the Board of Directors shall allocate the annual surplus profits in accordance with the following sequence and manner; however, if the Company has accumulated losses, it shall reserve an amount thereof first to offset the losses:
- (a) between 0.01% and 1% of the surplus profits before tax as employees' compensation;
  - (b) no more than 0.1% of the surplus profits before tax as directors' compensation.

The employees' compensation may be paid, in the discretion of the Directors, by way of cash or by way of applying such sum in paying up in full unissued shares for allocation and distribution crediting as fully paid up shares to employees. When the employees' compensation is distributed by way of an issue of fully paid shares, the recipients may include qualified employees of the Company's Subsidiaries who meet the qualifications as laid down by the Board. No unpaid dividend and compensation shall bear interest as against the Company.

- 118-1. Since the Company is an investment and holding company where the invested companies vary in terms of background and development, the Company does not fall within any distinct development stage. Accordingly, the profit distribution of the Company may vary in view of the capital expenditure required by the Company for each financial year. Upon the final settlement of the Company's annual accounts, if there are profits, the Company shall set aside out of the profits 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) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules; and (iv) a distribution of Preferred Dividends pursuant to Article 16. If there are profits of each financial year after combining accumulated undistributed earnings in the previous years and setting aside a certain amount of remaining profits of such financial year as a reserve for development purposes as the Directors may from time to time deem proper pursuant to Article 121 ("Annual Profits"), to the extent permitted by the Companies Act, at least 25% of such Annual Profits of such financial year shall be distributed as dividends, of which at least 30% shall be paid in cash, as proposed by the Board of Directors and subject to approval of the Members by Ordinary Resolution in a general meeting.
119. No dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or any reserve, fund, or account as otherwise permitted by the Companies Act. Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the number of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for dividend as from a particular date that Share shall rank for dividend accordingly.
120. Subject to Article 118, the Directors may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways subject, however to obtaining (a) the approval in a general meeting of the type of specific assets and the corresponding amount of such substitutive distribution; and (b) the consent from the Member who will receive such assets; provided that the value of specific assets and the corresponding amount of such substitutive distribution shall be assessed by an ROC certified



public accountant before the Directors submit the same to a general meeting for approval. Where any difficulty arises in regard to such distribution, the Directors may settle the same as it thinks expedient and in particular may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Directors.

121. The Directors may, before resolving to pay any dividend or other distribution, set aside such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the discretion of the Directors, be employed in the business of the Company.
122. The Directors may deduct from any dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company for any reason. Any dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.
123. Any dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the dividend or other distribution shall remain as a debt due to the Member. Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

## **ACCOUNTS AND AUDIT**

124. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors. Such books of account shall be kept for at least five years from the date they are prepared.
125. The books of account shall be kept at the registered office of the Company, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
126. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by these Articles, the Companies Act, Applicable Public Company Rules (during the period when the Shares are Traded on Designated Stock Market), or authorised by the Directors or by the Company by Ordinary Resolution.
127. The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant rules and regulations shall be kept for at least one year. However, if a Member 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 year.



128. During the period when the Shares are Traded on Designated Stock Market, the Board of Directors shall submit business reports, financial statements and proposals for distribution of profits or losses prepare by it for the purpose of annual general meeting of the Company for ratification by the Member as required by the Applicable Public Company Rules. After ratification by the annual general meeting, the Board of Directors shall distribute to each Member or announce to the public copies of the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or loss.
129. During the period when the Shares are Traded on Designated Stock Market, the Board of Directors shall keep copies of the yearly business report and financial statements at the office of its Shareholders' Service Agent before ten (10) days of the annual general meeting and any of its Members is entitled to inspect such documents during normal business hours of such Agent.
130. The accounts relating to the Company's affairs shall only be audited in such manner and with such financial year end as may be determined from time to time by the Directors, or required by the Applicable Public Company Rules (during the period when the Shares are Traded on Designated Stock Market).

### **Capitalisation Of Profits**

131. Subject to Article 67 hereof and the Companies Act, the Board of Directors may, with the authority of a Supermajority Resolution:
- (a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;
  - (b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of Shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
    - (i) paying up the amounts (if any) for the time being unpaid on Shares held by them respectively, or
    - (ii) paying up in full unissued shares or debentures of a nominal amount equal to that sum, and allot the Shares or debentures, credited as fully paid, to the Members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to Members credited as fully paid;
  - (c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Board of Directors may deal with the fractions as they think fit;
  - (d) authorise a person to enter (on behalf of all the Members concerned) into an agreement with the Company providing for either:
    - (i) the allotment to the Members or the persons referred to in sub-paragraph (b)(ii) of this Article respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, or



- (ii) the payment by the Company on behalf of the Members (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing Shares,

and any such agreement made under this authority being effective and binding on all those Members; and

- (e) generally do all acts and things required to give effect to the resolution.

### **Share Premium Account**

- 132. The Board of Directors shall in accordance with Section 34 of the Companies Act establish a share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.
- 133. There shall be debited to any share premium account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Board of Directors such sum may be paid out of the profits of the Company or, if permitted by Section 37 of the Companies Act, out of capital.

### **AUDIT COMMITTEE**

- 134. The Company shall establish an Audit Committee. The Audit Committee shall comprise solely of all Independent Directors and the number of committee members shall not be less than three. One of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members.
- 135. Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the Board of Directors for resolution:
  - (a) adoption of or amendment to an internal control system;
  - (b) assessment of the effectiveness of the internal control system;
  - (c) adoption of or amendment to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others;
  - (d) any matter relating to the personal interest of the Directors;
  - (e) a material asset or derivatives transaction;
  - (f) a material monetary loan, endorsement, or provision of guarantee;
  - (g) the offering, issuance, or Private Placement of any equity-type securities;
  - (h) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
  - (i) the appointment or discharge of a financial, accounting, or internal auditing officer;
  - (j) approval of annual and semi-annual financial reports; and



- (k) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

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

- 135-1. Subject to compliance with the laws of Cayman Islands, before the meeting of Directors may resolve any matter specified in Article 77 or other mergers and acquisitions in accordance with the applicable laws, 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 laws. 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 laws. 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.

## TENDER OFFER

- 136. Within seven days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Public Company Rules (during the period when the Shares are Traded on Designated Stock Market), the Board of Directors shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:
  - (a) The types and number of the Shares held by the Directors and the Members holding more than 10% of the outstanding Shares in their own names or in the names of other persons.
  - (b) Recommendations to the Members on the tender offer, 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 offer or its affiliates held by the Directors and the Members holding more than 10% of the outstanding Shares held in their own names or in the name of other persons.

## NOTICES

- 137. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to the Member at his address as appearing in the Register of Members, or to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic mail number or address such Members may have positively confirmed in writing for the



purpose of such service of notices. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands as their representative in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

138. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
139. Any notice or other document, if served by (a) post, shall be deemed to have been served at the time when the letter containing the same is posted, or, (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient, (c) courier service, shall be deemed to have been served at the time when the letter containing the same is delivered to the courier service or (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail. In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.
140. Any notice or document delivered or sent by post to or left at the registered address of any Member in accordance with the terms of these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the Share.
141. Notice of every general meeting of the Company shall be given to:
- (a) all Members holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and (b) every person entitled to a Share in consequence of the death or bankruptcy of a Member, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

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

## INFORMATION

142. During the period when the Shares are Traded on Designated Stock Market, the Board of Directors shall keep at the office of its Shareholders' Service Agent in the ROC copies of the Memorandum of Association, the Articles, the minutes of every meeting of the Members, the financial statements, the Register of Members and the counterfoil of corporate bonds issued by the Company. Any Shareholder of the Company may request, by submitting evidentiary document(s) to show his/her interests involved and indicating the scope of interested matters, access to inspect, transcribe and make copies of the foregoing documents. If the relevant documents are kept by the Company's Shareholders' Service Agent, upon the request of any Member, the Company shall order the Shareholders' Service Agent to provide such Member with the requested documents.
- 142-1. If the general meeting is convened by the Board of Directors and other person entitled to convene a general meeting in accordance with these Articles or any applicable laws, the Board of Directors and such person may request the Company or the Company's Shareholders' Service Agent to



provide the Register of Members. Upon the request, the Company shall (and shall order the Company's Shareholders' Service Agent to) provide the Register of Members.

## INDEMNITY

143. Every Director, Secretary, Assistant Secretary, or other officer for the time being of the Company (but not including the Company's auditors) and the personal representatives of the same and every former Director, Secretary, Assistant Secretary, or other officer of the Company (but not including the Company's auditors) and the personal representatives of the same shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in or about the conduct of the Company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere. PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud, wilful default or dishonesty which may attach to any of the said persons and shall not relieve their duties provided under Article 145.
144. No such Director, Secretary, Assistant Secretary or other officer of the Company (but not including the Company's auditors) shall be liable (a) for the acts, receipts, neglects, defaults or omissions of any other such Director or officer or agent of the Company or (b) for any loss on account of defect of title to any property of the Company or (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested or (d) for any loss incurred through any bank, broker or other similar person or (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on his part or (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers authorities, or discretions of his office or in relation thereto, unless the same shall happen through his own dishonesty. PROVIDED THAT this Article shall not extend to any matter in respect of any fraud, wilful default or dishonesty which may attach to any of the said persons and shall not relieve their duties provided under Article 145. Subject always to the laws of Cayman Islands, Members continuously holding 1% or more of the total issued Shares for six months or longer may file a petition in a competent court for and on behalf of the Company against any of the Directors, and the Taiwan Taipei District Court, ROC, may be the court of first instance for such matter.
145. Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Companies Act, a Director shall assume fiduciary duty to the Company and exercise the care as a good administrator in conducting the business operation of the Company. A Director shall be liable to the Company if he/she/it has acted contrary to the above. In case such action is made for himself/herself/itself 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 a 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/she/it shall be liable, jointly and severally with the Company, for the damages to such other person.

## CHARITABLE DONATIONS

- 145-1. Subject to applicable laws, in order to contribute to the society, enhance corporate image and participate in charitable activities, the Company and its Subsidiaries may make charitable donations to the education, culture, public welfare, charity institution or group, provided that the accumulated amount of such donations in each financial year shall not exceed 3% of the





Company's net profit after tax as shown in the Company's audited consolidated financial statements of the previous financial year or New Taiwan Dollars 300 million.

Any charitable donation made by the Company or its Subsidiaries exceeding a certain amount, shall be approved in accordance with the following procedures:

- (a) If the amount of each donation or the accumulated amount donated to the same donee in a year is New Taiwan Dollars 100 million or more but less than New Taiwan Dollars 200 million, it shall be approved by the Board of Directors; and
- (b) If the amount of each donation or the accumulated amount donated to the same donee in a year is New Taiwan Dollars 200 million or more, such donation shall be resolved by a general meeting. Nevertheless, any urgent assistance for major humanitarian events (e.g., earthquakes, typhoons and other natural disasters which may cause damages to the public) may be approved by the Board of Directors, but it shall be reported in the next following general meeting.

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

146. Subject to the proviso hereto, no person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent or future interest in any of its Shares or any other rights in respect thereof except an absolute right to the entirety thereof in each Member registered in the Register of Members.

### **FINANCIAL YEAR**

147. The financial year end of the Company shall be 31<sup>st</sup> December in each year but, subject to any direction of the Company in general meeting, the Board of Directors may from time to time prescribe some other period to be the financial year, provided that the Board of Directors may not without the sanction of an Ordinary Resolution prescribe or allow any financial year longer than twelve months.

### **WINDING UP**

148. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Member in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
149. If the Company shall be wound up the liquidator may, subject to Article 68, 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 it 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, subject to Article 68, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the contributories 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.



## **AMENDMENT OF ARTICLES OF ASSOCIATION**

150. Subject to the Companies Act and these Articles, the Company may at any time and from time to time by Special Resolution alter or amend these Articles and/or Memorandum of Association with respect to any objects, powers or other matters contained therein, in whole or in part.

## **REGISTRATION BY WAY OF CONTINUATION**

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

## **LITIGIOUS AND NON-LITIGIOUS AGENT**

152. So long as the Shares are Traded on Designated Stock Market, the Company shall appoint a litigious and non-litigious agent pursuant to the Applicable Public Company Rules to act as the Company's responsible person in the ROC to handle matters stipulated in the ROC Securities and Exchange Act and the relevant rules and regulations thereto.

