



**Stock Code:8404**

**PAIHO SHIH HOLDINGS CORPORATION**

**2021 Annual General Shareholders' Meeting  
Meeting Agenda  
(Translation)**

**Time : 9:00 a.m., June 16, 2021**

**Venue: 4F., No. 256, Sec. 5, Zhangmei Rd., Hemei Township,  
Changhua County 508, Taiwan  
(Hemei Farmers Activity Center)**

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# PAIHO SHIH HOLDINGS CORPORATION

## Procedure for the 2021 Annual General Shareholders' Meeting

I. Call Meeting to Order

II. Chairman Address

III. Report Items

IV. Ratification Items

V. Discussion Items

VI. Extraordinary Motions

VII. Meeting Adjourned

PAIHO SHIH HOLDINGS CORPORATION  
2021 Annual General Shareholders' Meeting Agenda

Time: 9 a.m., June 16, 2021 (Wednesday)

Venue: 4F., No. 256, Sec. 5, Zhangmei Rd., Hemei Township, Changhua County 508,  
Taiwan (Hemei Farmers Activity Center)

I. Call Meeting to Order

II. Chairman Address

III. Report Items

1. To report the business of 2020.
2. Audit Committee's Review Report of 2020.
3. To report on the compensations distribution to employees and directors of 2020.
4. To report the cash dividends of earnings distribution for 2020.
5. To report the endorsements/guarantees amount of the Company and its subsidiaries accounted for more than 50% of the net worth.

IV. Ratification Items :

1. To accept 2020 Business Report and Financial Statements.
2. To approve the proposal for distribution of 2020 earnings.

V. Discussion Items

1. Amendments to Memorandum and Articles of Association. (The proposal will be adopted by the special resolution.)
2. Amendments to Procedures for Governing the Election of Directors.
3. Amendments to Rules and Procedures for Shareholders' Meeting.

VI. Extraordinary Motions

VII. Meeting Adjourned

## Report Items

1. To report the business of 2020.

Please refer to Attachment 1 for 2020 Business Report. (page 7-10)

2. Audit Committee's Review Report of 2020.

Please refer to Attachment 2 for Audit Committee's Review Report of 2020. (page 11)

3. To report on the compensations distribution to employees and directors of 2020.

The Company's net profit before taxes for the distribution of compensation to the employees and remuneration to the directors in 2020 was in the amount of USD 17,752,833. Employees compensation and directors remuneration resolved by the Board of Directors are as follows:

Unit:USD

Item	Persons Awarded	Amount of Payment by Board Resolution	Payment Method
Compensation to Employees	Employees	183,149	In Cash
Remuneration to Directors	Directors	149,438	In Cash
Total		332,587	

4. To report the cash dividends of earnings distribution for 2020.

- (1) The Company's unappropriated retained earnings of previous years was in the amount of NTD 1,093,810,225, plus 2020 net profit after tax of NTD 513,531,405, plus reversal of special reserve of NTD 258,257,316, and after the actuarial loss was included in the retained earnings of NTD 15,696,692, the distributable retained earnings of current period was in the amount of NTD 1,849,902,254.
- (2) Please refer to Ratification Items 2 for Table of 2020 Earnings Distribution.(page5)
- (3) In accordance with Memorandum and Articles of Association 120 (a) of the Company and approved by the Board of Directors, the dividend to shareholders of 2020 earnings will distribute NTD 315,178,126 in cash, with NTD 1 / share.
- (4) If changes in the capital that influence the numbers of shares outstanding and effect changes in the shareholders' allotment ratio, it is proposed to authorized the Chairman to adjust related matters.

- (5) The Board of Directors approved the cash dividend distribution proposal, and have authorized the Chairman to set the record date and payable date for distribution dividends. The cash dividends will be calculated according to the common stock shareholders listed in the registry and their shareholding ratio on the record date. The dividend will be paid in cash with calculation rounded down to the nearest on NTD (any amount under one NTD will be discarded). The remaining fraction will be incorporated into other revenue of the Company.

5. To report the endorsements/guarantees amount of the Company and its subsidiaries accounted for more than 50% of the net worth.

The endorsements/guarantees of the Company and its subsidiaries are made mainly for the affiliated Company with more than 50% shareholdings held by the Company and its subsidiaries, and it is mainly for the business needs of the affiliated companies in applying for a loan from the bank and issuing a letter of credit. The total amount of endorsements/guarantees made by the Company and its subsidiaries as of the end of 2020 was in the amount of NTD5,236,048 thousands, accounting for 95.84% of the Company's net worth on December 31, 2020. Please refer to Attachment 3. (page 12)

## **Ratification Items**

1. To accept 2020 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation:

- (1) The Company's 2020 Consolidated Financial Statements have been audited by Shu-Chin Chiang and Ting-Chien Su of Deloitte & Touch, who have issued unmodified opinion. Please refer to Attachment 4. ( page 13-22)
- (2) Business Report, Please refer to Attachment 1. ( page 7-10)
- (3) 2020 Business Report, Consolidated Financial Statements, and the proposal for distribution of 2020 earnings have been reviewed and issued a review report by the Audit Committee.

Resolution :

2. To approve the proposal for distribution of 2020 earnings. (Proposed by the Board of Directors)

Explanation: Table of 2020 Earnings Distribution proposal is as follows :

PAIHO SHIH HOLDINGS CORPORATION  
Table of 2020 Earnings Distribution

		Unit:NTD
Unappropriated retained earnings of previous years		\$1,093,810,225
+2020 net profit after tax	\$513,531,405	
+Reversal of special reserve	258,257,316	
-Actuarial losses recognized in retained earnings	(15,696,692)	
Distributable retained earnings of current period		1,849,902,254
Distribution items		
Dividend to common shareholders	(315,178,126)	
(Cash dividend of NTD 1 per share; total NTD 315,178,126)		
Unappropriated retained earnings at the end of period		\$1,534,724,128

Chairman: Kuo-Ian Cheng    General Manager: Kuo-Ian Cheng    Accounting Officer: Yu-Min Chang

Resolution :

## Discussion Items

1. Amendments to Memorandum and Articles of Association. (The proposal will be adopted by the special resolution.) (Proposed by the Board of Directors)

Explanation : In order to comply with the revision of regulations and tune the wording, the Board proposed to amend partial articles of Memorandum and Articles of Association. Please refer to Attachment 5. (page 23-27 )

Resolution :

2. Amendments to Procedures for Governing the Election of Directors. (Proposed by the Board of Directors)

Explanation: In order to comply with regulation set by Taiwan Stock Exchange Document No. 1090009468 announcements on June 3, 2020, to amend the provisions as reference by the Sample Template for “XXX Co., Ltd. Procedures for Election of Directors”, the Board proposed to amend the Procedures for Governing the Election of Directors of the Company, the Comparison Table of Amendments to Procedures for Governing the Election of Directors is attached hereto as Attachment 6. (page 28-29)

Resolution :

3. Amendments to Rules and Procedures for Shareholders' Meeting. (Proposed by the Board of Directors)

Explanation : In order to comply with regulation set by Taiwan Stock Exchange Document No. 1100001446 announcements on January 28, 2021, to amend the provisions as reference by the Sample Template for "XXX Co., Ltd. Rules of Procedure for Shareholders Meetings", the Board proposed to amend partial articles of Rules and Procedures for Shareholders' Meeting of the Company, the Comparison Table of Amendments to Rules and Procedures for Shareholders' Meeting is attached hereto as Attachment 7. (page 30-31 )

Resolution :

## **Extraordinary Motions**

## **Meeting Adjourned**



## Attachment 1

## 2020 Business Report

## 1. Business Implementation Outcome

Unit : NTD thousands

Year Item	2020	2019	Difference Amount	Difference %
Net Sales	6,552,677	6,567,553	(14,876)	(0.22)
Gross Profit	2,396,727	2,316,157	80,570	3.48
Profit from Operations	1,066,197	922,232	143,965	15.61
Profit Before Income Tax	984,670	770,262	214,408	27.84
Net Profit	583,357	422,794	160,563	37.98
<p>Change and Difference Analysis:            In 2020, revenue from secondary material products declined under the influence of COVID-19. Yet, construction projects were continued with average sale price higher than the same period of the previous year. In addition, the demand for face masks skyrocketed such that revenue and profit from face masks and related products grew significantly. The result was an increase of the overall gross profit, operating income, pre-tax profit and net income as compared with the same period of the previous year.</p>				

2. Budget Execution: For the year of 2020, the Company has not established a financial forecast.

## 3. Financial Revenue/Expenditure and Profitability Analysis

Item		2020	2019
Capital Structure (%)	Debt Ratio	67.86	63.02
	Long-term Funds to Property, Plant and Equipment Ratio	186.88	138.72
Liquidity (%)	Current Ratio	152.51	116.51
	Quick Ratio	95.68	54.74
Profitability (%)	Return on Total Assets	4.04	3.61
	Return on Equity	10.35	8.04
	Net Profit Margin	8.90	6.44
	Earnings Per Share attributable to Shareholders of the Parent (NTD)	1.63	1.14

#### 4. Status of Research and Development

The Company and subsidiaries are established with a dedicated research and development department or design center, in charge of the research and development of all products and manufacturing processes. The annual research and development budget invested accounts for 6% of the net sales. The Company and subsidiaries will continue to develop and innovate in line with the brand style and popular trends to upgrade added value, satisfy the personalized needs of different customers, and improve the corporate economic efficiency.

The annual planned development in 2021 for new products and research of the Company and its subsidiaries include: Double needle knitting bed transparent particles jacquard mesh, invisible anti-counterfeiting reflective webbing, double-layer glass effect elastic jacquard webbing with anti-counterfeiting, back pasting one-piece adhesive fabric, extra soft mask ear strap, high bulkiness three-dimensional bead-like jacquard webbing, special structure network cable arrangement hook and loop, etc.

#### 5. 2021 Business Plan Overview

##### (1) Operational Strategy

- ①The Regional Comprehensive Economic Partnership (RCEP) has been signed, which covers a about 2,200 million of the world population with potential purchasing power and accounted for almost 23% of the world GDP. The Company has its production bases in Mainland China and Vietnam and the major customers have their presence in this region. The Group will continue its effort in the development of new products and promotion of new applications. The Company will liaise closely with the famous brands for joint venture in development with the capacity of quick responsible with flexibility, and proceed to internationalization based in Shanghai to create better profit for the Group.
- ②The Company will intensify the production and sale of medical grade protective masks, and actively develop medical grade shop floor and laboratories in order to pass relevant accreditation and emerge as a supplier of medical supplies.
- ③The Company will proactively participate in the “Internal Circulation” economic development in Mainland China and set up the eCommerce function, and will make the development of related consumer items perfect incrementally based on its development experience and production integration capacity in shoe materials, garments, medical grade protective gear, automotive interior decorations, peripherals of consumer electronics, and to develop marketing channels under the new B2B and B2C modes.

- ④The Company will intensify the development of market and product in Vietnam, and will create better profit for the Group by taking advantage of the preferential tax rates between Vietnam and many countries and the low cost of labor.
- ⑤The Company will bolster its capacity in the development and design of jacquard engineered mesh and upgrade the overall competitiveness by matching with the sale channels on hand.

(2) Expected Sales Quantity and its Basis

The Company will spare no effort in developing new products and broadening the scope of application of its products, and advance to the area of medical supplies. The construction projects in Wuxi were finished for delivery and will serve as an input for the sustainable growth of the Company.

(3) Important Production and Marketing Policies

- ①The Company seeks to broaden its clientele base through the development of new products and environmentally friendly products, and extending the applications of products in marketing or setting up production sites, and promote its products to new industries and potential customers in order to cultivate irreplaceable long-term partnership.
- ②The Company will spare no effort in deploying for the platform of online marketing and mobile customer end software, and set up an eCommerce business unit in Shanghai. Further to the engagement in B2B operation, the Company will also develop mobile app order placing software directly from the mobile customer end to meet the needs of the customers in browsing samples and placing orders for purchase instantly at any moment.
- ③The Company will strengthen the improvement of process technology to bolster cost advantage, upgrade automated production technical level, and bolster the integration of all processes to condense the production time and labor cost, upgrade product quality and yield rate, and improve the overall competitive power.
- ④The Company will set up a research and development center in the district of the National Convention and Exhibition Center (Shanghai) and proceed to the development of free trade with different countries. The Company will strengthen the cooperation and development with markets and customers worldwide and marketing.
- ⑤The Company will continue to invest in environmental protection and insist on the production of green products by green factories.

(4) The Company's Future Development Strategy

- ①The Company will intensify the interaction with famous brands in development, and establish a viable development and service system. Further to paying attention to environmental protection, the Company will establish a marketing department in eCommerce in Shanghai for working in conjunction with the production and services bases in Wuxi, Dongguan, and Vietnam for proper marketing in the global market.
- ②The Company will reinforce its advantage in technology and quality and continue to develop new products and greater variety of products.
- ③The Company will commit further effort in the development, manufacturing, and sale of key materials for better sale.
- ④The Company will step into the industry of medical grade protective gear and related products to make the Company emerge as a full-range service provider as its business goal.
- ⑤Further development in Mainland China and Southeast Asia to provide service in proximity for the customers.

(5) Impacts of External Competitive Environment, Regulatory Environment, and Overall Operating Environment

COVID-19 hit the whole world hard in 2020 and badly affected the way of life of mankind. It also stunned the global economy as a whole. According to the Global Economic Prospects released by the International Monetary Fund (IMF) on 2020.10.13, developed economies declined by 5.8% in the year (US fell by 4.3%, Euro Zone and the UK fell by 8% or more). Mainland China is the only economy that enjoyed positive growth (projected growth rate of 1.9% in this year and 8.2% in the next year). The Company has established its foothold in Mainland China and furthered its development in depth, and also expanded to Vietnam. Production facilities in these places continue to develop products of high added value with stable growth. In general, the external environment will still be unfavorable for operation, but the Company has already developed a distinctive advantage for responding to the changes in the internal and external environment, and will continue to strengthen its competitive power.

Chairman :  
Kuo-Ian Cheng

General Manager :  
Kuo-Ian Cheng

Accounting Officer :  
Yu-Min Chang

**Audit Committee's Review Report**

The Board of Directors have prepared and submitted the Company's 2020 Consolidated Financial Statements that have been audited by Shu-Chin Chiang and Ting-Chien Su of Deloitte & Touch. The Consolidated Financial Statements, 2020 Business Report and proposals of earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of PAIHO SHIH HOLDINGS CORPORATION. Therefore, we hereby submit this report.

Sincerely,

2021 Annual General Shareholders' Meeting

PAIHO SHIH HOLDINGS CORPORATION

Yung-Fu Wu

Chairman of Audit Committee

March 24, 2021

Attachment 3

PAIHO SHIH HOLDINGS CORPORATION  
 ENDORSEMENTS/GUARANTEES PROVIDED  
 FOR THE YEAR ENDED DECEMBER 31, 2020  
 (In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Borrowing Amount (Note 5)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Hon Shin Corp.	Note 1	\$ 5,092,904	\$ 3,341,350 (USD 102,000) (EUR 8,000)	\$ 2,363,840 (USD 83,000)	\$ 811,680 (USD 28,500)	\$ -	46.41%	\$ 7,639,356	Y	—	—
		Vietnam Paihong Limited Company	Note 1	5,092,904	3,688,687 (USD 123,000)	2,815,248 (USD 98,850)	2,217,168 (USD 77,850)	-	55.28%	7,639,356	Y	—	—
		Dongguan Paihong Industry Co., Ltd.	Note 1	5,092,904	157,000 (USD 5,000)	-	-	-	-	7,639,356	Y	—	Y
1	Hon Shin Corp.	Vietnam Paihong Limited Company	Note 1	1,185,851	60,160 (USD 2,000)	56,960 (USD 2,000)	-	-	4.80%	1,778,776	Y	—	—

Note 1: Holding more than 50% of the voting shares directly or indirectly.

Note 2: The individual amount shall not exceed the net worth of the Corporation and Hon Shin Corp. and the total amount shall not exceed total guarantee limit.

Note 3: The aggregate amount of the guarantee shall not exceed 150% of the net worth of the Corporation and Hon Shin Corp..

Note 4: The maximum amount was translated into New Taiwan dollars at prevailing exchange rate at the date of the transaction.

Note 5: The ending balance and actual borrowing amount were translated into New Taiwan dollars at prevailing exchange rate on balance sheet date.

## Attachment 4

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Paiho Shih Holdings Corporation

#### **Opinion**

We have audited the accompanying consolidated financial statements of Paiho Shih Holdings Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidate Financial Statements section of our report. We are independent for the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Groups' consolidated financial statements for the year ended December 31, 2020 are as follows:

### Recognition of sales revenue

The main business items of the Company include the manufacturing and sale of webbingtouch fastener webbing, shoelace, elastic, jacquard engineered mesh, and relevant peripheral materials as well as the sale of residential buildings constructed by entrusted construction contactors. Among all the goods, the revenue from the sale of webbing and touch fastener significantly influence the operating revenue and profit of the Group. Therefore, we consider the above mentioned sales revenue as a key audit matter. Refer to Note 4 to the consolidated financial statements for the relevant and additional information.

Our key audit procedures performed in respect of the above mentioned items included the following:

1. We understood the design and operating effectiveness of controls and procedures for identifying sales revenue, and then we sampled and verified the accuracy of approved original orders.
2. We chose samples from the list of main products sales revenue and checked their original order, shipment, invoice, and collection of payments, inspecting the recognition of the revenue and the collection of receivables.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.



## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Chin Chiang and Ting-Chien Su.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 24, 2021

# PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

CODE	ASSETS	2020		2019	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 4,421,184	24	\$ 1,745,619	12
1110	Fair value through profit or loss financial assets - current (Notes 4 and 7)	463,871	2	-	-
1136	Financial assets at amortized cost- current (Note 4 and 8)	504,067	3	-	-
1150	Notes receivable (Notes 4 and 9)	13,004	-	12,597	-
1170	Trade receivables (Notes 4 and 9)	1,132,954	6	1,070,402	8
1180	Trade receivables - related parties (Notes 4, 9 and 27)	20,621	-	36,533	-
1200	Other receivables	118,496	1	12,866	-
1310	Inventories - manufacturing (Notes 4 and 10)	1,011,580	5	875,260	6
1320	Inventories - constructing (Notes 4 and 10)	3,134,576	17	2,718,679	19
1470	Other current assets (Note 15 and 23)	467,495	3	376,050	3
11XX	Total current assets	<u>11,287,848</u>	<u>61</u>	<u>6,848,006</u>	<u>48</u>
	<b>NON-CURRENT ASSETS</b>				
1535	Financial assets at amortized cost - non-current (Notes 4, 8 and 28)	20,205	-	20,940	-
1600	Property, plant and equipment (Notes 4, 12 and 27)	5,942,053	32	6,138,535	43
1755	Right-of-use assets (Notes 4 and 13)	922,014	5	979,798	7
1805	Goodwill (Notes 4 and 14)	44,899	-	47,031	-
1821	Other intangible assets (Note 4)	54	-	73	-
1840	Deferred tax assets (Notes 4 and 23)	103,768	1	36,050	-
1915	Prepayments for machinery and equipment	164,669	1	308,254	2
1995	Other non-current assets (Note 15)	20,656	-	14,292	-
15XX	Total non-current assets	<u>7,218,318</u>	<u>39</u>	<u>7,544,973</u>	<u>52</u>
1XXX	TOTAL	<u>\$ 18,506,166</u>	<u>100</u>	<u>\$ 14,392,979</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term borrowings (Note 16)	\$ 2,378,080	13	\$ 3,870,418	27
2130	Contract liabilities - current (Notes 4, 21 and 27)	3,238,327	18	58,235	-
2170	Trade payables	392,028	2	331,886	2
2180	Trade payable - related parties (Note 27)	86,532	-	36,586	-
2200	Other payables (Notes 17 and 27)	689,640	4	890,734	6
2230	Current tax liabilities (Notes 4 and 23)	150,708	1	63,131	1
2280	Lease liabilities - current (Notes 4 and 13)	7,109	-	5,766	-
2320	Current portion of long-term borrowings (Note 16)	399,432	2	532,145	4
2399	Other current liabilities	59,564	-	88,955	1
21XX	Total current liabilities	<u>7,401,420</u>	<u>40</u>	<u>5,877,856</u>	<u>41</u>
	<b>NON-CURRENT LIABILITIES</b>				
2540	Long-term borrowings (Note 16)	4,518,496	24	2,593,817	18
2570	Deferred tax liabilities (Notes 4 and 23)	397,468	2	384,251	3
2580	Lease liabilities -non-current (Notes 4 and 13)	3,800	-	8,309	-
2630	Deferred revenue - non-current (Notes 4 and 13)	87,849	1	89,021	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 18)	135,524	1	106,446	1
2645	Guarantee deposits received	13,895	-	11,012	-
25XX	Total non-current liabilities	<u>5,157,032</u>	<u>28</u>	<u>3,192,856</u>	<u>22</u>
2XXX	Total liabilities	<u>12,558,452</u>	<u>68</u>	<u>9,070,712</u>	<u>63</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION</b>				
3110	Common stock	3,151,781	17	3,151,781	22
3200	Capital surplus	461,544	2	461,544	3
	Retained earnings				
3320	Special reserve	676,483	4	477,488	4
3350	Unappropriated earnings	1,591,644	8	1,481,912	10
3400	Other equity	( 418,225 )	( 2 )	( 676,483 )	( 5 )
31XX	Total equity attributable to owners of the Corporation	<u>5,463,227</u>	<u>29</u>	<u>4,896,242</u>	<u>34</u>
36XX	NON-CONTROLLING INTERESTS	<u>484,487</u>	<u>3</u>	<u>426,025</u>	<u>3</u>
3XXX	Total equity	<u>5,947,714</u>	<u>32</u>	<u>5,322,267</u>	<u>37</u>
	TOTAL	<u>\$ 18,506,166</u>	<u>100</u>	<u>\$ 14,392,979</u>	<u>100</u>

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

Chairman: Kuo-Ian Cheng

Manager: Kuo-Ian Cheng

Accounting Officer: Yu-Min Chang

## PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

CODE	2020	%	2019	%
	Amount		Amount	
4000 SALES (Notes 4, 21 and 27)	\$ 6,552,677	100	\$ 6,567,553	100
5000 COST OF GOODS SOLD (Notes 4, 10, 21, 22 and 27)	<u>4,155,950</u>	<u>64</u>	<u>4,251,396</u>	<u>65</u>
5900 GROSS PROFIT	<u>2,396,727</u>	<u>36</u>	<u>2,316,157</u>	<u>35</u>
OPERATING EXPENSES (Notes 4, 22 and 27)				
6100 Selling and marketing expenses	571,009	9	560,202	8
6200 General and administrative expenses	370,798	5	392,719	6
6300 Research and development expenses	384,612	6	438,641	7
6450 Expected credit loss (Note 9)	<u>4,111</u>	<u>-</u>	<u>2,363</u>	<u>-</u>
6000 Total operating expenses	<u>1,330,530</u>	<u>20</u>	<u>1,393,925</u>	<u>21</u>
6900 PROFIT FROM OPERATIONS	<u>1,066,197</u>	<u>16</u>	<u>922,232</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES				
7010 Subsidy revenue	16,100	-	17,753	-
7050 Finance cost (Note 4 and 22)	( 138,055 )	( 2 )	( 197,875 )	( 3 )
7100 Interest income	70,524	1	42,921	1
7190 Other income	18,415	-	9,742	-
7210 Loss (gain) on disposal of property, plant and equipment (Note 4)	7,901	-	( 9,605 )	-
7590 Other expenses (Note 22)	( 12,806 )	-	( 11,630 )	-
7630 Net foreign exchange loss (Note 4)	<u>( 43,606 )</u>	<u>-</u>	<u>( 3,276 )</u>	<u>-</u>
7000 Total non-operating income and expenses	<u>( 81,527 )</u>	<u>( 1 )</u>	<u>( 151,970 )</u>	<u>( 2 )</u>

(Continued)

CODE		2020		2019	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX	\$ 984,670	15	\$ 770,262	12
7950	INCOME TAX EXPENSE (Notes 4 and 23)	<u>401,313</u>	<u>6</u>	<u>347,468</u>	<u>6</u>
8200	NET PROFIT FOR THE YEAR	<u>583,357</u>	<u>9</u>	<u>422,794</u>	<u>6</u>
	OTHER COMPREHENSIVE INCOME (Note 4)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 18)	( 15,697 )	-	( 4,808 )	-
8341	Foreign exchange differences on translation to presentation currency	( 293,670 )	( 5 )	( 131,872 )	( 2 )
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	<u>561,107</u>	<u>9</u>	( <u>83,483</u> )	( <u>1</u> )
8300	Total comprehensive income for the year	<u>251,740</u>	<u>4</u>	( <u>220,163</u> )	( <u>3</u> )
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 835,097</u>	<u>13</u>	<u>\$ 202,631</u>	<u>3</u>
	NET PROFIT ATTRIBUTABLE TO:				
8610	Owners of the Corporation	\$ 513,531	8	\$ 359,353	5
8620	Non-controlling interests	<u>69,826</u>	<u>1</u>	<u>63,441</u>	<u>1</u>
8600		<u>\$ 583,357</u>	<u>9</u>	<u>\$ 422,794</u>	<u>6</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Owners of the Corporation	\$ 756,092	12	\$ 155,550	2
8720	Non-controlling interests	<u>79,005</u>	<u>1</u>	<u>47,081</u>	<u>1</u>
8700		<u>\$ 835,097</u>	<u>13</u>	<u>\$ 202,631</u>	<u>3</u>
	EARNINGS PER SHARE (Note 24)				
9750	Basic	<u>\$ 1.63</u>		<u>\$ 1.14</u>	
9850	Diluted	<u>\$ 1.63</u>		<u>\$ 1.14</u>	

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

Chairman: Kuo-Ian Cheng

Manager: Kuo-Ian Cheng

Accounting Officer: Yu-Min Chang

**PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

CODE		Equity Attributable to Owners of the Corporation							Non-controlling Interests	Total Equity
		Common Stock (Notes 4 and 20)	Capital Surplus (Note 20)		Retained Earnings (Note 20)		Other Equity (Note 20)	Total		
			Additional Paid-in Capital	Changes in Percentage of Ownership Interest in Subsidiaries	Special Reserve	Unappropriated Earnings				
A1	BALANCE AT JANUARY 1, 2019	\$ 2,918,316	\$ 456,751	\$ 4,793	\$ 377,980	\$ 1,518,706	(\$ 477,488)	\$ 4,799,058	\$ 397,522	\$ 5,196,580
	Appropriation of 2018 earnings									
B3	Special reserve	-	-	-	99,508	( 99,508)	-	-	-	-
B5	Cash dividend	-	-	-	-	( 58,366)	-	( 58,366)	-	( 58,366)
B9	Stock dividend	233,465	-	-	-	( 233,465)	-	-	-	-
O1	Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	( 18,578)	( 18,578)
D1	Net profit for the year ended December 31, 2019	-	-	-	-	359,353	-	359,353	63,441	422,794
D3	Other comprehensive loss for the year ended December 31, 2019	-	-	-	-	( 4,808)	( 198,995)	( 203,803)	( 16,360)	( 220,163)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	354,545	( 198,995)	155,550	47,081	202,631
Z1	BALANCE AT DECEMBER 31, 2019	3,151,781	456,751	4,793	477,488	1,481,912	( 676,483)	4,896,242	426,025	5,322,267
	Appropriation of 2019 earnings									
B3	Special reserve	-	-	-	198,995	( 198,995)	-	-	-	-
B5	Cash dividend	-	-	-	-	( 189,107)	-	( 189,107)	-	( 189,107)
O1	Cash dividend distributed by the subsidiaries	-	-	-	-	-	-	-	( 20,543)	( 20,543)
D1	Net profit for the year ended December 31, 2020	-	-	-	-	513,531	-	513,531	69,826	583,357
D3	Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	( 15,697)	258,258	242,561	9,179	251,740
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	497,834	258,258	756,092	79,005	835,097
Z1	BALANCE AT DECEMBER 31, 2020	\$ 3,151,781	\$ 456,751	\$ 4,793	\$ 676,483	\$ 1,591,644	(\$ 418,225)	\$ 5,463,227	\$ 484,487	\$ 5,947,714

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

Chairman: Kuo-Ian Cheng

Manager: Kuo-Ian Cheng

Accounting Officer: Yu-Min Chang

## PAIHO SHIH HOLDINGS CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

CODE		2020	2019
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income before income tax	\$ 984,670	\$ 770,262
A20010	Adjustments for:		
A20100	Depreciation expenses	596,250	481,678
A20200	Amortization expenses	20	644
A20300	Expected credit loss recognized	4,111	2,363
A20900	Finance costs	138,055	197,875
A21200	Interest income	( 70,524 )	( 42,921 )
A22500	Loss (gain) on disposal of property, plant and equipment	( 7,901 )	9,605
A23800	Write-downs of inventories	50,494	56,834
A24100	Unrealized foreign currency exchange loss, net	2,774	4,727
A29900	Others	( 2,589 )	( 2,735 )
A30000	Changes in operating assets and liabilities		
A31115	Mandatory fair value through profit or loss financial assets	( 449,082 )	-
A31130	Notes receivable	( 1,076 )	4,550
A31150	Trade receivables	( 109,545 )	( 227,192 )
A31180	Other receivables	( 110,822 )	300,435
A31200	Inventories - manufacturing	( 233,687 )	( 65,096 )
A31200	Inventories - constructing	( 559,608 )	387,027
A31240	Other current assets	( 113,856 )	( 102,080 )
A32125	Contract liabilities	3,299,171	( 922,837 )
A32150	Trade payables	132,607	( 435,317 )
A32180	Other payables	76,169	20,232
A32230	Other current liabilities	( 26,045 )	32,555
A32240	Net defined benefit liabilities	<u>12,861</u>	<u>12,163</u>
A33000	Cash generated from operations	3,612,447	482,772
A33100	Interest received	70,524	42,921
A33300	Interest paid	( 149,347 )	( 194,803 )
A33500	Income tax paid	( 359,085 )	( 356,512 )
AAAA	Net cash generated from (used in) operating activities	<u>3,174,539</u>	<u>( 25,622 )</u>

(Continued)

CODE		2020	2019
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B00040	Purchase of financial assets at amortized cost	(\$ 3,227,886)	(\$ 460,193)
B00050	Proceeds from disposal of financial assets at amortized cost	2,739,601	724,231
B02700	Payments for property, plant and equipment	( 320,599)	( 597,267)
B02800	Proceeds from disposal of property, plant and equipment	28,148	32,668
B03700	Increase in refundable deposits	( 301)	( 4,128)
B05350	Payments for right-of-use assets	( 232,478)	( 161,417)
B06700	Increase in other non-current assets	28	( 304)
B07100	Increase in prepayments for machinery and equipment	( <u>123,016</u> )	( <u>310,246</u> )
BBBB	Net cash used in investing activities	( <u>1,136,503</u> )	( <u>776,656</u> )
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
C00200	Repayments of short-term borrowings	( 1,347,448)	( 4,371)
C01600	Proceeds from long-term borrowings	4,003,930	1,420,681
C01700	Repayments of long-term borrowings	( 1,982,409)	( 848,164)
C03000	Proceeds from guarantee deposits received	3,564	11,354
C04020	Repayments of finance lease payable	( 6,433)	( 5,406)
C04500	Dividends paid to owners of the Corporation	( 189,107)	( 58,366)
C05800	Dividends paid to non-controlling interests	( <u>20,543</u> )	( <u>18,578</u> )
CCCC	Net cash generated from financing activities	<u>461,554</u>	<u>497,150</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>175,975</u>	( <u>120,952</u> )
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,675,565	( 426,080)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,745,619</u>	<u>2,171,699</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,421,184</u>	<u>\$ 1,745,619</u>

(Concluded)

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

Chairman: Kuo-Ian Cheng

Manager: Kuo-Ian Cheng

Accounting Officer: Yu-Min Chang



## PAIHO SHIH HOLDINGS CORPORATION

### Revision Comparison Chart of Memorandum and Articles of Association

No.	Amended version	Original version	Explanations
Title of Memorandum of Association (P.1)	THE COMPANIES LAW (As amended) COMPANY LIMITED BY SHARES AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION OF PAIHO SHIH HOLDINGS CORPORATION 百和興業股份有限公司	THE COMPANIES LAW (2018 Version) COMPANY LIMITED BY SHARES AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION OF PAIHO SHIH HOLDINGS CORPORATION 百和興業股份有限公司	To amend wording to tally with reality.
Memorandum of Association 2	The Registered Office shall be at the offices of Portcullis (Cayman) Ltd, The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, <del>British West Indies.</del>	The Registered Office shall be at the offices of Portcullis (Cayman) Ltd, The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, British West Indies.	To delete “British West Indies”.
Title of Articles of Association (P.2)	THE COMPANIES LAW (As amended) COMPANY LIMITED BY SHARES AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF PAIHO SHIH HOLDINGS CORPORATION 百和興業股份有限公司	THE COMPANIES LAW (2018 Version) COMPANY LIMITED BY SHARES AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF PAIHO SHIH HOLDINGS CORPORATION 百和興業股份有限公司	To amend wording to tally with reality.
13	If at any time the share capital of the Company is divided into different Classes, all or any of the special rights attached to any such Class (unless otherwise provided by the terms of issue of the Shares of that Class) may	If at any time the share capital of the Company is divided into different Classes, all or any of the special rights attached to any such Class (unless otherwise provided by the terms of issue of the Shares of that Class) may	To amend wording.

No.	Amended version	Original version	Explanations
	<p>only be materially adversely varied or abrogated with the sanction of a resolution passed at a separate meeting of the holders of the Shares of such Class by holders of not less than seventy-five percent (75%) of the issued Shares of that Class as may be present in person or by proxy at a separate general meeting of the holders of the Shares of such Class, but not otherwise. To every such separate meeting, all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, <i>mutatis mutandis</i>, apply, except that the necessary quorum shall be one or more Persons at least holding or representing by proxy one-half in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to the terms of issue of the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him.</p>	<p>only be materially adversely varied or abrogated with the sanction of a resolution passed at a separate meeting of the holders of the Shares of such Class by holders of not less than seventy-five percent (75%) of the issued Shares of that Class as may be present in person or by proxy at a separate general meeting of the holders of the Shares of such Class, but not otherwise. To every such separate meeting, all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, <i>mutatis mutandis</i>, apply, except that the necessary quorum shall be one or more Persons at least holding or representing by proxy one-half in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to the terms of issue of the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him.</p>	
44	(A) The following matters shall be specified in the notice of a general meeting with the description of their material content, and	(A) The following matters shall be specified in the notice of a general meeting with the description of their material content, and	To amend the content of this article in comply with the sample template

No.	Amended version	Original version	Explanations
	<p>shall not be proposed as ad hoc motions;<del>the material contents may be uploaded onto the website designated by the Commission or the Company and such website shall be indicated on the notice of general meeting:</del></p>	<p>shall not be proposed as ad hoc motions; the material contents may be uploaded onto the website designated by the Commission or the Company and such website shall be indicated on the notice of general meeting:</p>	<p>for “XXX Co., Ltd. Rules of Procedure for Shareholders Meetings”.</p>
84	<p>Independent Directors shall possess professional knowledge and there shall be restrictions on their shareholding and the positions they may concurrently hold. They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence shall apply to the relevant securities laws and regulations of the R.O.C.—<del>mutatis mutandis</del>. A legal person Shareholder/or its representative(s) who already serves as the Director may not be concurrently appointed or elected as an Independent Director; in the event that such legal person or its representative(s) has been elected as Independent Director, such legal person or its representative(s) shall be dismissed from its Independent Director post.</p>	<p>Independent Directors shall possess professional knowledge and there shall be restrictions on their shareholding and the positions they may concurrently hold. They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence shall apply to the relevant securities laws and regulations of the R.O.C. <i>mutatis mutandis</i>. A legal person Shareholder/or its representative(s) who already serves as the Director may not be concurrently appointed or elected as an Independent Director; in the event that such legal person or its representative(s) has been elected as Independent Director, such legal person or its representative(s) shall be dismissed from its Independent Director post.</p>	<p>Independent directors of Paiho Shih Holdings Corporation shall apply to the securities trading regulations in Taiwan. To delete “mutatis mutandis” in the English version of articles of association.</p>

No.	Amended version	Original version	Explanations
86(a) (10)	<p>(a) In the case of an Audit Committee that has been established by the Company, the following matters shall be subject to the approval of one-half or more of all Audit Committee Members and be submitted to the Directors for a resolution:</p> <p>...  (10) annual financial reports <u>and</u> semi-annual reports.</p>	<p>(a) In the case of an Audit Committee that has been established by the Company, the following matters shall be subject to the approval of one-half or more of all Audit Committee Members and be submitted to the Directors for a resolution:</p> <p>...  (10) annual financial reports.</p>	To amend this article in accordance with the principles of Taiwan laws and regulations, and in response to the Company's management Requirement.
90	<p>The Directors may from time to time appoint any Person, whether or not a Director to hold such office in the Company <del>as the Directors may think necessary for the administration of the Company,</del> including but not limited to, the office of the chief executive officer, president, one or more vice-presidents, chief financial officer or controller, treasurer, assistant treasurer, or Officer, 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 <del>with such powers and duties as the Directors may think fit.</del> Any Person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their <del>members number</del> to the office of managing</p>	<p>The Directors may from time to time appoint any Person, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of the chief executive officer, president, one or more vice-presidents, chief financial officer or controller, treasurer, assistant treasurer, or Officer, 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 Directors may think fit. Any Person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall</p>	To simplify English version of Articles of Association through literal interpretation in order to highlight the key points of the regulation.

No.	Amended version	Original version	Explanations
	<p>director upon like terms, but any such appointment shall <del><i>ipso facto</i> determine</del> <u>cease to be effective</u> if any managing director ceases from any cause <u><i>ipso facto</i></u> to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.</p>	<p><i>ipso facto</i> determine if any managing director ceases from any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.</p>	

## Attachment 6

## PAIHO SHIH HOLDINGS CORPORATION

## Comparison Table of Amendments to Procedures for Governing the Election of Directors

Article No.	Amended version	Original version	Explanations
1.1	Objectives : To ensure a just, fair, and open election of directors(Independent directors), these procedures are adopted pursuant to Articles 21 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies of Republic of China.	Objectives : To ensure a just, fair, and open election of directors(Independent directors), these procedures are adopted pursuant to Articles 21 <b>and 41</b> of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies of Republic of China.	As reference to the amendments of “XXX Co., Ltd. Procedures for Election of Directors” of Republic of China.
4.10	Where a government agency or a juristic person acts as a shareholder of a company, its authorized representative may also be elected as a director of the company. If there is a plural number of such authorized representatives, each of them may be so elected.	<b><u>In the event that the candidate is a shareholder of the Company, the voters voting for such a candidate shall fill in the candidate column on the ballot such candidate’s account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such a candidate shall fill in the candidate column on the ballot such candidate’s name and personal identification documents number.</u></b> Where a government agency or a juristic person acts as a shareholder of a company, its authorized representative may also be elected as a director of the company. If there is a plural number of such authorized representatives, each of them may be so elected.	As reference to the amendments of the above regulation.
4.11	Ballots shall be deemed void under the following conditions: 4.11.1 The ballot was not prepared by <b><u>the party entitled to call for the session.</u></b> 4.11.2 A blank ballot is placed in the ballot box. 4.11.3 Unrecognized illegible writing or has been altered. 4.11.4 <b><u>The name of the candidate marked down was found irrelevant to the candidates to the seats of Directors on the list.</u></b>	Ballots shall be deemed void under the following conditions: 4.11.1 The ballot was not prepared by <b><u>the board of directors.</u></b> 4.11.2 A blank ballot is placed in the ballot box. 4.11.3 Unrecognized illegible writing or has been altered. 4.11.4 The candidate <b><u>whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account</u></b>	As reference to the amendments of the above regulation.

	<p>4.11.5 Other <u>handwriting was marked on the ballot other than</u> the number of voting rights allotted.</p>	<p><u>number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number</u> do not match.</p> <p>4.11.5 Other <u>words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and</u> the number of voting rights allotted.</p> <p>4.11.6 <u>The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.</u></p>	
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## Attachment 7

## PAIHO SHIH HOLDINGS CORPORATION

## Comparison Table of Amendments to Rules and Procedures for Shareholders' Meeting

Article No.	Amended version	Original version	Explanations
4.2.1	<p>Convening shareholders' meetings and shareholders' meeting notices.</p> <p>4.2.1.1~4.2.1.3 Omitted.</p> <p>4.2.1.4 Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, granting waiver to the Director's engaging in any business within the scope of business of the Company, capitalization of retained earnings, capitalization of reserve, the dissolution, merger, spin-off, or any matter under Article 185, paragraph 1 of the Company Act of Republic of China (hereinafter Company Act), or others in accordance to regulations or articles of incorporation shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions.</p>	<p>Convening shareholders' meetings and shareholders' meeting notices.</p> <p>4.2.1.1~4.2.1.3 Omitted.</p> <p>4.2.1.4 Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, granting waiver to the Director's engaging in any business within the scope of business of the Company, capitalization of retained Earnings, capitalization of reserve, the dissolution, merger, spin-off, or any matter under Article 185, paragraph 1 of the Company Act of Republic of China (hereinafter Company Act), or others in accordance to regulations or articles of incorporation shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; <b><u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></b></p>	<p>As reference to the amendments to Article 3 of "XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of Republic of China.</p>
4.8.1	<p>The chairman shall call the meeting to order at the appointed meeting time, <b><u>and announce the shares without voting rights and the attendance of the shareholders and the voting shares represented.</u></b> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of</p>	<p>The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one</p>	<p>As reference to the amendments to Article 9 of the above regulation.</p>



Article No.	Amended version	Original version	Explanations
	no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.	third of the total number of issued shares, the chair shall declare the meeting adjourned.	
4.9.4	Deleted.	<b><u>Apart from the circumstances in the Article 4.9.3, after a meeting has adjourned, shareholders may not further select a chairman and continue the meeting at the original site or some other location.</u></b>	As reference to the amendments of the above regulation.
4.18.1	The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company, and the voting results shall be announced on-site immediately, including the <b><u>list of winners to the seats of Directors, the votes the candidates earned, and the list of candidates not elected to the seats of Directors and the votes they earned.</u></b>	The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company, and the voting results shall be announced on-site immediately, including the <b><u>names of those elected as directors and the numbers of votes with which they were elected.</u></b>	As reference to the amendments to Article 14 of the above regulation.

Appendix 1

THE COMPANIES LAW (2018 Version)  
COMPANY LIMITED BY SHARES  
AMENDED AND RESTATED  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**PAIHO SHIH HOLDINGS CORPORATION**  
百和興業股份有限公司  
(As adopted by Special Resolutions dated 9<sup>th</sup> June, 2020)

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1. The name of the Company is PAIHO SHIH HOLDINGS CORPORATION 百和興業股份有限公司.
2. The Registered Office shall be at the offices of Portcullis (Cayman) Ltd, The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, British West Indies.
3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted.
4. Subject to the following provisions of this Memorandum, 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 Law (as amended).
5. Nothing in Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.
6. If the Company is exempted, it shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
8. The share capital of the Company is Four Billion New Taiwan Dollars (NT\$4,000,000,000) divided into 400,000,000 shares of a nominal or par value of Ten New Taiwan Dollars (NT\$10) each.

THE COMPANIES LAW (2018 Version)  
COMPANY LIMITED BY SHARES  
AMENDED AND RESTATED

**ARTICLES OF ASSOCIATION  
OF  
PAIHO SHIH HOLDINGS CORPORATION  
百和興業股份有限公司**

(As adopted by Special Resolutions dated 9<sup>th</sup> June, 2020)

**INTERPRETATION**

1. The Regulations contained or incorporated in Table A of the First Schedule of the Companies Law of the Cayman Islands shall not apply to this Company.
2. (a) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:
  - (i) **Affiliated Company** with respect to any company, any other company that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such first company;
  - (ii) **Applicable Listing Rules** the relevant laws, regulations, rules and code as amended, from time to time, applicable as a result of the original and continued trading or listing of any Shares on any Taiwan stock exchange or securities market, including, without limitation the relevant provisions of Securities and Exchange Act, the Acts Governing Relations Between Peoples of the Taiwan Area and the Mainland Area, or any similar statute and the rules and regulations of the R.O.C. authorities thereunder, and the rules and regulations promulgated by the Financial Supervisory Commission, the TPEX or Taipei Exchange or the Taiwan Stock Exchange;
  - (iii) **Articles** these Articles of Association of the Company in their present form, as amended or substituted from time to time amended or supplemented by Special Resolution;
  - (iv) **Auditors** the Auditors for the time being of the Company, if any;
  - (v) **Audit Committee** has the meaning set forth in Article 85;
  - (vi) **Audit Committee Members** members of the Audit Committee;
  - (vii) **Chairman** has the meaning given thereto in Article 77;
  - (viii) **Class or Classes** any class or classes of Shares as may from time to time be issued by the Company;
  - (ix) **Commission** Financial Supervisory Commission of the Executive Yuan of the R.O.C. or any other authority for the time being

		administering the Securities and Exchange Act of the R.O.C.;
(x)	Company	Paiho Shih Holdings Corporation;
(xi)	Directors or Board	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;
(xii)	electronic	shall have the meaning given to it in the Electronic Transactions Law (2003 Revision) (as amended) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
(xiii)	electronic communication	transmission to any number, address or internet website or other electronic delivery methods as may be decided and approved by not less than two-thirds of the vote of the Board, subject to the Law;
(xiv)	Emerging Market	the emerging market board of Taipei Exchange in the R.O.C.;
(xv)	"TPEX" or Taipei Exchange or GTSM	the Taipei Exchange in the R.O.C.;
(xvi)	Indemnified Person	has the meaning given thereto in Article 156;
(xvii)	Independent Director	a director who is an independent director as defined in the Applicable Listing Rules;
(xviii)	Law	The Companies Law (2018 Revision) of the Cayman Islands and any amendment or other statutory modification thereof for the time being in force in the Cayman Islands and includes every other law incorporated therewith or substituted therefor, and where in these Articles any provision of the Law is referred to, the reference is to that provision as modified by any law for the time being in force;
(xix)	Member or Shareholders	a Person who is duly registered as the holder of any Share or Shares in the Register including persons who are jointly so registered, and "Members" or "Shareholders" means two (2) or more of them;
(xx)	Memorandum of Association	the memorandum of association of the Company, as amended or substituted from time to time;
(xxi)	Merger	a transaction or a series of related transaction whereby the business or assets of a company will be transferred to another company in lieu of the dissolution of the transferor company, provided that any Merger which falls within the definition of "merger and/or consolidation" under the Law shall be subject to the requirements of the Law only;
(xxii)	Month	a calendar month;

- (xxiii) MOPS The Market Observation Post System maintained by TWSE & GTSM;
- (xxiii-a) Officer means the officer as defined in the Applicable Listing Rules;
- (xxiv) Ordinary Resolution a resolution passed by a simple majority of such Shareholders as, being entitled to do so, vote in person or, in the case of such shareholders which are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of the Company held in accordance with these Articles and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled;
- (xxv) paid up 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;
- (xxvi) Person any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
- (xxvii) Preferred Shares has the meaning given thereto in Article 4;
- (xxvii-a) “Realized Capital Reserve” and “Capital Reserve” has the meaning given thereto in the Applicable Listing Rules ;
- (xxviii) Register or Register of Members the principal register and any branch register of Members of the Company to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time, as required to be kept pursuant to the Law;
- (xxix) Registered Office the registered office of the Company for the time being as required under the Law;
- (xxx) Registration Office such place or places in the R.O.C. or elsewhere where the Board from time to time determine to keep a branch register of Shareholders of the Company in respect of that class of share capital and where (except in cases where the Board otherwise agrees) transfers of other documents of title for Shares are to be lodged for registration and are to be registered;
- (xxxi) Relevant Period the period commencing from the date on which any of the securities of the Company first become listed on the GTSM or TWSE to and including the date immediately before the day on which none of such securities are so listed (and so that if at any time listing of any such securities is suspended for any reason whatsoever and for any length of

- time, they shall nevertheless be treated, for the purpose of this definition, as listed);
- (xxxii) R.O.C. or Taiwan the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;
  - (xxxiii) R.O.C. Courts the Taiwan Taipei District Court or any other competent courts in the R.O.C.;
  - (xxxiv) R. O. C. Laws the laws and regulations of the R.O.C., including without limitation to the Applicable Listing Rules;
  - (xxxv) Seal the common seal of the Company (if applicable) or any facsimile or official seal (if applicable) for the use outside of the Cayman Islands;
  - (xxxvi) Secretary any Person for the time being appointed by the Directors to perform any of the duties of the secretary of the Company and including any assistant, deputy, acting or temporary secretary;
  - (xxxvii) Shares a share in the capital of the Company. All references to “Shares” herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression “Share” shall include a fraction of a Share;
  - (xxxviii) Share Exchange a) means the Company transfers all its issued shares to another company in exchange for the new shares issued to the Shareholders by that company;
  - (xxxviii) Share Premium Account ) the share premium account established in accordance with these Articles and the Law and the R.O.C. Laws;
  - (xxxix) Shareholders’ Service Agent The agent licensed by the R.O.C. authorities to provide certain shareholders services in accordance with the Applicable Listing Rules to the Company;
  - (xl) signed bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a Person with the intent to sign the electronic communication;
  - (xli) Special Resolution means a special resolution of the Company passed in accordance with the Law, being a resolution passed by a majority of not less than two-thirds of such Shareholders as, being entitled to do so, vote in person or, in the case of such shareholders which are corporations, by their respective duly authorised representative 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 and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled; A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision

of these Articles;

- (xlii) Special Resolution Type A a resolution passed by Shareholders, as being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, such Shareholders holding at least a majority of the voting Shares held by all Shareholders attending that meeting, and such meeting attended by Shareholders holding not less than two-thirds of all issued Shares of the Company;
  - (xliii) Special Resolution Type B a resolution passed by Shareholders, as being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, such Shareholders holding not less than two-thirds of the voting Shares held by all Shareholders attending that meeting, and such meeting attended by Shareholders holding at least a majority of all issued Shares of the Company;
  - (xliv) Spin-off an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to issue new shares to the transferor company or to shareholders of the transferor company;
  - (xlv) Transfer Office the place where the principal Register of Members is located;
  - (xlv-a) Treasury Shares means Shares that were previously issued but were purchased, redeemed or otherwise acquired by the Company and not cancelled;
  - (xlvi) TWSE the Taiwan Stock Exchange;
  - (xlvii) Publicly offering new Shares in the R.O.C. Under the R.O.C. Laws, when the Company increases its capital by issuing new Shares in the R.O.C., the Company shall allocate fixed ratio of the total amount of the new Shares for offering in the R.O.C. to the public.
- (b) Unless the context otherwise requires, expressions defined in the Law and used herein shall have the meanings so defined.
- (c) In these Articles unless the context otherwise requires:
- (a) words importing the singular number shall include the plural number and vice-versa;
  - (b) words importing the masculine gender shall include the feminine and neuter genders;
  - (c) a notice provided for herein shall be in writing unless otherwise specified and all reference herein to “in writing” and “written” shall include printing, lithography, photography and other modes of representing or reproducing words in permanent visible form; and
  - (d) “may” shall be construed as permissive and “shall” shall be construed as imperative.

- (d) Heading used herein are intended for convenience only and shall not affect the construction of these Articles.
  - (e) Section 8 of the Electronic Transactions Law shall not apply.
- 2A. In the course of conducting its business, the Company shall comply with the Applicable Listing Rules and business ethics, and the Company may take corporate actions to promote public interest in order to fulfill its social responsibilities.
- SHARES**
- 3. Subject to these Articles, the Directors may, in respect of all Shares for the time being unissued:
    - (a) offer, issue, allot and dispose of such Shares to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine, but so that no Share shall be issued at a discount, except in accordance with the provisions of the Law; and
    - (b) grant options with respect to such Shares and issue warrants or similar instruments with respect thereto, in accordance with the provisions of the Law; and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.
  - 4. The Company may issue Shares of different classes with rights which are preferential to those of ordinary Shares issued by the Company (“**Preferred Shares**”) with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors and with the approval of a Special Resolution.
  - 5. Prior to the issuance of any Preferred Shares approved pursuant to the preceding Article 4, these Articles shall be amended to set forth the rights and obligations of the Preferred Shares, including but not limited to the following terms, and the same shall apply to any variation of rights of Preferred Shares:
    - (a) total number of Preferred Shares been authorised to be issued and the numbers of the Preferred Shares already issued;
    - (b) order, fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
    - (c) order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
    - (d) order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of holders of Preferred Shares;
    - (e) other matters concerning rights and obligations incidental to Preferred Shares; and
    - (f) the method by which the Company is authorised or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply.
  - 6. The issue of new ordinary Shares of the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new Shares shall at all times be subject to the sufficiency of the authorised capital of the Company.



7. The Company shall not issue any unpaid Shares or partial paid-up Shares. The Company shall not issue Shares in bearer form. If any subscriber delays payment for Shares to be issued, the Company shall notice such subscribers the designated payment term, no less than one month, and declaring that the failure to pay within the designated payment term will lead to the forfeiture of their right to subscribe the Shares. Where any subscriber fails to pay up within the designated payment term as mentioned above, the Company shall request others to subscribe the Shares.
8. (A) Upon each issuance of new Shares, the Directors may reserve not more than fifteen percent (15%) of the new Shares for subscription by the employees of the Company who are determined by the Board in its reasonable discretion.  
(B) Subject to the R.O.C. Laws, the Company may restrain the Shares subscribed by its employees under previous paragraph from being transferred or assigned to others within a specific period of time which shall in no case be longer than two years.
9. For publicly offering new Shares in the R.O.C., unless otherwise resolved by the Shareholders in general meeting by Ordinary Resolution, if at anytime the Board resolves to issue any new Share under Article 6, the Company shall, after reserving the portion of Shares for subscription by its employees and for public offering in the R.O.C. pursuant to Article 8 and the applicable R.O.C. Laws respectively, first offer such remaining new Shares by a public announcement according to the Applicable Listing Rules, and a written notice to each then Shareholder for their subscriptions in proportion to the number of Shares held by them respectively. The Company shall state in such written notice that if any Shareholder fails to confirm his subscription within the assigned deadline, his right shall be forfeited. Where a fractional percentage of the original Shares being held by a Shareholder is insufficient to subscribe for one new Share, the fractional percentages of the original Shares being held by several Shareholders may be combined for joint subscription of one or more integral new Shares or for subscription of new Shares in the name of a single Shareholder. New Shares left unsubscribed by then Shareholders may be open for public issuance or for subscription by specific Person or Persons through negotiation pursuant to the Applicable Listing Rules.
10. The Shareholders' pre-emptive right prescribed under the preceding Article 9 shall not apply in the event that new Shares are issued due to the following reasons or for the following purpose:
  - (a) in connection with a Merger with another company, or the Spin-off of the Company, or pursuant to any reorganization of the Company;
  - (b) in connection with meeting the Company's obligation under Share subscription warrants and/or options granted to the employees;
  - (c) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;
  - (d) in connection with meeting the Company's obligation under Share subscription warrant or Preferred Shares vested with rights to acquire Shares;
  - (e) in connection with carrying out private placement of the Company's Shares;
  - (f) in connection with the issuance of employees restricted Shares; or
  - (g) any other exemptions provided under the R.O.C. Laws.

11. For publicly offering new Shares in the R.O.C., the Company shall allocate ten percent (10%) of the total amount of the new Shares to be issued, for offering in the R.O.C. to the public unless it is not necessary or appropriate, according to the Applicable Listing Rules, for the Company to conduct the aforementioned public offering. Provided however, if a percentage higher than the aforementioned ten percent (10%) is resolved by an Ordinary Resolution to be offered, the percentage determined by such resolution shall prevail.
- 11A. Where a Shareholder holds Shares on behalf of other Persons, such Shareholder may vote each Share separately. The qualifications, scope, methods of exercise, operating procedures and other matters with respect to exercising such voting power shall be compliant with R.O.C. Laws.
- 11B. In the event a Director pledges more than half of the Shares held by such Director at the time he/she/it is elected (the Shares in excess of half of the Shares held by the Director at the time he/she/it is elected shall herein be referred to as "Excess Pledged Shares"), such Director shall not exercise voting power over the Excess Pledged Shares, and the Excess Pledged Shares shall not be counted towards the quorum of the general meeting.
12. (A) Except as specified under subsection (C) hereunder, the Company may, upon resolution by a majority votes at a meeting of the Board attended by two-thirds or more of the Directors, adopt one or more employee incentive programmes pursuant to which Shares, options, warrants, or other similar instruments to acquire Shares may be granted to employees of the Company and/or any of its Affiliated Companies to subscribe for Shares to the extent as permitted by the R.O.C. Laws.
- (B) The warrants to acquire Shares granted to any employee under any employee incentive programmes pursuant to the subsection (A) above shall be non-transferable except by inheritance to the heirs of the employees. Subject to the R.O.C. Laws, the Company may restrain the Shares or instruments to acquire Shares subscribed by its employees except warrants under the previous paragraph from being transferred or assigned to others within a specific period of time which shall in no case be longer than two years.
- (C) The Company may issue restricted shares pursuant to a Special Resolution Type A. Where the quorum for Special Resolution Type A is not met, the Restricted Shares may be issued pursuant to a Special Resolution Type B. The issuance size, issuance price, and issuance terms shall be in accordance with the R.O.C. Laws.
- (D) After reserving a sufficient amount out of the net income to set off the accumulated losses at the end of year (if any), the Company may allocate no less than one percent (1%) of the income before tax, employee bonuses under this Article 12(D) and director bonuses under Article 80(C), to pay to the employees of the Company and its subsidiaries, either in the form of Shares newly issued for such purpose or in cash, upon resolution by a majority votes at a meeting of the Directors attended by two-thirds or more of the Directors. Such resolution shall be reported to the Shareholders at a general meeting. If the Directors resolves to issue Shares to any employee of the Company or its subsidiaries in accordance with this Article 12(D), such Shares shall be issued credited as fully paid, and the Company shall capitalise all or any part of the amount for the time being standing to the credit of the Company's profit and loss account by applying such sum in paying up in full the issue price of such Shares.

## **MODIFICATION OF RIGHTS**

13. If at any time the share capital of the Company is divided into different Classes, all or any of the special rights attached to any such Class (unless otherwise provided by the terms of issue of the Shares of that Class) may only be materially adversely varied or abrogated with the sanction of a resolution passed at a separate meeting of the holders of the Shares of such Class by holders of not less than seventy-five percent (75%) of the issued Shares of that Class as may be present in person or by proxy at a separate general meeting of the holders of the Shares of such Class, but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be one or more Persons at least holding or representing by proxy one-half in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to the terms of issue of the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him.
14. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that Class, be deemed to be materially adversely varied or abrogated by, inter alia, the creation, allotment or issue of further Shares ranking pari passu with or subsequent to them, the redemption of Shares of any Class by the Company.

## **REGISTERS**

15. The Board shall cause to be kept the Register and there shall be entered therein the particulars required under the Law.
16. Subject to the provisions of the Law, if the Board considers it necessary or appropriate, the Company may establish and maintain a principal or branch register of Shareholders at such location as the Board thinks fit and, during the period of publicly offering new Shares in the R.O.C. , the Company shall keep its branch register of Shareholders in the R.O.C.

## **CERTIFICATE**

17.
  - (a) Subject to the provisions of the Law, during the period of publicly offering new Shares in the R.O.C., the Company shall issue Shares without printing share certificates for the Shares issued, and details regarding such issue of Shares shall be recorded by the Taiwan Depository & Clearing Corporation in accordance with the Applicable Listing Rules.
  - (b) A Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors authorised by the Board.
  - (c) If a share certificate is defaced, worn out, lost or destroyed, it may be replaced on such terms and conditions, if any, evidence and indemnity, as the Board thinks fit and where it is defaced or worn out, after delivery up of the old share certificate to the Company for cancellation.

## **TRANSFER AND TRANSMISSION OF SHARES**

18. Subject to the Law and the R.O.C. Laws, Shares issued by the Company shall be freely transferable, provided that any Shares reserved for issuance to the employees of the Company may be subject to transfer restrictions for a period of not more than two (2) years, or such other period as the Directors may determine in their discretion.
19. (A) Subject to these Articles, any Members may transfer all or any Shares by an instrument of transfer. The instrument of transfer of any Share shall be in writing in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if so required by the Directors, shall also be executed by or 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 Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register in respect of the relevant Shares. Subject to Law and Applicable Listing Rules, transfers may be made by way of book entry by the securities depository. The Register maintained by the Company in respect of the Shares which are registered in the Emerging Market or listed in the "TPEX" or Taipei Exchange or the TSE may be kept by recording the particulars required under Applicable Listing Rules in a form otherwise than legible provided such recording otherwise complies with Applicable Listing Rules. To the extent the Register is kept in a form otherwise than legible it must be capable of being reproduced in a legible form.
  - (B) Subject to the requirements of applicable laws of the Cayman Islands, transfer of uncertificated Shares which are traded on the Emerging Market or the "TPEX" or Taipei Exchange or TWSE may be effected by any method of transferring or dealing in securities introduced by TWSE or operated in accordance with the Applicable Listing Rules as appropriate and which have been approved by the Board for such purpose.
  - (C) Notwithstanding Article 19(A) above, the Board may, subject to the applicable laws of the Cayman Islands and if so permitted, allow Shares held in uncertificated form to be transferred without an instrument of transfer by means of a relevant system, including that of the Taiwan Depository & Clearing Corporation.
20. Subject to Article 19(C), the Board may decline to register any transfer of any Share unless:
  - (a) the instrument of transfer is lodged with the Company, accompanied by the certificate (if any) for the Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - (b) the instrument of transfer is in respect of only one Class of Shares;
  - (c) the Shares concerned are free of any lien in favour of the Company;
  - (d) the instrument of transfer is properly stamped, if required; and
  - (e) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four (4).
21. The registration of transfers may be suspended when the Register is closed in accordance with Article 37.

22. All instruments of transfer that are registered shall be retained by the Company, but any instrument of transfer that the Directors decline to register shall (except in any case of fraud) be returned to the Person depositing the same.
23. The Board may, in its absolute discretion at any time and from time to time, remove any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.
24. Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time stipulate, and which agreement it shall, without giving any reason therefore, be entitled in its absolute discretion to give or withhold) no Shares on the principal register shall be removed to any branch register nor shall Shares on any branch register be removed to the principal register or any other branch register and all removals and other documents of title relating to or affecting the title to any share or other securities of the Company shall be lodged for registration, and be registered, in the case of any Shares on a branch register, at the relevant Registration Office, and, in the case of any Shares on the principal register, at the Transfer Office.
25. Notwithstanding anything contained in these Articles, the Company shall as soon as practicable and on a regular basis record in the principal register all removals of Shares effected on any branch register and shall at all times maintain the principal register and all branch registers in all respects in accordance with the Companies Law.
26. In the case of the death of a Shareholder, the survivor, and the legal personal representative of a deceased where he was the sole or only surviving holder of a Share, shall be the only Persons recognised by the Company as having any title to the Share. In case of a Share registered in the names of two (2) or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor where he was the sole or only surviving holder of a Share, shall be the only Persons recognised by the Company as having any title to the Share.
27. Any Person becoming entitled to a Share in consequence of the death or bankruptcy or winding-up of a Shareholder shall upon such evidence being produced as may from time to time be properly required by the Board, and subject as hereinafter provided, have the right either to be registered as a Shareholder in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt 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 Person before the death or bankruptcy.
28. A Person becoming entitled to a Share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

#### **ALTERATION OF SHARE CAPITAL**

29. The Company may from time to time by Ordinary Resolution:
  - (a) increase the share capital by such sum, to be divided into new Shares of such Classes of such par value, as the resolution shall prescribe;

- (b) consolidate and divide all or any of its share capital into Shares of a larger par value than its existing Shares;
  - (c) subdivide its existing Shares, or any of them, into Shares of a smaller par value than is fixed by the Memorandum of Association;
  - (d) cancel any Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the Shares so cancelled; and
  - (e) if the Company resolves that it be wound up voluntarily because it is unable to pay its debts as they fall due.
30. The Company may by Special Resolution:
- (a) together with the approval of the Board, issue any Preferred Shares in accordance with Article 4 and 5;
  - (b) change its name;
  - (c) change the currency denomination of its share capital;
  - (d) subject to the Law, reduce its share capital, or any capital redemption reserve in any manner authorised by Law;
  - (e) resolves that it be wound up voluntarily for reasons other than the reasons stated in Article 29(e) above; and
  - (f) alter or amend the Memorandum of Association or these Articles in accordance with Article 150.
31. (A) The Company may by a Special Resolution Type A:
- (a) enter into, amend, or terminate any contract for lease of its business in whole, or for entrusting business, or for regular joint operation with others;
  - (b) transfer the whole or any material part of its business or assets;
  - (c) take over the transfer of another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (d) distribute part or all of its dividends or bonus by way of issuance of new shares;
  - (e) effect any acquisition, Share Exchange, Merger or Spin-off in accordance with the R.O.C. Laws;
  - (f) apply for the termination of the public offering; and
  - (g) issue employees restricted Shares.
- (B) Alternatively, if the total number of Shares represented by the Shareholders present at such general meeting is not sufficient to meet the quorum criteria specified for passing of a Special Resolution Type A, the Company may effect the above matters by a Special Resolution Type B.
- (C) Notwithstanding, in the event that the Company becomes delisted from TWSE or GTSM as a result of dissolution through Merger, general transfer of its business or assets, undertaking of Share Exchange, or Spin-off where the surviving, existing or newly incorporated company, or transferee company is not a listed company on TWSE or GTSM, such event shall be approved by Shareholders representing not less than two-thirds of the total number of issued Shares.

32. (A) In the event any of the resolutions with respect to the paragraph (a), (b), or (c) of the preceding Article 31(A) is adopted by general meeting in accordance with the provisions of these Articles, any Shareholder who has notified the Company in writing of his objection to such proposal prior to such meeting and subsequently raised his objection at the meeting, may request the Company to redeem all of his Shares at the then prevailing fair price by stating the request price in written notice within 20 days since the resolution of the general meeting; provided, however, that no Shareholder shall have the abovementioned appraisal right if the general meeting resolves on the dissolution of the Company after the completion of transfer of business or assets under the paragraph (b) of Article 31(A). In the event the Company and the aforesaid Shareholder reach an agreement of the price to buy back, the Company shall pay the payment within 90 days since the resolution of the general meeting. If no agreement is reached, the Company shall pay the payment recognized by the Company as a fair price to those Shareholders who do not reach agreement of the price with the Company within 90 days since the resolution of the general meeting. The Company will be deemed to agree the price request by the Shareholder if the Company fails to pay the payment within 90 days since the resolution of the general meeting.
- (B) In the event that any part of the Company's business is spun off or involved in any acquisition, Share Exchange, Merger with any other company, the Shareholder, who has forfeited his right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to buy back all of his Shares at the then prevailing fair price. In the further event that the Company and the aforesaid Shareholder reach an agreement of the price to buy back, the Company shall pay the payment within 90 days since the resolution of the general meeting. If no agreement is reached, the Company shall pay the payment recognized by the Company as a fair price to those Shareholders who do not reach agreement of the price with the Company within 90 days since the resolution of the general meeting. The Company will be deemed to agree the price request by the Shareholder if the Company fails to pay within 90 days since the resolution of the general meeting. If no agreement is reached within 60 days since the resolution of the general meeting, the Company shall plead the court for a ruling on the price against all the Shareholders who do not reach an agreement of the price with the Company as the opposite parties within 30 days from such the period. The pleading may be governed by Taiwan Taipei District Court for the first instance.
- 32A. The Company may carry out private placement of its Shares with the following Persons upon adoption of a Special Resolution:
- (a) Banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other legal persons or institutions approved by the competent authority;
  - (b) Persons meeting the conditions prescribed by the competent authority
  - (c) Directors and Officers of the Company or its Affiliated Companies.

## **REDEMPTION AND REPURCHASE OF SHARES**

33. **REDEMPTION OF SHARES** - Subject to the Law, the R.O.C. Laws and these Articles, the Company may issue Shares on terms that they are to be redeemed or are liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or the Shareholder on such terms and in such manner as the Company may by Special Resolution, before the issue of such Shares, determine.
34. (A) **REPURCHASE OF SHARES** - Subject to the Law, the R.O.C. Laws and these Articles, and upon the approval of a majority of the Directors present at a Board meeting attended by two-thirds or more of Directors, the Company may repurchase its own Shares from the centralized securities exchange market of TWSE. The number of Shares so repurchased shall not exceed 10 percent of the total number of issued Shares of the Company and the total price thereof shall not exceed the sum of Retained Earnings plus the amount of the Share Premium Account plus the amount of the Realized Capital Reserve. The resolution and the implementation thereof, as well as the explanation for not purchasing the shares for any reason, shall be reported in the most recent general meeting.
- (B) Except as otherwise provided for in Law, R.O.C. Laws and these Articles, the Company shall, by an Ordinary Resolution, reduce its capital by repurchasing and cancelling its Shares. The number of Shares to be repurchased and cancelled shall be pro rata among the Shareholders in proportion to the number of Shares held by each such Shareholder.
- (C) The amount payable to the Shareholders in connection with a repurchase of Shares may be paid in cash or in kind (i.e., non-cash). The assets to be delivered in connection with a repurchase of Shares and the value of such assets shall be approved by an Ordinary Resolution at a general meeting and shall be subject to consent by the Shareholder receiving such assets.
- (D) Prior to such general meeting, the Board shall have the value of assets to be delivered in connection with the repurchase of Shares and the value thereof (as described in the preceding paragraph) be audited and certified by a Certified Public Accountant admitted to practice in the Republic of China and shall provide the Shareholders with such audit of the valuation prior to such general meeting.
35. The redemption or repurchase of any Share shall not be deemed to give rise to the redemption or repurchase of any other Share.
36. Subject to the Law and the R.O.C. Laws, payment in respect of the redemption or repurchase of its own Shares shall be made in a manner authorised by the applicable laws (including the R.O.C. Laws), including out of its profits or the proceeds of a fresh issue of Shares. The Directors may when making payments in respect of redemption or repurchase of Shares, if authorised by the terms of issue of the Shares being redeemed or repurchased with the agreement of the holder of such Shares, make such payment either in cash or in specie.
- 36A. The Shares repurchased by the Company pursuant to the preceding Article 34(A) shall not be treated as cancelled and shall be classified as Treasury Shares. The Shares shall be transferred or cancelled in accordance with the Applicable Listing Rules.



- 36B. (A) To transfer Treasury Shares to employees at less than the average actual repurchase price, the Company shall by a Special Resolution Type B of the most recent general meeting, and shall have listed the following matters in the notice for that general meeting (the Company may not raise the matter by ad hoc motions):
- (a) The exercise price of the Treasury Shares, the price discount percentage, the basis of price calculations, and the reasonableness thereof.
  - (b) The number of Treasury Shares to be transferred, the purpose, and the reasonableness thereof.
  - (c) Qualification requirements for employees subscribing to Shares, and the number of Shares they are allowed to subscribe for.
  - (d) The effect to shareholders' equity:
    - (1) The explanation regarding the amount charged to the Company's expense as a result of the transfer of Treasury Shares, and the dilution effect to the Company's earnings per share.
    - (2) The explanation regarding the financial burden incurred by the Company by transferring Treasury Shares to employees at less than the average actual repurchase price.
- (B) (Deleted.)
- (C) The aggregate number of the Treasury Shares previously approved by the Company's general meetings and transferred to the Company's employees may not exceed 5 percent of the total issued Shares of the Company, and the aggregate number of Treasury Shares subscribed by any single employee of the Company may not exceed 0.5 percent of the total issued Shares of the Company.
- 36C. The transfer of Treasury Shares by the Company to employees in accordance with Law and Applicable Listing Rules may be subject to transfer restriction for a period of not more than two years.

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

37. 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 shall be closed for transfers for a stated period. During the period of publicly offering new Shares in the R.O.C., the Register shall be closed at least for a period of sixty (60) days, thirty (30) days and five (5) days immediately before the date of each annual general meeting, each extraordinary general meeting and the record date for a dividend distribution, respectively.
38. Apart from closing the Register, the Directors may fix in advance a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members and for the purpose of determining those Members that are entitled to receive payment of any dividend. In the event the Directors designate a record date in accordance with this Article 38, such record date shall be a date prior to the general meeting and the Directors shall immediately make a public announcement on the website designated by the Commission and the "TPEX" or Taipei Exchange or TWSE pursuant to the Applicable Listing Rules.

## **GENERAL MEETINGS**

39. All general meetings other than annual general meetings shall be called extraordinary general meetings.
40. (A) The Board 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 (6) months after close of each financial year and shall specify the meeting as such in the notices calling it.
- (B) Subject to the Law and these Articles, the Board may establish the rules and procedures of shareholders' meeting of the Company in accordance with the R.O.C. laws, which shall be put into force upon approval by way of an Ordinary Resolution.
41. At these meetings the report of the Directors (if any) shall be presented. During the period of publicly offering new Shares in the R.O.C., all general meetings shall be held in the R.O.C. For so long as the Shares are registered in the Emerging Market or listed on the "TPEX" or Taipei Exchange or TWSE, if the Board resolves to hold a general meeting outside the R.O.C., the Company shall apply for the approval of the "TPEX" or Taipei Exchange (or the TWSE, if applicable) thereof within two (2) days after the Board adopts such resolution. Where a general meeting is to be held outside the R.O.C., the Company shall engage a duly licensed stock service agent within R.O.C. to handle the administration of shareholder services of such general meeting (such as voting).
42. (A) During the period of publicly offering new Shares in the R.O.C., any Shareholder or Shareholders entitled to attend general meetings of the Company holding at least three percent (3%) of the paid up share capital of the Company for a period of one year or a longer time as of the date of deposit of the requisition may, by depositing the requisition notice at the Registration Office or the Shareholders Service Agent specifying the objects of the meeting, request the Board to convene an extraordinary general meeting. If the Board does not give notice to Shareholders to convene such meeting within fifteen (15) days after the date of the requisition notice, the requisitionists themselves may convene the general meeting in the same manner.
- (B) Any one or more Members holding in aggregate more than half of the total number of the issued Shares of the Company as at the relevant book close period, for at least three (3) consecutive months may convene an extraordinary general meeting.

### **NOTICE OF GENERAL MEETING**

43. (A) At least thirty (30) and fifteen (15) days' notices in writing, specifying the place, the day and the time of meeting and, in the case of special business, the general nature of that business shall be given in manner hereinafter provided, or in such other manner (if any) as may be prescribed by the Company in general meetings, shall be given to such persons as are entitled to vote or may otherwise be entitled under these Articles of the Company to receive such notices from the Company for any annual and extraordinary general meetings, respectively; provided that, in the case of a shareholder holding less than one thousand (1,000) registered Shares, the aforesaid notices may be given by posting on the MOPS. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business. The notice for a general meeting may be given by means of electronic communication if the Company obtains prior consent from the Shareholders or as permitted by the Law and R.O.C. Laws.

- (B) The Company shall publish all related information including the written notice for convening the general meetings, the proxy form, all proposals to be approved and discussed at the meetings, proposals to elect or discharge Directors and all other reasons and explanations for proposals to be discussed at the meetings at least 30 or 15 days prior to any annual or extraordinary general meetings, respectively.
  - (C) Where voting powers of Shareholders at a general meeting are to be exercised in writing, the materials prescribed under Article 43(B) as well as the ballot shall be mailed to the Shareholders by post.
44. (A) The following matters shall be specified in the notice of a general meeting with the description of their material content, and shall not be proposed as ad hoc motions; the material contents may be uploaded onto the website designated by the Commission or the Company and such website shall be indicated on the notice of general meeting:
- (a) election or discharge of Directors;
  - (b) amendments to the Memorandum of Association and/or these Articles;
  - (c) winding-up, Merger, Share Exchange or Spin-off of the Company;
  - (d) entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusting business, or for regular joint operation with others;
  - (e) the transfer of the whole or any material part of its business or assets;
  - (f) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
  - (g) carrying out private placement of its securities;
  - (h) granting waiver to the Director's engaging in any business within the scope of business of the Company;
  - (i) distributing part or all of its dividends or bonus by way of issuance of new Shares;
  - (j) capitalization of the Company's statutory reserve (as defined in the R.O.C. Laws), and Capital Reserve, which are (1) the income derived from the issuance of new Shares at a premium; or (2) the income from the gifts received by the Company, by issuing new Shares to its then Shareholders in proportion to the number of Shares being held by each of them or by cash;
  - (k) transfer of Treasury Shares to employees in accordance with Article 36B;
  - (l) reduction of capital; and
  - (m) application for de-registration as a public company.
- (B) Subject to the Law, the R.O.C. Laws and the preceding paragraph, the Shareholder may raise proposals as ad hoc motions at a general meeting but the proposals shall be directly related to the matters specified in the notice of the general meeting.
45. During the period of publicly offering new Shares in the R.O.C., the Company shall prepare a manual for each general meeting and the relevant materials, and shall be published on the website designated by the Commission and the "TPEX" or Taipei Exchange or TWSE twenty-one (21) days prior to the meeting date of the annual general meeting, or fifteen (15) days prior to the meeting date of the extraordinary general meeting, pursuant to the Applicable Listing Rules and other applicable R.O.C. Laws.

## PROCEEDINGS AT GENERAL MEETING

46. No business shall be transacted at any general meeting unless a quorum of Shareholders 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 be a quorum for all purposes.
47. Shareholder(s) holding one percent (1%) or more of the total number of outstanding Shares immediately prior to the relevant book close period may propose in writing or by way of electronic transmission to the Company a proposal for discussion at an annual general meeting in accordance with the rules and procedures of shareholders' meeting of the Company from time to time. Proposals shall be included in the agenda unless otherwise where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) where the matter of such proposal may not be resolved by a general meeting, (c) the proposing Member has proposed a proposal containing more than 300 words, or more than one proposal, or (d) such proposal is submitted on a day beyond the deadline announced by the Company for accepting the Member's proposals; provided however, if any of proposal from such Member(s) is to urge the Company to promote public interests or fulfill its social responsibilities, the board of the Directors may accept such proposal to be discussed at a general meeting.
48. The Chairman of the Board shall preside as chairman at every general meeting of the Company convened by the Board. For a general meeting convened by any other Person having the convening right, such person shall act as the chairman of that meeting; provided that if there are two (2) or more Persons jointly having the convening right, the chairman of the meeting shall be elected from those Persons.
49. If at any general meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting or is unwilling to act as chairman, any Director nominated by the Directors shall preside as chairman, failing which the Shareholders present shall choose any Person present to be chairman of that meeting.
50. The chairman may by Ordinary Resolution (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for more than five (5) days, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
51. 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.
52. Unless otherwise expressly required by the Law or these Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Shareholders at any general meeting may be passed by an Ordinary Resolution.
53. In the case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

## VOTES OF SHAREHOLDERS

54. Subject to any rights and restrictions for the time being attached to any Share, every Shareholder who is present in person (or in the case of a shareholder being a corporation, by its duly authorised representative) and every Person representing a Shareholder by proxy shall have one vote, and on a poll every Shareholder who is present in person (or in the case of a shareholder being a corporation, by its duly authorised representative) and every Person representing a Shareholder by proxy shall have one vote for each Share of which he or the Person represented by proxy is the holder which is fully paid or credited as fully paid.
55. Where the Company has knowledge that any Shareholder is, under the R.O.C. Laws, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted in the number of votes of shareholders attending the meeting.
56. (A) No vote may be exercised with respect to any of the following Shares:
- (a) the Treasury Shares held by the Company;
  - (b) the Shares held by any subordinate company (as defined under the R.O.C. Laws, hereinafter the “subsidiary”) of the Company, where the total number of the issued and voting shares or total paid- in capital held by the Company in such a subsidiary represents more than one half of the total number of voting shares or the total paid-in capital of such a subsidiary; or
  - (c) the Shares held by another company, where the Company, together with (i) the holding company of the Company and/or (ii) any subsidiary of the Company, owns, directly or indirectly, more than one-half (1/2) of the total number of the issued and voting Shares or the total paid- in capital of such company.
- (B) The Shares held by any Shareholder having no voting right shall not be counted in the total number of issued Shares while adopting a resolution at a general meeting.
57. 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.
58. A Shareholder 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.
59. A Shareholder may appoint a proxy to attend a general meeting on his behalf by executing a power of attorney prepared by the Company stating therein the scope of power authorised to the proxy. A Shareholder may only execute one power of attorney and appoint one proxy for each general meeting, and shall serve such written proxy to the Company no later than five (5) days prior to the meeting date. In case the Company receives two or more written proxies from one Shareholder, the first one arriving at the Company shall prevail unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later. The use of proxies and solicitation shall be subject to the relevant R.O.C. Laws and in particular the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” enacted by the Commission.

60. In case a Shareholder has exercised his voting power in writing or by way of electronic transmission, and has also authorised a proxy to attend the Shareholders' meeting on his behalf, then the one whichever is later shall prevail. After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy attends the shareholders' meeting in person, the voting power exercised by the shareholder in person at the meeting shall prevail.
61. The instrument appointing a proxy shall be in the form approved by the Board 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 Shareholder, proxy recipient and proxy solicitation agent (if any). The form of proxy shall be provided to the Shareholders together with the relevant notice for the relevant general meeting, sent either through post or by electronic transmission as the case may be, and such notice and proxy materials shall be distributed, either through post or by electronic transmission as the case may be, to all Shareholders on the same day.
62. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Shareholder.
63. Except for trust enterprises duly licensed under the R.O.C. Laws or Shareholders' Service Agencies approved by the Commission, when a Person who acts as the proxy for two or more Shareholders, the number of votes represented by him shall not exceed three percent (3%) of the total number of votes of the Company and the portion of excessive votes represented by such proxy shall not be counted.
64. A Shareholder cannot exercise his own vote or by proxy on behalf of another Shareholder in respect of any matter or proposed matter or arrangement if he may be interested therein and may cause damage to the Company's interests. Such Shares shall not be counted in determining the number of votes of the Shareholders present at the said meeting.
65. (Deleted.)
66. The votes may be exercised in writing or by way of electronic transmission if the method for exercising the votes has been described in the notice of the general meeting, subject to the Law. The Company shall facilitate and allow Shareholders to exercise the votes in writing or by way of electronic transmission if the general meeting is held outside of the R.O.C. and shall specify the method of such exercising of votes in the meeting notice, subject to the Law.
67. A Shareholder who exercises his votes in writing or by way of electronic transmission as set forth in the preceding Article 66 shall be counted towards the quorum, but shall be deemed to have waived his votes in respect of any ad hoc motions and the amendments to the contents of the original proposals at such general meeting, subject to the Law.
68. A Shareholder shall deliver his declaration about the votes in writing or by way of electronic transmission to the Company no later than the second day prior to the scheduled meeting date of the general meeting; whereas if two (2) or more declarations are delivered to the Company, the first declaration shall prevail unless an explicit statement to revoke the previous declaration is made in the declaration which comes later, subject to the Law.

69. In case a Shareholder who has exercised his/her/its votes in writing or by way of electronic transmission and also attends the general meeting in person, the voting power exercised by the shareholder in person at the meeting shall prevail.
70. In case the procedure for convening a general meeting of Members or the method of adopting resolutions is in violation of the Law, R.O.C. Laws or these Articles, a Shareholder may, within thirty (30) days from the date of the resolution, submit a petition to the Taiwan Taipei District Court or the competent court in Cayman Islands for an appropriate remedy, including but not limiting to request the court to invalidate and cancel the resolution adopted therein.

#### **CORPORATIONS ACTING BY REPRESENTATIVES AT MEETING**

71. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such Person as it thinks fit to act as its representative at any meeting of the Company or of any Class of Members of the Company, and the Person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company.

#### **DIRECTORS**

72. Unless otherwise determined by the Company in general meeting, the number of Directors shall be no less than five (5) Directors and no more than ten (10) Directors, the exact number of Directors to be determined from time to time solely by an Ordinary Resolution of the general meeting. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association. During the period of publicly offering new Shares in the R.O.C., the Directors shall include such number of Independent Directors one of whom shall be making domiciliary in R.O.C. and the qualifications of such Independent Directors shall be in compliance with applicable law, rules or regulations or the Applicable Listing Rules or other applicable R.O.C. Laws required for a foreign issuer.
73. The general meeting of the Shareholders may appoint any natural Person or corporation to be a Director. At a general meeting of election of Directors, the number of votes exercisable in respect of one Share shall be the same as the number of Directors to be elected, and the total number of votes per Share may be consolidated for election of one candidate or may be split for election of two (2) or more candidates. A candidate to whom the ballots cast represents a prevailing number of votes shall be deemed a Director so elected. Where a legal person is a Shareholder, such legal person or its representative(s) may be elected as a Director/Directors.
74. (A) The Company shall adopt a candidate nomination mechanism for the election of the Directors which is in compliance with R.O.C. Laws. The rules and procedures for such candidate nomination shall be in accordance with the Law, these Articles, the Applicable Listing Rules and other applicable R.O.C. Laws. The Directors and Independent Directors shall be elected at the same general meeting provided that the votes shall only cumulate in respect of such number of Directors nominated within the same category (namely, Directors or Independent Directors) of directors to be appointed.

- (B) Subject to the Law and these Articles, the Board may adopt or amend the rules and procedures of the Board meeting , and the election of the Directors in accordance with the R.O.C. Laws. The adoption of the procedures of the Board meeting shall be approved by the Board meeting and reported to the general meeting; with regard to the amendment of the procedures of the Board meeting, the Board may be authorized to resolve it. The amendment and adoption of the procedures of the election of the Directors shall be approved by the Board and an Ordinary Resolution.
75. Subject to these Articles, the term for which a Director will hold office shall be three (3) years; thereafter he may be eligible for re-election. In case no election of new Directors is effected after expiration of the term of office of the existing Directors, the term of office of such Directors shall be extended until the time new Directors are elected and assume their office subject to these Articles and internal rules of the Company from time to time. Where all the Directors are re-elected prior to the expiration of the term of the existing Directors without resolving that the existing Directors will not be discharged until the expiry of their present term, then all the existing Directors shall be discharged and the appointment of the newly elected Directors shall be effective upon such resolution being made.
76. A Director may be discharged at any time by a Special Resolution Type A adopted at a general meeting. Alternatively, if the total number of Shares represented by the Shareholders present at such general meeting is not sufficient to meet the quorum criteria specified for passing of a Special Resolution Type A, the Company may effect the above matter by a Special Resolution Type B.
77. The Board shall have a Chairman (the “**Chairman**”) elected and appointed by a majority of the Directors present at the Board meeting the quorum of which shall be two-thirds of all of the Directors then in office. The period for which the Chairman will hold office will also be determined by a majority of the Directors present at the Board meeting with a quorum of at least two-thirds of all of the Directors then in office. The Chairman shall preside as chairman at every meeting of the Board. To the extent the Chairman is not present at a meeting of the Board within fifteen (15) minutes after the time appointed for holding the same, the attending Directors may choose one of their number to be the chairman of the meeting.
78. The Board may, from time to time, and except as required by the applicable Laws and R.O.C. Laws, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.
79. A Director shall not be required to hold any Shares in the Company by way of qualification.

#### **DIRECTORS’ FEES AND EXPENSES**

80. (A) The Company shall establish a compensation committee (the “Compensation Committee”) to determine and conduct periodical reviews on the Company’s policy for compensation of the Company’s Directors. The rules governing the establishment of the Compensation Committee and the exercise of powers by the Compensation Committee with regard to member qualification, exercise of power and related issues shall be duly resolved and promulgated by the Board, in accordance with the regulations of the R.O.C. The compensation shall include salaries of the Company’s Directors and Officers, stock options and other forms of rewards.



- (B) The Directors shall receive such remuneration as proposed by the Compensation Committee in accordance with the value of contribution of the Director in the business operation of the Company, with reference to the average standard in the industry, performance of the Company and the reasonableness and relevancy of future risks, no matter the Company profits or losses at such year, and thereafter submitted for approval by the Board.
- (C) Without prejudice to the generality of the preceding paragraph (B), after reserving a sufficient amount out of the net income to set off the accumulated losses at the end of year (if any), the Company may allocate no more than three percent of the income before tax, employee bonuses under Article 12(D) and director bonuses under this Article 80(C), to pay to the Directors in cash, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds or more of the Directors. Such resolution shall be reported to the Shareholders at a general meeting.
81. With respect to the preceding Article 80, each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any Class of Shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.
82. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and approved by an Ordinary Resolution, and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.
- INDEPENDENT DIRECTORS AND THE AUDIT COMMITTEE**
83. The number of Independent Directors of the Company shall not be less than three (3) and not less than one-fifth of the total number of Directors. When an Independent Director ceases to act, resulting in a number of Directors lower than that minimum number required three (3) Persons, an election for Independent Director shall be held at the next following general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election within sixty (60) days from the date on which the situation arose.
84. Independent Directors shall possess professional knowledge and there shall be restrictions on their shareholding and the positions they may concurrently hold. They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence shall apply to the relevant securities laws and regulations of the R.O.C. mutatis mutandis. A legal person Shareholder/or its representative(s) who already serves as the Director may not be concurrently appointed or elected as an Independent Director; in the event that such legal person or its representative(s) has been elected as Independent Director, such legal person or its representative(s) shall be dismissed from its Independent Director post.
85. (a) The Company may establish an Audit Committee.

- (b) In the case of an Audit Committee that has been established by the Company, the Audit Committee shall comprise all the Independent Directors, . It shall not be fewer than three (3) Persons in number, one of whom shall be the convenor, and at least one of whom shall have accounting or financial expertise.
  - (c) A resolution of the Audit Committee shall be approved by one-half or more of all Audit Committee Members.
  - (d) Subject to the Law and these Articles, the Board may establish the rules and procedures of Audit Committee of the Company in accordance with the R.O.C. Laws, which shall be put into force upon approval by way of an Ordinary Resolution.
86. (a) In the case of an Audit Committee that has been established by the Company, the following matters shall be subject to the approval of one-half or more of all Audit Committee Members and be submitted to the Directors for a resolution:
- (1) adoption or amendment of an internal control system;
  - (2) assessment of the effectiveness of the internal control system;
  - (3) adoption of or amendment to handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, monetary loans to others, or endorsements or guarantees for others;
  - (4) a matter bearing on the personal interest of a Director;
  - (5) a transaction related to material asset or derivatives;
  - (6) a material monetary loan, endorsement, or provision of guarantee;
  - (7) the offering, issuance, or private placement of any equity-type securities;
  - (8) the engagement or dismissal of an attesting chartered public accountant, or the compensation given thereto;
  - (9) the appointment or discharge of a financial, accounting, or internal auditing officer; and
  - (10) annual financial reports;
- (b) With the exception of subparagraph 10, any matter under a subparagraph of the preceding paragraph (a) of this Article 86 that has not been approved with the approval of one-half or more of all Audit Committee Members may be undertaken upon the approval of two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the meeting of Directors.
  - (c) In the case of an Audit Committee that has been established by the Company, the fairness and reasonableness of the plan of merger/consolidation or acquisition and the transactions shall be reviewed by the Audit Committee, and then report the review result to the Board and the general meeting. Audit Committee shall commission one or more independent expert to provide opinion on the reasonability of the share exchange ratio or distribution of cash or other assets during such review. The Company shall deliver the review result of Audit Committee and the opinions of independent experts to the Shareholders together with the notice to convene the general meeting.
  - (d) The documents required to deliver to the Shareholders provided in the preceding paragraph shall be deemed as having been delivered to the Shareholders if the Company has disclosed the same content as therein on a website designated by the competent securities authority and those documents have been prepared and placed in the venue of the general meeting for Shareholders' review.

- 86A (A) The Shareholder(s) who has/have been continuously holding 1 percent or more of the total number of the issued Shares for over six months may request in writing any Independent Director, who is also a member of the Audit Committee, to institute, for and on behalf of the Company, an action against a Director; such action may be instituted in the Taiwan Changhua District Court as the court of first instance.
- (B) In case the Independent Director, who is also the member of the Audit Committee, fails to institute an action within 30 days after having received the request made under the preceding paragraph, the Shareholder(s) filing such request under the preceding paragraph may institute the action for and on behalf of the Company; such action may be instituted in the Taiwan Changhua District Court as the court of first instance.
- 86B Other than where the board of Directors is unwilling or unable to convene a general meeting that an Independent Director of the Audit Committee may convene a general meeting, an Independent Director of the Audit Committee may convene an extraordinary general meeting for the interest of the Company if necessary.

#### **ALTERNATE DIRECTOR OR PROXY**

87. Any Director may in writing appoint another Director to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to act in such Director's place at any meeting of the Directors at which he is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall not be an Officer of the Company and shall be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.
88. 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**

89. Subject to the Law, these Articles, R.O.C. Laws and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.

90. The Directors may from time to time appoint any Person, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of the chief executive officer, president, one or more vice-presidents, chief financial officer or controller, treasurer, assistant treasurer, or Officer, 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 Directors may think fit. Any Person so appointed by the Directors may be removed by the Directors. The 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 Ordinary Resolution resolves that his tenure of office be terminated.
91. The Directors may appoint a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors.
92. The Directors may 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 regulations that may be imposed on it by the Directors, and shall report to the Directors after the exercise of the powers so delegated.
93. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise 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 or other appointment 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.
94. (A) The Directors may 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 Articles 95, 96 and 97 shall not limit the general powers conferred by this Article.
- (B) Where any resolution adopted or any power exercised by the Board or committees contravenes these Articles or a resolution passed at a general meeting, thereby causing loss or damage to the Company, all Directors taking part in the adoption of such resolution shall be liable to compensate the Company for such loss or damage; provided, those Directors whose disagreement appears on record or is expressed in writing shall be exempted from liability.

- (C) Directors shall bear fiduciary duties to the Company and shall exercise the due care of a good administrator in conducting the business of the Company. If a Director acts contrary to such duties and does not exercise due care of a good administrator (“Act of Breach of Duty”), such Director shall be liable for the damages sustained by the Company therefrom. If Act of Breach of Duty is motivated by the Director’s personal gain or the gain of others, the Company may, by an Ordinary Resolution, treat the earnings generated therefrom as earnings of the Company. If a Director, in conducting the business of the Company, violates any Applicable Listing Rules thus causing damage to any Persons, such Director shall be jointly and severally liable with the Company for the damage caused to such other Persons.
  - (D) Officers of the Company, within the scope of their duties, bears the same liabilities as the Directors.
  - (E) The Directors may subscribe for liability insurance for Directors and Officers with respect to liabilities resulting from the exercise of their duties during their terms of service in order to mitigate and diversify the risk of material harm to the Company and Shareholders arising from the wrongdoings or negligence of Directors or Officers.
95. The Directors 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 Officers or agents of the Company and may fix the remuneration of any such Persons.
96. The Directors from time to time and at any time may delegate to any such committee, local board, Officer 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 Directors may think fit and the 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. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

#### **BORROWING POWERS OF DIRECTORS**

98. (A) 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.
- (B) Subject to the Law and these Articles, the Directors may establish the handling guidelines for the Company’s monetary loans to others, and endorsements or guarantees for others in accordance with the R.O.C. Laws, which shall be put into force upon approval by way of an Ordinary Resolution.

## **THE SEAL**

99. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary or in the presence of any one or more Persons as the Directors may appoint for the purpose and every Person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.
100. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such Person or Persons as the Directors shall for this purpose appoint and such Person or Persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary or in the presence of any one or more Persons as the Directors may appoint for the purpose.
101. Notwithstanding the foregoing, a Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

## **DISQUALIFICATION AND CHANGES OF DIRECTORS**

102. The office of Director shall be vacated, if such Director:
- (a) committed a felony (including but not limiting to an offence under Statute for Prevention of Organizational Crimes of the R.O.C.) and is subsequently adjudicated guilty by a final judgment, and has not commenced to serve the term of the sentence yet, or has commenced to serve the term of sentence but not served the full term, or less than five years have elapsed from the date of completion of the full sentence, expiry of probation period or date in which he has been pardoned ;
  - (b) commits any criminal offence of fraud, breach of trust or misappropriation and is subsequently punished with imprisonment for a term of more than one year, and has not commenced to serve the term of the sentence yet, or has commenced to serve the term of sentence but not served the full term or less than two years have elapsed from the date of completion of the full sentence, expiry of probation period or date in which he has been pardoned;
  - (c) is adjudicated guilty by a final judgment for committing the offense as specified in the Anti-corruption Act of R.O.C., and has not commenced to serve the term of the sentence yet, or has commenced to serve the term of sentence but not served the full term or less than two years have elapsed from the date of completion of the full sentence, expiry of probation period or date in which he has been pardoned;
  - (d) becomes bankrupt or had liquidation proceeding commenced against him by a court under the laws of any country or makes any arrangement or composition with his creditors generally;
  - (e) has been dishonored for unlawful use of credit instruments, and the term of

- such sanction has not expired yet;
- (f) losses all or part of legal capacity as defined under the R.O.C. Laws or becomes subject to the order of commencement of assistance due to incapacity pursuant to relevant Taiwan law and the order has not yet been revoked;
- (g) dies or is found to be or becomes of unsound mind or becomes a patient for any purpose of any statute or applicable law relating to mental health and the Directors resolved that his office is vacated;
- (h) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under any provisions of any law or enactment;
- (i) resigns his office by notice in writing to the Company;
- (j) is removed from office pursuant to Article 76; or
- (k) has been ordered to be discharged by the R.O.C. Courts on the grounds that such Director has, in the course of performing his duties, committed serious violations of the Law, R.O.C. Laws or these Articles, or acts resulting in material damage to the Company, upon a petition by the Company or Shareholder(s) to the R.O.C. Courts for remedies including the discharge of such Director, in accordance with the requirements of the R.O.C. Laws or these Articles.
- (l) during a Director's (other than Independent Director) term of office, sells or transfers some or all of his Shares such that he holds less than one half of the total number of Shares which he holds (or held) at the commencement of the relevant Register Closure Period.

102A If any person is proposed for appointment as a Director (each such person a "proposed director") (other than Independent Director), at a general meeting (the "relevant general meeting"), such proposed director's appointment shall not become effective (regardless of whether such appointment is purportedly approved at the relevant general meeting, and any resolution which purports to approve such appointment shall be invalid and ineffective), if the proposed director sells or transfers some or all of his Shares such that he holds less than one half of the total number of Shares which he holds (or held) at the commencement of the relevant Register Closure Period, either:

- (a) during the period after the relevant general meeting, but prior to the commencement of such proposed director's term of office; or
- (b) during the relevant Register Closure Period.

For the purposes of the preceding Article 102 and this Article 102-1, the "Register Closure Period" means, in relation to any general meeting, the period during which the Register of Members of the Company is closed for transfers of shares prior to such general meeting up to and including the date of such general meeting.

103. The following relationships shall not exist among more than half of the Company's Directors: (1) A spousal relationship; or (2) A familial relationship within the twice removed degree of kinship as defined under the R.O.C. laws.

104. When the Company convenes a general meeting for the election of Directors and the original selectees do not meet the conditions stipulated in the preceding Article 103, the election of the Director receiving the lowest number of votes among those Directors not meeting the conditions shall be deemed invalid and void. When a Person serving as Director violates the preceding Article 103, that Person shall cease to act as a Director.
105. When the number of Directors falls below five (5) due to a Director ceasing to act for any reason, the Company shall hold a by-election for Director at the next following general meeting of Shareholders. When the number of Directors falls short by one-third of the total number of Directors of the same term elected pursuant to these Articles, the Company shall convene an extraordinary general meeting within sixty (60) days of the occurrence of that fact to hold a by-election for Directors.

#### **PROCEEDINGS OF DIRECTORS**

106. Subject to the Law, these Articles, R.O.C. Laws, questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote. A Director may, and on the requisition of a Director shall, at any time summon a meeting of the Directors.
107. A Director may participate in any meeting of the Board, or of any committee appointed by the Board of which such Director is a member, by means of videoconferencing.
108. Unless otherwise provided, the quorum necessary for the transaction of the business of the Directors shall be more than one-half of the Directors. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.
109. (A) A Director who has a personal interest in the matter under discussion at a Board meeting shall explain the nature and essential contents of such personal interest to the Board. In the event of any merger/consolidation and acquisition of the Company, any Director who has a personal interest in the transaction shall explain the essential contents and the reason of its approval or dissent to the resolution of merger/consolidation and acquisition to the Board and at the general meeting. Where the spouse of a Director, or a blood relative within the second degree of kinship of a Director, or any companies, which have a controlling or subordinate relation with a Director, who has a personal interests in the matters under discussion at a meeting of the board of Directors, such Director shall be deemed to have a personal interest in the matter.
- (B) A Director cannot vote his own vote or by proxy on behalf of another Director in respect of any contract or proposed contract or arrangement when he may be interested therein and may cause damage to the Company's interests. 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 (but shall still be counted in the quorum for such meeting).



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 nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.
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.
112. The Directors shall cause all minutes to be made in books or loose-leaf folders provided for the purpose of recording:
- (a) all appointments of Officers made by the Directors;
  - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
  - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
113. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held unless there is any evidence to the contrary.
114. The continuing Directors may act notwithstanding any vacancy in their body but if and for 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 convening a general meeting within sixty (60) days for the purpose of holding a by-election, but for no other purpose.
115. Subject to any regulations imposed on it by the Directors, a committee appointed by the 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 fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.
116. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present.
117. Subject to the Laws, these Articles, or an invalidating Ordinary Resolution, all acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.
118. The following actions require the approval of a majority of the votes of the Directors present at a Board meeting attended by at least two-thirds of all Directors:

- (a) entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusted business, or for regular joint operation with others;
- (b) the sale or transfer of the whole or any material part of its business or assets;
- (c) taking over the transfer of another's whole business or assets, which will have a material effect on the business operation of the Company;
- (d) the election of Chairman of the Board pursuant to these Articles; and
- (e) issuance of corporate bonds.

#### **DIVIDENDS**

119. Subject to any rights and restrictions for the time being attached to any Shares, after the loss off-setting proposals is passed by Ordinary Resolution, the Company may by Ordinary Resolution (or pursuant to Article 31, if applicable) declare dividends and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor. The Company shall not pay dividends or bonuses when there are no surplus earnings.
120. (a) After off-setting accumulative losses and paying taxes, the Directors may, before recommending any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves for the benefit of the Company which shall, at the discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit. The Director may, pursuant to the Law and Applicable Listing Rules, set aside an additional reserve or reserves ("Special Reserve(s)") for such purposes as authorized by the Ordinary Resolution. Earnings of a financial year, after paying all relevant taxes, off-setting accumulated losses and setting aside Special Reserves, if necessary, and other adjustment(s) to undistributed profits of that year, may be declared and distributed, alone or together with the retained earnings accrued from prior years (including the distributable amount of Special Reserves authorized by an Ordinary Resolution) by an Ordinary Resolution or a Special Resolution (if applicable), provided, however, that all dividends may be distributed and paid in cash by the approval of a majority of the votes of the Directors present at a Board meeting attended by at least two-thirds of all Directors, and such resolution shall be reported to the Shareholders at a general meeting.
- (b) Taking into account the capital expenditure, business expansion, and making a sound financial plan for sustainable development of the Company, by Ordinary Resolution or Article 31(if applicable), according to capital expenditure plan and capital requirements in the future, the Company will allocate dividends yearly to the Shareholders. Total amount of dividends shall not be lower than twenty-five percent (25%) of the Company's after-tax profit after deducting the losses, accounting for the Company's reserve as resolved by general meetings of the Company and other adjustment(s) to undistributed profits of that year. The ratio of distributions of cash dividends shall not be lower than twenty percent (20%) of the total amounts of cash dividends and stock dividends that recommended by the Directors.

121. Any dividend may be paid by cheque sent through the post to the registered address of the Shareholder or Person entitled thereto, or in the case of joint holders, to the representative of such joint holders at his registered address or to such Person and such address as the Shareholder or Person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the Person to whom it is sent or to the order of such other Person as the Shareholder or Person entitled, or such joint holders as the case may be, may direct.
122. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the number of the Shares held by the Shareholders. Subject to any rights for the time being attached to Preferred Shares (if any) that are preferential for allocating dividends to those of ordinary Shares, if any dividends are not fully paid, the Company shall make a public announcement on the Company's website or MOPS.
123. If several Persons are registered as joint holders of any Share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the Share.
124. No dividend shall bear interest against the Company.
125. Unless there are surplus earned by the Company, no dividend shall be declared or paid or made otherwise than in accordance with the Law and the Articles.
- 125A (A) Where the Company incurs no loss, it may, subject to the Law and R.O.C. Laws, by a Special Resolution Type A, distribute its Capital Reserve (including a Share Premium Account and endowments received by the Company) in whole or in part, by paying cash to its Shareholders in proportion to the number of Shares held by them respectively.
- (B) Alternatively, if the total number of Shares represented by the Shareholders present at such general meeting is not sufficient to meet the quorum criteria specified in the preceding paragraph (A), the Company may effect the above matters by a Special Resolution Type B.
- ACCOUNTS, AUDIT, AND ANNUAL RETURN AND DECLARATION**
126. 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.
127. The books of account shall be kept at the Registered Office or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
128. No Shareholder (not being a Director) or other person shall have any right of inspecting any account or book or document of the Company except as conferred by the Law and R.O.C. Laws or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.
129. After the end of each financial year, the Board shall prepare and submit the financial statements and records and such other reports and documents as may be required by the Law and the R.O.C. Laws to the annual general meeting of Shareholders for its ratification and after the meeting shall distribute to each Shareholder the copies of ratified financial statements and the resolutions on the earning distribution and/or loss offsetting. However, the Company may notify its Shareholders by way of a public announcement of the abovementioned statements and resolutions.

130. The Board 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 Shareholders is entitled to inspect such documents during normal business hours of such service agent. The Board shall keep copies of the Articles, the minutes of every general meeting of the Shareholders and the financial statements, the Register and the counterfoil of corporate bonds issued by the Company at the business office of its Shareholders Service Agent located in the Republic of China. Any Shareholder may request at any time, by submitting evidentiary document(s) to show his interests involved and indicating the scope of requested matters, an access to inspect and to make copies of the above documents, and the Company shall procure its Shareholders Service Agent to provide such access. The Board or any person who is entitled to call or convene a general meeting under these Articles may demand the Company or the Shareholders Service Agent to provide the Register of Members.
131. Save for otherwise provided under these Articles, 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 Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.
132. 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 Listing Rules or other R.O.C. Laws.
133. The Directors in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

#### **AUDIT**

134. The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his remuneration.
135. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
136. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

#### **CAPITALISATION OF RESERVE**

137. (A) Subject to the Law and R.O.C. Laws, and where the Company incurs no loss, it may, with the authority of a Special Resolution Type A:
- (a) resolve to capitalise an amount standing to the credit of reserves (including a Share Premium Account, capital redemption reserve, profit and loss account and endowments received by the Company);
  - (b) appropriate the sum resolved to be capitalised to the Shareholders in proportion to the number of Shares held by them respectively and apply that sum on their behalf in or towards 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 Shareholders (or as they may direct) in those proportions, or partly in one way and partly in the other;
  - (c) make any arrangements it thinks 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 Directors may deal with the fractions as they think fit;
  - (d) authorise a Person to enter (on behalf of all the Shareholders concerned) into an agreement with the Company providing for the allotment to the Shareholders respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, and any such agreement made under this authority being effective and binding on all those Shareholders; and
  - (e) generally do all acts and things required to give effect to the resolution.
- (B) Alternatively, if the total number of Shares represented by the Shareholders present at such general meeting is not sufficient to meet the quorum criteria specified in the preceding paragraph (A), the Company may effect the above matters by a Special Resolution Type B.
- (C) Except as otherwise provided for in Law, R.O.C. Laws and these Articles, the credit of reserve shall not be used except for covering the losses of the Company.

#### **TENDER OFFER**

138. Within seven (7) 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 Listing Rules, the Board shall resolve to recommend to the Shareholders whether to accept or object to the tender offer and make a public announcement of the following:
- (a) the types and amount of the Shares held by the Directors and the Shareholders holding more than ten percent (10%) of the outstanding Shares in its own name or in the name of other Persons;
  - (b) recommendations to the Shareholders on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefor;
  - (c) whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any;
  - (d) The types, numbers and amount of the Shares of the tender offeror or its affiliates held by the Directors and the Shareholders holding more than ten percent (10%) of the outstanding Shares held in its own name or in the name of other Persons.

#### **SHARE PREMIUM ACCOUNT**

139. The Directors shall in accordance with the Law 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.
140. There shall be debited to any Share Premium Account on the redemption of a Share the difference between the nominal value of such Share and the redemption price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Law, out of capital.

141. The Company shall at all times comply with the provisions of the Law in relation to the share premium account, the premiums attaching to Shares and the capital redemption reserve fund.

#### **WINDING UP**

142. Subject to the Law, if the Company shall be wound up, and the assets available for distribution amongst the Shareholders 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 Shareholders in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Shareholders 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 Shareholders 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.
143. Subject to the Law, if the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Law and in compliance with the Applicable Listing Rules, divide amongst the Shareholders in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different Classes. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Shareholders as the liquidator, with the like sanction shall think fit, but so that no Shareholder shall be compelled to accept any asset whereon there is any liability.
144. The Company shall keep all statements, records of account and documents for a period of ten (10) years from the date of the completion of liquidation, and the custodian thereof shall be appointed by the liquidator or the Company by Ordinary Resolution.

#### **NOTICES**

145. Subject to the Law and 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 Shareholder either personally, or by facsimile, or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to such Shareholder at his address as appearing in the Register, or to the extent permitted by all applicable laws and regulations, by posting on the MOPS or the Company's website, by electronic means by transmitting it to any electronic mail number or address such Shareholder 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 in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
146. Any Shareholder 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.
147. Any notice or other document, if served by:
- (a) post or courier, shall be deemed to have been served five days after the time when the letter containing the same is posted or delivered to the courier;

- (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
- (c) recognised courier service, shall be deemed to have been served forty-eight (48) hours after the time when the letter containing the same is delivered to the courier service; or
- (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail, subject to the Law.

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

148. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder in accordance with the terms of these Articles shall notwithstanding that such Shareholder 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 Shareholder 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 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.

149. Notice of every general meeting of the Company shall be given to:

- (a) all Shareholders holding Shares with the right to receive notice as at the record date 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 Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting and has informed the Company with the supporting documents as requested by and satisfactory to the Company.

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

#### **AMENDMENT OF MEMORANDUM AND ARTICLES**

150. Subject to the Law, R.O.C. Laws and the Articles including without limitation Articles 13 and 14, the Company may at any time and from time to time by a Special Resolution alter or amend the Memorandum of Association or these Articles in whole or in part, or change the name of the Company.

#### **ORGANISATION EXPENSES**

151. The preliminary and organisation expenses incurred in forming the Company shall be paid by the Company and may be amortised in such manner and over such period of time and at such rate as the Directors shall determine and the amount so paid shall in the accounts of the Company, be charged against income and/or capital.

#### **OFFICES OF THE COMPANY**

152. 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, in addition to its Registered Office, may establish and maintain an office in the Cayman Islands or elsewhere as the Directors may from time to time determine.

### **INFORMATION**

153. The Board shall keep at the office of its Shareholders Service Agent in the R.O.C. copies of these Articles, the minutes of every meeting of the Shareholders and 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 interests involved and indicating the scope of interested matters, an access to inspect and to make copies of the Memorandum and Articles of Association and accounting books and records.
154. Without prejudice to the rights set forth in these Articles, no Shareholder shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the members of the Company to communicate to the public.
155. The Board shall be entitled to release or disclose to any regulatory or judicial authority any information in its possession, custody or control regarding the Company or its affairs to any of its Shareholder including, without limitation, information contained in the Register of Members and transfer books of the Company.

### **INDEMNITY**

156. Every Director (including for the purposes of this Article 156 any alternate Director appointed pursuant to the provisions of these Articles), the Managing Directors, every alternate Directors, every Auditors, every Secretary and other Officer for the time being and from time to time of the Company (each an "**Indemnified Person**") 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 such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, wilful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) 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 such Indemnified Person 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.
157. No Indemnified Person shall be liable to the Company unless such liability arises through such Indemnified Person's own dishonesty, wilful default or fraud.

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

158. 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, future or partial interest in any Share or (except only as otherwise provided by these Articles or as the Law requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the Register, provided that, notwithstanding the foregoing, the Company shall be entitled to recognise any such interests as shall be determined by the Directors in their absolute discretion.



#### **FINANCIAL YEAR**

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

#### **REGISTRATION BY WAY OF CONTINUATION**

160. 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 160, the Directors may cause an application to be made to the Registrar of Companies in the Cayman Islands 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.

#### **LITIGATION AND NON-LITIGATION AGENT**

161. The Company shall appoint a litigation and non-litigation agent which is deemed as the responsible person in Taiwan in accordance with the Applicable Listing Rules. Such agent shall have domicile in Taiwan.

## Appendix 2

### PAIHO SHIH HOLDINGS CORPORATION Procedures for Governing the Election of Directors (Original version)

Adopted by shareholders' meeting on June 12, 2019

1. General:
  - 1.1 Objectives  
To ensure a just, fair, and open election of directors(Independent directors), these procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies of Republic of China.
  - 1.2 Scope of Application  
Except as otherwise provided by law and regulation or by this Company's articles of incorporation, elections of directors shall be conducted in accordance with these procedures.
  - 1.3 Definition: None.
  - 1.4 Formulate, Modify and Abolish:  
The finance department shall propose the procedures, approve by the Audit committee followed by the Board of Director and report to the Shareholders' Meeting for approval.
  - 1.5 Person in charge in management  
The finance department shall propose the procedures, approve by the Audit committee followed by the Board of Director and report to the Shareholders' Meeting for approval.
2. Responsibility and permission:
  - 2.1 The finance department shall propose the procedures, approve by the Board of Director and report to the Shareholders' Meeting for approval.
3. Relevant regulation: None.
4. Implementation program
  - 4.1 The overall composition of the board of directors shall be taken into consideration in the selection of this Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:
    - (1) Basic requirements and values: Gender, age, nationality, and culture.
    - (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
    - 4.1.1 The ability to make judgments about operations.
    - 4.1.2 Accounting and financial analysis ability.
    - 4.1.3 Business management ability.
    - 4.1.4 Crisis management ability.
    - 4.1.5 Knowledge of the industry.
    - 4.1.6 An international market perspective.
    - 4.1.7 Leadership ability.

- 4.1.8 Decision-making ability.
- 4.2 The qualifications for independent director must be:
  - 4.2.1 Honest and trustworthy.
  - 4.2.2 Fair judgment.
  - 4.2.3 Professional knowledge.
  - 4.2.4 Well-experience.
  - 4.2.5 Ability to read the financial statement.
- 4.3 In addition to the requirement of Article 4.1 and Article 4.2 for independent directors of the Company, at least one of its is required to have accounting or financial expertise.
- 4.4 Qualification and selection for Independent directors
  - 4.4.1 The qualifications for the independent directors shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies of Republic of China.
  - 4.4.2 The election of independent directors shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies of Republic of China.
- 4.5 Elections of the Company's directors shall conduct in accordance with the procedures set out in Article 192-1 of the Company Act of Republic of China (hereinafter Company Act). This Company shall carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and shall conducted in accordance to the Article 192-1 of the Company Act.
- 4.6 The cumulative voting method shall be used for election of the directors. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- 4.7 The board of Directors shall prepare the ballots in the number equal to the number of Directors to be elected, with the number of votes being noted on the ballots; and distribute the ballots to the shareholders who are present at the shareholders' meeting. The name of the voters may be represented by the attendance number printed on their ballots.
- 4.8 The Company's Directors shall be elected in accordance with the number of Directors to be elected specified in the Company's Articles of Incorporation. The number of votes received by the independent Directors and non-independent Directors shall be calculated separately. A candidate to whom the ballots cast represent the highest number of votes shall be deemed an elected Director or independent Director. If two or more candidates receive the same number of votes, which consequently exceeds the number of Directors or independent Directors to be elected, such candidates who received the same number of votes shall draw lots to decide the winner; if such candidate(s) is(/are) not present, the chairman shall draw lots on behalf of the candidate(s).
- 4.9 Before the election begins, the chairman shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring

and counting personnel. A ballot box prepared by the board of Directors shall be examined in public by persons supervising the casting of the ballots before the ballots are cast.

- 4.10 In the event that the candidate is a shareholder of the Company, the voters voting for such a candidate shall fill in the candidate column on the ballot such candidate's account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such a candidate shall fill in the candidate column on the ballot such candidate's name and personal identification documents number. Where a government agency or a juristic person acts as a shareholder of a company, its authorized representative may also be elected as a director of the company. If there is a plural number of such authorized representatives, each of them may be so elected.
  - 4.11 Ballots shall be deemed void under the following conditions:
    - 4.11.1 The ballot was not prepared by the board of directors.
    - 4.11.2 A blank ballot is placed in the ballot box.
    - 4.11.3 Unrecognized illegible writing or has been altered.
    - 4.11.4 The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
    - 4.11.5 Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
    - 4.11.6 The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
  - 4.12 The voting rights shall be calculated on site immediately after the end of the poll and announced the result, including the list of persons elected as directors & independent directors and the numbers of votes with which they were elected.

The ballots in the preceding paragraph shall be sealed and signed by the persons supervising the casting of the ballots and kept for at least one year; provided, however, ballots concerning an action filed by a shareholder according to Article 189 of the Company Act shall be retained until the process has been concluded.
  - 4.13 The board of directors of this Company shall issue a Notice of Elections to all the directors and independent directors.
  - 4.14 The procedures for Governing the Election of Directors and any amendments hereto, shall be effective once approved by of the Audit Committee and the Board of Directors, and after adoption by shareholders meetings.
5. Attachment: None.
  6. Supplementary Provisions
    - 6.1 Implementation date.

The formulation or revision of procedures shall be formally effective after the procedure of Article 4.14.

## Appendix 3

### PAIHO SHIH HOLDINGS CORPORATION

#### Rules and Procedures for Shareholders' Meeting (Original version)

Adopted by shareholders' meeting on June 9, 2020

1. General:
  - 1.1 Objectives:

The procedures are set to enable Shareholders' meeting to follow.
  - 1.2 Scope of Application: None.
  - 1.3 Definition: None.
  - 1.4 Formulate, modify and abolish:

The finance department shall propose the procedures, approve by the Audit committee followed by the Board of Director and report to the Shareholders' Meeting for approval.
  - 1.5 Person in charge in management:

The head of finance department is responsible to be in charge.
2. Responsibility and permission:
  - 2.1 The finance department shall propose the procedures, approve by the Board of Director and report to the Shareholders' Meeting for approval.
3. Relevant regulation: None.
4. Implementation Procedures:
  - 4.1 The rules of procedures for the Shareholders' meeting of the Company, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
  - 4.2
    - 4.2.1 Convening shareholders' meetings and shareholders' meeting notices
      - 4.2.1.1 Unless otherwise provided by law or regulation, the Shareholders' meeting of the Company shall be convened by the board of directors.
      - 4.2.1.2 This Company shall hall process the notices to shareholders' meeting, the subject issues and explanation, notice or upload them to the Market Observation Post System website. Before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting.
      - 4.2.1.3 The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
      - 4.2.1.4 Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, granting waiver to the Director's engaging in any business within the scope of business of the Company, capitalization of retained Earnings, capitalization of reserve, the dissolution, merger, spin-off, or any matter under Article 185,

paragraph 1 of the Company Act of Republic of China (hereinafter Company Act), or others in accordance to regulations or articles of incorporation shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

- 4.2.1.5 The shareholders' meeting has convened a general re-election of directors, and stated the date of appointment. After the re-election of the shareholders' meeting, the same meeting may not change its appointment date by temporary motion or other means.
- 4.2.2 Shareholders' Meeting Handbooks shall be prepared and publicly announced.
  - 4.2.2.1 A handbook shall be prepared for the convention of shareholders' meeting. This handbook and other materials for the meeting shall be publicly announced in compliance with the regulations of the competent authority.
  - 4.2.2.2 The time and method of the public announcement mentioned in the foregoing paragraph, the main items stated in the meeting handbook, and other compliance requirements shall in all cases be as prescribed by the "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Handbooks of Public Companies."
- 4.2.3 Handling on proposals put forward by the shareholders prior the shareholders' meeting.
  - 4.2.3.1 A shareholder holding 1 percent or more of the total number of issued shares may submit to this Company a proposal for discussion at a regular shareholders' meeting. But provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.
  - 4.2.3.2 Prior to the book closure date before a regular shareholders' meeting is held, this Company shall publicly announce that it will receive shareholder proposals in the form of writing or electronic, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.  
The number of words of a proposal to be submitted by

a shareholder shall be limited to not exceeds 300 characters in length. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

4.2.3.3 Unless any of the following circumstances apply, the proposal raised by the shareholders, the Board of directors shall included in the agenda:

4.2.3.3.1 The proposal is not a matter that may be resolved at the annual general meeting.

4.2.3.3.2 In accordance to the provisions set out in Article 165 on paragraph 2 or Paragraph 3 of Company Act, proposing shareholder holds less than 1% of issued shares at the time when the share transfer registration is suspended.

4.2.3.3.3 The proposal was not submitted during the publicly announced acceptance period in the foregoing paragraph.

4.2.3.3.4 Where the said proposal containing exceeds 300 characters in length or more than one proposal .

A shareholder proposal proposed under Article 4.2.3.1 for urging a company to promote public interests or fulfill its social responsibilities may still be included in the agenda.

4.2.3.4 Prior to the date for issuance of notice of a shareholders' meeting, this Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. With regard to any shareholder proposals not included in the meeting agenda, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.

4.2.4 Attending Shareholders' Meetings by Proxy and Authorization.

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

- 4.2.4.2 A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to this Company before 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
- 4.2.5 Shareholder registration
  - 4.2.5.1 This Company shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
  - 4.2.5.2 This Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
  - 4.2.5.3 Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
  - 4.2.5.4 When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting.
- 4.3 Share Number Calculation for Attendance at Shareholders' Meetings
  - 4.3.1 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by electronically. The shareholder's may exercise their voting rights in writing or by way of electronic transmission, the application on other procedures shall meet the requirement subject to the Law of Cayman Islands and the Company's Articles of Association.
- 4.4 Principles determining the time and place of a shareholders' meeting.
  - 4.4.1 The venue for a shareholders' meeting shall be the premises of this Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.



- 4.5 The chairman of a shareholders' meeting
  - 4.5.1 If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairman, his proxy shall be handled in accordance with Paragraph 3 of Article 208 of the Company Act.
  - 4.5.2 If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.
- 4.6 The non-voting participants of a shareholders' meeting
  - 4.6.1 This Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.
  - 4.6.2 It is advisable that shareholders' meetings attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
- 4.7 Documentation of a shareholders' meeting by audio or video
  - 4.7.1 The Company shall make an audio or video recording of the entire proceedings of the shareholders' meeting, and shall preserve the recording for at least one year. If, however, a shareholder initiates a lawsuit in accordance with Article 189 of the Company Act, such a recording shall be preserved until the conclusion of the lawsuit.
- 4.8 Convention of Shareholders' Meeting
  - 4.8.1 The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
  - 4.8.2 If the quorum is not met after two postponements as referred to in the 4.8.1, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.

- 4.8.3 When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
- 4.9 Discussion of proposals
- 4.9.1 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Related motions shall vote case by case (including temporary motions and amendments to the original motions). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.
- 4.9.2 The provisions of the article 4.9.1 apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.
- 4.9.3 The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders' meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- 4.9.4 Apart from the circumstances in the Article 4.9.3, after a meeting has adjourned, shareholders may not further select a chairman and continue the meeting at the original site or some other location.
- 4.10 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairman and the shareholder that has the floor; the chair shall stop any violation.
- 4.11 Except with the consent of the chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairman may terminate the speech.
- 4.12 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the

- same proposal.
- 4.13 After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.
- 4.14 The Chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the Chairman is of the opinion that a proposal has been discussed sufficiently and enough time to put it to a vote, the chair may announce the discussion closed and call for a vote.
- 4.15 monitor and count
- 4.15.1 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of this Company.
- 4.15.2 Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
- 4.16 Calculation of voting shares and recusal system
- 4.16.1 Voting at a shareholders' meeting shall be calculated based the number of shares.
- 4.16.2 With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- 4.16.3 When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- 4.16.4 With the exception of a trust enterprise duly licensed under the R.O.C. Laws or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- 4.17 Resolving procedures of ballots
- 4.17.1 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Law and these Articles.
- 4.17.2 Except as otherwise provided in the Law of the Cayman Islands, Company Act and in this Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending

- shareholders. At the time of a vote, for each proposal, the Chairman or a person designated by the Chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. On the day after shareholders' meeting, the company shall place on record the result of the shareholders' for and against votes and their waivers in the Market Observation Post System (MOPS) designated by the competent authority of the Republic of China.
- 4.17.3 When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- 4.17.4 The chairman shall determine the order for discussion and vote for the proposals made during the special motion session.
- 4.18 Election items
- 4.18.1 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
- 4.18.2 The ballots for the election referred to in the Article 4.18.1 shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- 4.19 Meeting minutes.
- 4.19.1 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
- 4.19.2 This Company may distribute the meeting minutes of the preceding paragraph (Article 4.19.1) by means of a public announcement made through the MOPS.
- 4.19.3 The meeting minutes shall accurately record the year, month, day, and place of the meeting, the Chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the statistical tallies of the numbers of votes). When election of directors, shall disclosed the number of votes for each candidate and shall be retained for the duration of the existence of this Company.
- 4.20 Public disclosure
- 4.20.1 On the day of a shareholders' meeting, this Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and

the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

- 4.21 Maintain order at the meeting place
  - 4.21.1 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
  - 4.21.2 The chairman may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor".
  - 4.21.3 At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Company, the chairman may prevent the shareholder from so doing.
  - 4.21.4 When a shareholder violates the rules of procedure and defies the chairman's correction, obstructing the proceedings and refusing to heed calls to stop, the chairman may direct the proctors or security personnel to escort the shareholder from the meeting.
- 4.22 Recess and resumption of a shareholders' meeting
  - 4.22.1 When a meeting is in progress, the chairman may announce a break based on time considerations. If a force majeure event occurs, the chairman may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
  - 4.22.2 If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
  - 4.22.3 A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.
- 4.23 These procedures shall be effective once approved by the Board of Directors, and after adoption by shareholders' meetings.
- 5. Attachment: None.
- 6. Supplementary Provisions
  - 6.1 Implementation date: The formulation or revision of procedures shall be formally effective after the procedure of Article 4.23.

## Appendix 4

## PAIHO SHIH HOLDINGS CORPORATION

## Shareholdings of Directors

Date: April 18, 2021

Total shares issued: 315,178,126  
common shares.

Title	Name	Date Elected	Years	Current Common Shares Held	
				Shares	Ratio ( % )
Director	Representative of Paiho Int'l Limited : Kuo-Ian Cheng	2019.06.12	3Years	162,632,396	51.60
				25,554,482	8.11
Director	Yi-Liang Shih	2019.06.12	3Years	7,056	0.00
Director	Shih-Chang Ko	2019.06.12	3Years	-	-
Director	Lien-Fa Tsai	2019.06.12	3Years	25,660	0.01
Director	Chen-Chia Cheng	2019.06.12	3Years	97,263	0.03
Director	Cheng-Tsung Cheng	2019.06.12	3Years	-	-
Independent Director	Yung-Fu Wu	2019.06.12	3Years	-	-
Independent Director	Cheng-Chu Lin	2019.06.12	3Years	-	-
Independent Director	Yong-Jen Tsao	2019.06.12	3Years	-	-

Note:

1. The Company has no application of Article 26 of the Securities and Exchange Act.
2. The Company has established the Audit Committee, therefore the minimum shareholding requirement for the supervisors is not applicable.

Appendix 5

**PAIHO SHIH HOLDINGS CORPORATION**  
The Impact of Stock Dividend Issuance on Business Performance, EPS, and  
Shareholder Return Rate.

Unit: In Thousands of New Taiwan Dollars,  
Except Cash Dividend Per Share in New  
Taiwan Dollars.

Item	Year	2021
Beginning Paid-in capital		\$3,151,781
Dividend Distribution of the Year	Cash dividend per share	1.0
	Stock dividend from retained earnings, number per share	0
	Stock dividend from capital surplus, number per share	0
Changes of Business Performance	Operating income	(Note 1)
	Operating Income % change over the same period last	
	Net profit after tax	
	Net profit after tax % change over the same period last	
	Earnings per share	
	Earnings per share % change over the same period last	
	Annual average investment return (the reciprocal of the P/E ratio)	
Pro Forma Earnings Per Share and P/E Ratio	If stock dividend from retained earnings were transferred to cash dividends	Pro Forma Earnings Per Share
		Pro Forma annual investment return
	If no stock dividend from capital surplus	Pro Forma Earnings Per Share
		Pro Forma annual investment return
	If no stock dividend from capital surplus and stock dividend from retained earnings were transferred to cash dividends	Pro Forma Earnings Per Share
		Pro Forma annual investment return

Note 1: The Company is not required to publish its 2021 financial forecasts; therefore, the 2021 forecast data is not available.