

THE COMPANIES LAW (AS AMENDED)
COMPANY LIMITED BY SHARES
AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION
OF
BONNY WORLDWIDE LIMITED
波力環球企業股份有限公司

Amended by a Special Resolution passed on the May 25th, 2016



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波力環球企業股份有限公司

**(Amended by a Special Resolution passed on
The May 25th, 2016)**

1. The name of the Company is BONNY WORLDWIDE LIMITED 波力環球企業股份有限公司 (the "Company").
2. The Registered Office of the Company will be at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands with a registered branch office at such other places as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (as amended) of the Cayman Islands (the "Law").
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by Section 27(2) of the Law.
5. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company 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.
6. The liability of the shareholders of the Company is limited to the amount, if any, unpaid on the shares respectively held by them.
7. The authorised capital of the Company is **New Taiwan Dollars ("NTD") 1,000,000,000.00** divided into **100,000,000.00** ordinary shares of a nominal or par value of NTD **10.00** each provided always that subject to the Law and the Articles of Association the Company shall have power to redeem or repurchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
8. The Company may exercise the power contained in Section 206 of the Law to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.



TABLE OF CONTENTS

CLAUSE	PAGE
TABLE A	1
INTERPRETATION.....	1
PRELIMINARY	4
SHARES	5
MODIFICATION OF RIGHTS	7
CERTIFICATES	7
FRACTIONAL SHARES	8
TRANSFER OF SHARES.....	8
TRANSMISSION OF SHARES.....	8
ALTERATION OF SHARE CAPITAL	9
REDEMPTION OR REPURCHASE OF SHARES	9
TREASURY SHARES	10
CLOSING REGISTER OR FIXING RECORD DATE	11
GENERAL MEETINGS	12
NOTICE OF GENERAL MEETINGS	12
PROCEEDINGS AT GENERAL MEETINGS.....	13
VOTES OF SHAREHOLDERS.....	16
PROXY SOLICITATION	18
LEGAL PERSONS ACTING BY REPRESENTATIVES AT MEETINGS.....	19
DIRECTORS	19
COMPENSATION COMMITTEE	21
DIRECTOR PROXY.....	21
POWERS AND DUTIES OF DIRECTORS AND OFFICERS	22
BORROWING POWERS OF DIRECTORS	23
THE SEAL	23
DISQUALIFICATION OF DIRECTORS	24
PROCEEDINGS OF DIRECTORS.....	25
DIVIDENDS	27
ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION	29
AUDIT COMMITTEE.....	30
TENDER OFFER	31
NOTICES	31
INDEMNITY	32
FINANCIAL YEAR.....	33
WINDING-UP	33
AMENDMENT OF ARTICLES OF ASSOCIATION	33
REGISTRATION BY WAY OF CONTINUATION	33
LITIGATION AND NON-LITIGATION AGENT	33



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波力環球企業股份有限公司

(Amended by a Special Resolution passed on
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TABLE A

The Regulations contained or incorporated in Table 'A' in the First Schedule of the Law shall not apply to BONNY WORLDWIDE LIMITED 波力環球企業股份有限公司(the "**Company**") and the following Articles shall comprise the Articles of Association of the Company.

INTERPRETATION

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

"**Affiliated Company**" means 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;

"**Applicable Listing Rules**" means 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 the TSE or the TPEX, the Emerging Stocks Market of the TPEX, 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 Taiwan authorities thereunder, and the rules and regulations promulgated by the Financial Supervisory Commission, the TPEX or the TWSE;

"**Articles**" means the Memorandum of Association and these articles of association of the Company, as amended or substituted from time to time;

"**Audit Committee**" means the audit committee of the Company as prescribed in the Applicable Listing Rules;

"**Chairman**" has the meaning given thereto in Article 83;

"**Class**" or "**Classes**" means any class or classes of Shares as may from time to time be issued by the Company;

"**Commission**" means Financial Supervisory Commission of Taiwan or any other authority for the time being administering the Securities and Exchange Act of Taiwan;



"**Compensation Committee**" means the compensation committee of the Company as prescribed in the Applicable Listing Rules;

"**Constituent Company**" means an existing company that is participating in a Merger with one of more other existing companies within the meaning of the Law;

"**Depository**" means the Taiwan Depository and Clearing Corporation;

"**Directors**" and "**Board of Directors**" and "**Board**" means the directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof;

"**electronic**" shall have the meaning given to it in the Electronic Transactions Law (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 therefore;

"**electronic communication**" means transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;

"**Emerging Market**" means the emerging market board of TPEX in Taiwan;

"**Indemnified Person**" has the meaning given thereto in Article 146;

"**Independent Director**" means a director who is an independent director as defined in the Applicable Listing Rules;

"**Law**" means the Companies Law (as amended) of the Cayman Islands;

"**Memorandum of Association**" means the memorandum of association of the Company, as amended or substituted from time to time;

"**Merger**" means the merging of two or more Constituent Companies and the vesting of their undertaking, property and liabilities in one of such company as the Surviving Company within the meaning of the Law;

"**Office**" means the registered office of the Company as required by the Law;

"**Officer**" means the officer of the Company as defined in the Applicable Listing Rules;

"**Ordinary Resolution**" means a resolution passed by a simple majority of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company which general meeting is attended by Shareholders representing more than an aggregate of one-half of all Shares issued by the Company 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;

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

"**Person**" means 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;

"**Preferred Shares**" has the meaning given thereto in Article 10;



"Register" means the register of members of the Company required to be kept pursuant to the Law;

"Realized Capital Reserve" and **"Capital Reserve"** has the meaning given thereto in the Applicable Listing Rules ;

"Register Closure Period" has the meaning given thereto in Article 40 ;

"Republic of China" or **"Taiwan"** means the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;

"Retained Earnings" means all legal or special reserves of the profits/earnings and the undistributed profits/earnings, while excluding those has been resolved by the Board or the general meeting to be distributed to the Shareholders;

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

"Secretary" means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;

"Security" means any government bond, corporate stock, corporate bond and any other security approved by the Financial Supervisory Commission. Any stock warrant certificate, certificate of entitlement to new shares, and certificate of payment or document of title to any of the securities mentioned above shall be deemed as securities. Any securities mentioned above, even without the physical certificate representing title being printed, shall still be deemed as securities;

"Share" means 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;

"Shareholder" means a Person who is registered as the holder of Shares in the Register and includes each subscriber to the Memorandum of Association pending the issue to such subscriber of the subscriber Share or Shares;

"Share Premium Account" means the share premium account established in accordance with these Articles and the Law;

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

"signed" means 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;

"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, 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;

"Supermajority Resolution" means a resolution passed by a simple majority of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company attended by Shareholders who represent two-thirds or more of the total outstanding Shares or, if the total number of Shares represented by the Shareholders



present at the general meeting is less than two-thirds of the total outstanding Shares of the Company, but more than one-half of the total outstanding Shares of the Company, means instead, 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, where proxies are allowed, by proxy at such general meeting, and in each case, where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled;

"**Spin-off**" refers to an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to issue new shares to the transferor company or to shareholders of the transferor company;

"**Surviving Company**" means the sole remaining Constituent Company into which one or more other Constituent Companies are merged within the meaning of the Law;

"**TPEX**" means the Taipei Exchange;

"**Treasury Shares**" means Shares that were previously issued but were purchased, redeemed or otherwise acquired by the Company and not cancelled; and

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

2. In these Articles, save where the context requires otherwise:
 - (a) words importing the singular number shall include the plural number and vice versa;
 - (b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;
 - (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
 - (d) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
 - (e) reference to any determination by the Directors shall be construed as a determination by the Directors in their absolute discretion and shall be applicable either generally or in any particular case; and
 - (f) reference to "in writing" shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing or partly one and partly another.
3. Subject to the last two preceding Articles, any words defined in the Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be commenced at any time after incorporation.
5. The Office shall be at such address in the Cayman Islands as the Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.



6. The preliminary expenses incurred in the formation of the Company and in connection with the issue of Shares shall be paid by the Company. Such expenses may be amortised over such period as the Directors may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Directors shall determine.
7. The Directors shall keep, or cause to be kept, the Register at such place as the Directors may from time to time determine and, in the absence of any such determination, the Register shall be kept at the Office.

SHARES

8. Subject to these Articles, all Shares for the time being unissued shall be under the control of the Directors who may :
 - (a) issue, allot and dispose of the same 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; and
 - (b) grant options with respect to such Shares and issue warrants or similar instruments with respect thereto;and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.
9. The Directors may authorise the division of Shares into any number of Classes and the different Classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) shall be fixed and determined by the Directors.
10. The Company may issue Shares with rights which are preferential to those of ordinary Shares issued by the Company ("**Preferred Shares**") with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors and with the approval of a Special Resolution. Prior to the issuance of any Preferred Shares approved pursuant to this Article 10, 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) order, fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
 - (b) order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
 - (c) order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of preferred Shareholders;
 - (d) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply ; and
 - (e) other matters concerning rights and obligations incidental to Preferred Shares.
11. (A) Subject to Article 11.(B), the issue of new Shares 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. For as long as the Shares are registered in the Emerging Market or listed on the TPEX or TWSE, the Company shall not issue Share certificates and upon each issuance of new Shares, the Company shall within 30 days from the completion date of issuance of such Shares



cause its Shareholders' Service Agent to enter the name of the Shareholder in the Register and to effect the book-entry in the Shareholder's account with the Depository. The Company shall make a public announcement in accordance with the Applicable Listing Rules prior to the book-entry to reflect the issue of the Shares.

(B) The Company may, by a Supermajority Resolution, issue employees restricted Shares.

(C) The Company shall abide by Applicable Listing Rules with regard to the issue amount, issue price, issue conditions and other matters for compliance upon the issue of Shares for the benefit of the employees as set forth under Article 11.(B).

12. The Company shall not issue any unpaid Shares or partly paid-up Shares. The Company shall not issue Shares in bearer form.
13. Upon each issuance of new Shares, the Directors may reserve a specified percentage up to 10-15% of the new Shares for subscription by the employees of the Company and its subsidiaries who are determined by the Board in its reasonable discretion.
14. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TWSE, unless otherwise resolved by the Shareholders in general meeting by Ordinary Resolution, if at anytime the Board resolves to issue any new Share, the Company shall, after reserving the portion of Shares for subscription by its employees and for public offering in Taiwan pursuant to Article 13 and Article 16 respectively, first offer such remaining new Shares by a public announcement and advise, by a written notice to each then Shareholder, to subscribe for the new Shares with preemptive right, in proportion respectively to their original shareholding and shall state in the notice that if any Shareholder fails to subscribe for new Shares, 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 such Shareholders may be open for public issuance or for subscription by specific person or persons through negotiation.
15. The Shareholders' pre-emptive right prescribed under Article 14 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;
 - (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 Preferred Shares vested with rights to acquire Shares or with a redemption of Shares by the Company;
 - (e) in connection with carrying out private placement of the Company's securities; or
 - (f) in connection with issuing employees restricted stock.
16. For so long as the Shares are registered in the Emerging Market or listed in the TPEX or TWSE, where the Company increases its capital by issuing new Shares for cash consideration in Taiwan, the Company shall allocate 10 percent of the total amount of the new Shares to be issued, for offering in Taiwan to the public unless it is not deemed necessary or appropriate by the



Commission, according to the Applicable Listing Rules, for the Company to conduct the aforementioned public offering. Provided however, if a percentage higher than the aforementioned 10 percent is resolved by a general meeting to be offered, the percentage determined by such resolution shall prevail.

17. Except for the situations as set forth under Article 11.(B), 39E(B), and 110(B) the Company may, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds or more of the Directors, adopt one or more employee incentive programmes pursuant to which Shares, warrants, or other similar instruments to acquire Shares may be granted to employees of the Company or its Affiliated Company to subscribe for or acquire Shares. Such warrants granted to any employee shall be non-transferable, except to the heirs of the employees.

MODIFICATION OF RIGHTS

18. Whenever the capital of the Company is divided into different Classes the rights attached to any such Class may (unless otherwise provided by the terms of issue of the Shares of that Class which have been set forth in these Articles) only be adversely varied or abrogated:

(a) by a Special Resolution; and

(b) with the sanction of a resolution passed at a separate meeting of the holders of the Shares of such Class by a majority of two-thirds of the votes cast at such a meeting.

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 holding or representing by proxy more than one-half 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 any rights or restrictions for the time being attached to 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.

19. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Shares of that Class, be deemed to be 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 or repurchase of Shares of any Class by the Company.

CERTIFICATES

20. The Company shall not issue Share certificates to Shareholders in respect of any Shares and the Register shall be prima facie evidence of the entitlement of a person to Shares recorded against his name. Notwithstanding the foregoing, subject to the approval of the Board, Share certificates may be issued to a Shareholder upon request. Every Share certificate shall be issued under the Seal or a facsimile thereof and shall specify the name of the Shareholder, the number and class and distinguishing numbers (if any or if required by the Law) of the Shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing Shares of more than one class nor will be issued in bearer form. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.



FRACTIONAL SHARES

21. Subject to these Articles, the Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

TRANSFER OF SHARES

22. Subject to the Law and Applicable Listing Rules, Shares issued by the Company shall be freely transferable, provided that any Shares to be issued to the employees of the Company may be, in the event of capital increase, subject to transfer restrictions for a period of time which is shorter than two years as the directors may agree with such employee.
23. The instrument of transfer of any Share shall be 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 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. Title to Shares which are registered in the Emerging Market or listed in the TPEX or the TWSE may be evidenced and transferred in accordance with the Applicable Listing Rules. 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. The Register maintained by the Company in respect of the Shares which are registered in the Emerging Market or listed in the TPEX or the TWSE may be kept by recording the particulars required under the Law 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.
24. 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; or
 - (c) the instrument of transfer is properly stamped, if required.
25. The registration of transfers may be suspended when the Register is closed in accordance with Article 40.
26. 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.

TRANSMISSION OF SHARES

27. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only Person recognised by the Company as having any title to the Share.



28. Any Person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a 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. If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects, 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.
29. A Person becoming entitled to a Share by reason of the death or bankruptcy of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Shareholder, except that he shall not, before being registered as a Shareholder 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; provided however, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety days, the Directors may thereafter suspend payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

ALTERATION OF SHARE CAPITAL

30. The Company may from time to time by Ordinary Resolution:
- (a) increase the share capital by such sum, to be divided into Shares of such Classes and amount, as the resolution shall prescribe;
 - (b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;
 - (c) convert all or any of its paid up Shares into stock and reconvert that stock into paid up Shares of any denomination;
 - (d) subdivide its existing Shares, or any of them into Shares of a smaller amount; and
 - (e) 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.
31. Subject to the Law and these Articles, the Company may also by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorized by the Law.

REDEMPTION OR REPURCHASE OF SHARES

32. Subject to the Law, the Applicable Listing Rules and these Articles, the Company may issue Shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Shareholder on such terms and in such manner as the Company may by Supermajority Resolution, before the issue of such Shares, determine; provided that payment in respect of the redemption of its own Shares shall be made in a manner authorised by the Applicable Listing Rules and the Law, including out of its profits or the proceeds of a fresh issue of Shares.
33. Subject to the Law, Applicable Listing Rules and these Articles, upon the approval of a majority of the Directors present at a Board meeting attended by two-thirds or more of the Directors, the Company may repurchase its own Shares from the TPEX or TWSE. The resolution and the



implementation thereof, as well as if such Shares are not repurchased for any reason, shall be reported in the most recent general meeting.

34. Reduction of issued capital by repurchase

(a) Subject to the Law and Applicable Listing Rules, if the Company intends to reduce its issued capital by repurchasing and cancelling its Shares, an Ordinary Resolution shall be passed. The number of Shares to be repurchased and cancelled pursuant to such resolution shall be pro rata among the Shareholders in proportion to the number of Shares held by each such Shareholder.

(b) Subject to the Law and Applicable Listing Rules, 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.

(c) The Board shall cause a valuation of the assets and the amount of capital contribution equivalent to the value of the asset set forth in the preceding sub-paragraph to be audited and certified by an accountant admitted to practice in the Republic of China prior to such general meeting.

35. The Shares repurchased by the Company pursuant to Article 33 shall not be treated as cancelled and shall be classified as Treasury Shares.

36. The number of Shares repurchased pursuant to Article 33 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.

37. The resolution for the redemption or repurchase of the Shares by the Company pursuant to Article 33 and the implementation thereof shall be reported in the most recent general meeting no matter whether the Company redeems or repurchases the Shares so resolved.

38. The redemption or repurchase of any Share shall not be deemed to give rise to the redemption or repurchase of any other Share.

39. Subject to the Law and the Applicable Listing Rules, 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 or with the agreement of the holder of such Shares, make such payment either in cash or in specie.

TREASURY SHARES

39A. Subject to the Applicable Listing Rules and these Articles, Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) may, at the option of the Company, be cancelled immediately or held as Treasury Shares in accordance with the Law. In the event that the Directors do not specify that the relevant Shares are to be held as Treasury Shares, such Shares shall be cancelled.

39B. No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be declared or paid in respect of a Treasury Share.



- 39C. The Company shall be entered in the Register as the holder of the Treasury Shares provided that:
- (a) the Company shall not be treated as a member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
 - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued Shares at any given time, whether for the purposes of these Articles or the Law.
- 39D. Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors, and if applicable, be approved by the general meeting.
- 39E. (A) The transfer of Treasury Shares by the Company to employees in accordance with the Law and Applicable Listing Rules may be subject to transfer restrictions for a period of not more than two years as the directors may agree with such employee.
- (B) To transfer the Treasury Shares to the Employees for a price that is below the average price that the Company has paid to purchase such Treasury Shares (the "Average Repurchase Price"), a resolution shall have been passed by at least two-thirds of the Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at the most recent general meeting of the Company which general meeting is attended by Shareholders representing a majority of all Shares issued by the Company, and the Company 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 transfer 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, which is:
 - (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 per Share earnings.
 - (2) The explanation regarding the financial burden incurred by the Company by transferring Treasury Shares to employees at less than the Average Repurchase Price.

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.

CLOSING REGISTER OR FIXING RECORD DATE

40. For the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at any meeting of Shareholders or any adjournment thereof, or those Shareholders that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Shareholder for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period ("Register Closure Period"). For so long as the Shares are registered in the Emerging Market or listed in the TPEX or TWSE, the Register shall be closed at least for a period of 60 days, 30 days and 5 days respectively immediately before the date of each annual



general meeting, each extraordinary general meeting and the record date for a dividend distribution, respectively. For the purpose of calculating the abovementioned periods, the convening date of the general meeting and such record date for a dividend distribution date shall be included.

41. Apart from closing the Register, the Directors may fix in advance a date as the record date for any such determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of the Shareholders and for the purpose of determining those Shareholders that are entitled to receive payment of any dividend. In the event the Directors designate a record date in accordance with this Article 41, 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 TWSE pursuant to the Applicable Listing Rules.

GENERAL MEETINGS

42. All general meetings other than annual general meetings shall be called extraordinary general meetings.
43. 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 6 months after close of each fiscal year and shall specify the meeting as such in the notices calling it.
44. At these meetings the report of the Directors shall be presented. For so long as the Shares are registered in the Emerging Market or listed in the TPEX or TWSE, all general meetings shall be held at such time and place as may be determined by the Board in Taiwan. If the Directors resolve to hold a general meeting outside Taiwan, the Company shall apply for the approval of the TPEX (or the TWSE, if applicable) thereof within 2 days after the Board of Directors adopts such resolution to convene the general meeting. Where a general meeting is to be held outside Taiwan, the Company shall engage a Shareholders' Service Agent in the Republic of China to handle the administration of Shareholder voting matters for such general meeting.
45. General meetings shall also be convened on the requisition in writing of any Shareholder or Shareholders entitled to attend and vote at general meetings of the Company holding at least 3 percent of the paid up voting share capital of the Company for a period of one year or a longer time deposited at the Office or the Shareholders' Service Agent specifying the objects of the meeting and requesting the Board to convene the general meeting, and if the Board does not duly proceed to send the notice for convening such meeting for a date not later than 15 days after the date of such deposit, the proposing Shareholder(s) may convene an extraordinary general meeting at such time and place he thinks fit by sending out a notice of general meeting in accordance with these Articles. If such extraordinary general meeting will be held outside Taiwan, the proposing Shareholder(s) shall submit an application to the TPEX (or the TWSE, if applicable) for its prior approval and engage a Shareholders' Service Agent in the Republic of China to handle the administration of Shareholder voting matters for such general meeting. The Board will not be required to prepare the manual referred to in Article 48 where a general meeting is convened by Shareholder(s), and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene the general meeting shall be reimbursed to them by the Company.

NOTICE OF GENERAL MEETINGS

46. (A) At least 30 and 15 days' notices in writing shall be given for any annual and extraordinary general meetings, respectively. The notice period shall be exclusive of the day on which it is given and of the day of the meeting. Every notice 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 by the individual recipients.

(B) The Company shall publish all related information including the written notice for convening the general meetings, the proxy form, proposals to be approved and discussed at the general meetings, proposals to elect or discharge Directors and all other reasons and explanations for proposals to be discussed at the meeting 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 pursuant to Article 66, the materials prescribed under Article 46.(B) as well as the ballot shall be mailed to the Shareholders by post.

47. The following matters regarding the Company's affairs shall be specified and described in the notice of a general meeting, and shall not be proposed as ad hoc motions:

(a) election or discharge of Directors ;

(b) amendments to these Articles;

(c) dissolution, share swap (as defined in the Applicable Listing Rules), Merger 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 other's whole business or assets, which will have a material effect on the business operation of the Company;

(g) carrying out private placement of equity Securities;

(h) granting waiver to the non-competition obligations for Director;

(i) distributing part or all of its dividends or bonus by way of issuance of new Shares;

(j) issuing new Shares or paying cash to the Shareholders pursuant to Article 124.(A); and

(k) transfer of Treasury Shares in accordance with Article 39E.(B).

48. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TWSE, the Company shall prepare a manual for each general meeting within 15 days prior to such general meeting for the request of the Shareholders at any time. The manual shall be placed in the Company and the Shareholders' Service Agencies and published on the website designated by the Commission and the TPEX or TWSE pursuant to the Applicable Listing Rules at least 21 days prior to the date of the relevant annual general meeting or 15 days prior to the date of the relevant extraordinary general meeting. Such manual shall also be distributed to the Shareholders attending the relevant general meeting in person, by proxy or by representative(s) of a legal person (where the Shareholder is a legal person) at such general meeting.

PROCEEDINGS AT GENERAL MEETINGS

49. 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



issued by the Company present in person or by proxy and entitled to vote shall be a quorum for all purposes.

50. Shareholder(s) holding one percent or more of the total number of issued Shares immediately prior to the relevant Register Closure Period may propose in writing to the Company a proposal for discussion at a general meeting, 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. The following procedures shall apply for making such proposals:
- (a) Prior to the relevant Register Closure Period, the Company shall, in accordance with the Applicable Listing Rules, provide a public notice announcing the place and the period for Shareholders to submit proposals to be discussed at the general meeting. The period for accepting such proposals shall be at least 10 days.
 - (b) The number of words of a proposal to be submitted by a Shareholder shall be limited to not more than 300 words, and any proposal containing more than 300 words shall not be included in the agenda of the general meeting. The Shareholder who has submitted a proposal shall attend, in person or by a proxy, the general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
 - (c) Under any of the following circumstances, the Directors may exclude the proposal submitted by a Shareholder from the list of proposals to be discussed at the general meeting:
 - i) Where the subject (the issue) of the said proposal cannot be settled or resolved by a resolution to be adopted at a general meeting;
 - ii) Where the number of Shares in the possession of the Shareholder making the said proposal is less than one percent of the total number of issued Shares at the commencement of the relevant Register Closure Period; or
 - iii) Where the said proposal is submitted on a day beyond the deadline fixed and announced by the Company for accepting Shareholders' proposals.
 - (d) The Company shall, prior to preparing and delivering the notice of the general meeting, inform in writing all the Shareholders who have submitted proposals pursuant hereto about the proposal screening results, and shall list in the said notice the proposals conforming to the requirements as set out in this Article. With regard to the proposals submitted by Shareholders but not included in the agenda of the general meeting which shall be specified in the notice of the general meeting, the cause of exclusion of such proposals and explanation shall be made by the Directors at the general meeting to be convened.
51. The chairman, if any, of the Board of the Directors shall preside as chairman at every general meeting of the Company convened by the Board of the Directors. 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 or more persons jointly having the convening right, the chairman of the meeting shall be elected from those persons.
52. If there is no such chairman, or if at any general meeting he is not present within 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.
53. The chairman may, by Ordinary Resolution, 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 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.

54. At any general meeting a resolution put to the vote of the meeting shall be decided on a poll. The number or proportion of the votes in favour of, or against, that resolution shall be recorded in the minutes of the meeting.
55. Unless otherwise expressly required by the Law, Applicable Listing Rules 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. All resolutions put to the vote of a meeting shall be decided by poll. No resolutions will be passed by written resolution of Shareholders without a meeting.
56. In the case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.
57. The Company shall not do any of the following act without obtaining a Supermajority Resolution from the Shareholders:
 - (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) subject to the Law, effect any Spin-off of the Company in accordance with the Applicable Listing Rules;
 - (e) distribute part or all of its dividends or bonus by way of issuance of new Shares;
 - (f) grant of waiver to a Director's engaging in any business within the scope of the Company's business;
 - (g) apply for the termination of the public offering;
 - (h) issue employees restricted stock;
 - (i) issue new Shares or pay cash to the Shareholders pursuant to Article 124.(A).
58. (A) The Company may, by a Special Resolution, effect a Merger of the Company in accordance with the Applicable Listing Rules and the Law.
(B) The Company may, by a Special Resolution, change its name; amend the Articles; or engage in reduction of capital and capital redemption reserve.
(C) Except for otherwise provided in Article 107.(e) for ordinary corporate bonds, the Company may carry out private placement of the Securities with the following Persons in the Republic of China upon adoption of a resolution by at least two-thirds of the votes of the Shareholders present at a general meeting who represent a majority of the total number of issued Shares:
 - (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.



The private placement of the Securities other than ordinary corporate bonds mentioned above may be carried out in instalments within one year of the date of such resolution at the general meeting.

- (D) The Company may, pursuant to Article 39E(B), transfer the Treasury Shares to the employees at less than the Average Repurchase Price upon a resolution by at least two-thirds of the votes of the Shareholders present at a general meeting who represent a majority of the total number of issued Shares in the most recent general meeting.
59. Subject to the Law, with regard to the dissolution procedures of the Company, the Company shall pass:
- (a) an Ordinary Resolution, if the Company resolves that it be wound up voluntarily because it is unable to pay its debts as they fall due; or
 - (b) a Special Resolution, if the Company resolves that it be wound up voluntarily for reasons other than the reason stated in Article 59.(a).
60. (A) In the event any of the resolutions with respect to the paragraph (a), (b), or (c) of Article 57 is adopted by general meeting, 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 in writing request the Company to repurchase all of his Shares at the then prevailing fair price within 20 days after the adoption of the resolution by the general meeting stating the kinds and number of Shares owned; provided, however, that no Shareholder shall have the above-mentioned appraisal right if the general meeting resolves on the dissolution of the Company after the completion of transfer of business or assets pursuant to paragraph (b) of Article 57.
- (B) In the event any part of the Company's business is involved in a Spin-off or any Merger with any other company pursuant to paragraph (d) of Article 57 or Article 58.(A) respectively, 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 in writing request the Company to repurchase all of his Shares at the then prevailing fair price within 20 days after the adoption of the resolution by the general meeting stating the kinds and number of Shares owned.
- (C) In the event the price of the Shares repurchase mentioned in Article 60.(A) or Article 60.(B) is negotiated between the Company and the selling Shareholder, the Company shall repurchase the Shares within 90 days after it reaches a repurchase agreement with the Shareholder. In the event the Company fails to reach a repurchase agreement with the Shareholder within 60 days after the resolution date, the Shareholder may, within 30 days after such 60-day period, file a petition to any competent court of Taiwan for a ruling on the appraisal price.

VOTES OF SHAREHOLDERS

61. Subject to any rights and restrictions for the time being attached to any Share, every Shareholder 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.
62. No vote may be exercised with respect to any of the following Shares nor may the following Shares be counted in the quorum of Shareholders present at the general meeting nor be counted in determining the number of votes of the Shareholders present at the said meeting:
- (a) the Treasury Shares held by the Company;



- (b) the Shares held by any subsidiary company of the Company, where the total number of voting Shares or total Shares equity held by the Company in such a subsidiary represents more than one-half of the total number of voting Shares or the total Shares equity 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 of the total number of issued and voting Shares or the total Share equity of such a company.
63. (A) 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.
- (B) 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 the Applicable Listing Rules.
64. 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.
65. (A) To the extent required by the Applicable Listing Rules, any Shareholder who bears a personal interest that may conflict with and impair the interest of the Company in respect of any matter proposed for consideration and approval at a general meeting shall abstain from voting in respect of all the Shares that such Shareholder should otherwise be entitled to vote in person, as a proxy or corporate representative with respect to the said matter, and such Shares shall not be counted in the number of votes of Shareholders present at the meeting, but all such Shares shall be counted in the number of votes present at the general meeting when calculating the quorum. The aforementioned Shareholder shall also not vote on behalf of any other Shareholder.
- (B) In the event that a Director creates or has created security over any Shares held by him, then he shall notify the Company of such security. If at any time the security created by a Director is in respect of more than half of the Shares held by him at the time of his appointment, then the voting rights attaching to the Shares held by such Director at such time shall be reduced, such that the Shares over which security has been created which are in excess of half of the Shares held by the Director at the date of his appointment shall not carry voting rights and shall not be counted towards the number of votes represented by the Shareholders present at a general meeting.
66. (A) Subject to the Applicable Listing Rules, the votes may be exercised in writing or by way of electronic transmission if such method for exercising the votes has been described in the notice of the general meeting; provided however that in the event the general meeting is to be held outside Taiwan, the Company shall specify in the notice of the general meeting that the votes may be exercised in writing or by way of electronic transmission.
- (B) So long as the Shares are listed on the TPEX or TWSE on or after January 1, 2016, the Company shall adopt the electronic transmission as one of the methods for exercising the votes at the general meeting.
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 deemed to have appointed the chairman of the general meeting as his or her proxy to exercise his or her voting right at such general meeting in accordance with the instructions stipulated in the written or electronic document, 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.



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 2nd day prior to the scheduled meeting date of the general meeting; whereas if two 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.
69. In case a Shareholder who has exercised his votes in writing or by way of electronic transmission, such Shareholder may, at any time, revoke such written or electronic voting and choose to attend the general meeting in person.
70. (A) The proceedings regarding general meetings and voting at general meetings which are not provided for in these Articles shall be governed by the rules of procedure for general meetings of the Company and the Applicable Listing Rules, as adopted and amended by way of Ordinary Resolution from time to time, which shall be in compliance with the Law and the Applicable Listing Rules.
- (B) In case the procedure for convening a general meeting of Shareholders or the method of adopting resolutions is in violation of the Law, Applicable Listing Rules or these Articles, a Shareholder may, within 30 days from the date of the resolution, submit a petition to the Taipei District Court of Taiwan as the court of jurisdiction and first instance or the courts of the Cayman Islands for an appropriate remedy.

PROXY SOLICITATION

71. (A) Without prejudice to Articles 66 and 67, a Shareholder may appoint a proxy to attend a general meeting on his behalf by executing a proxy form prepared by the Company stating therein the scope of power authorized to the proxy. A Shareholder may only execute one proxy form and appoint one proxy for each general meeting, and shall serve such written proxy to the Company no later than 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. In case a Shareholder who has exercised his votes by proxy, such Shareholder may, at any time, revoke such proxy and choose to attend the general meeting in person. A Shareholder who is deemed to have appointed the chairman of the general meeting as proxy pursuant to Article 67 shall have the right to appoint another person as its proxy to attend the meeting, in which case, unless an explicit statement to revoke such express appointment of proxy, the express appointment of another proxy shall be deemed to have revoked the deemed appointment of the chairman as proxy under Article 67 and the Company shall only count the vote(s) cast by such expressly appointed proxy at the meeting.
- (B) In case a Member who has served a proxy intends to attend the relevant general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (2) days prior to the date of the general meeting, revoke such proxy by serving a notice to the Company or Shareholder Service Agent; otherwise, the votes cast by the proxy at the general meeting shall prevail.
72. 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 proxy form 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 solicitor/recipient and proxy solicitation agent (if any). The proxy form shall be provided to the Shareholders together with the relevant written or electronic notice for the relevant general meeting, and such written or electronic notice and proxy materials shall be distributed to all Shareholders on the same day.



73. 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.
74. Except for trust enterprises or Shareholders' Service Agencies approved by Taiwan competent authorities or a proxy deemed appointed pursuant to Article 67, when a person who acts as the proxy for two or more Shareholders, the number of votes represented by him shall not exceed 3 percent of the total number of votes of the Company and the portion of excessive votes represented by such proxy shall not be counted.
75. Subject to the Law, for so long as the Shares are registered in the Emerging Market or listed on the TPEX or TWSE, except for the proxy deemed appointed pursuant to Article 67, all matters concerning proxies and/or the solicitation of proxies by a solicitor relating to the Shares shall comply with Taiwan's *Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies* and all other Applicable Listing Rules, whether or not expressly provided for in these Articles.

LEGAL PERSONS ACTING BY REPRESENTATIVES AT MEETINGS

76. Any legal person which is a Shareholder or a Director 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 meeting of holders of a Class or of the Board of Directors or of a committee of Directors, and the Person so authorised shall be entitled to exercise the same powers on behalf of the legal person which he represents as that legal person could exercise if it were an individual Shareholder or Director. Any legal person which is a Shareholder may replace such representative from time to time.

DIRECTORS

77. (A) The number of Directors shall be no less than seven Directors and no more than nine 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 or by a majority of them. A Director shall not be required to hold any Shares by way of qualification and a Director who is not a Shareholder shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of Shares.
- (B) So long as the Shares are registered with the Emerging Market or listed on the TPEX or TWSE, the Directors shall include such number of Independent Directors as Applicable Listing Rules require for a foreign issuer. Where the Shares are registered with the Emerging Market, or the Company is listed on the TPEX or TWSE, the Board shall have at least 3 Independent Directors of whom at least one Independent Director shall have domicile in Taiwan. The number of Independent Directors shall not be less than one-fifth of the total number of Directors elected and holding the office for the same period. All Independent Directors shall possess expertise and specialized knowledge, shall maintain their independence in performing their duties as Independent Directors, and shall not in any way be directly or indirectly have a conflict of interest with the Company on any matter. All Independent Directors must fully satisfy the qualification requirements for Independent Directors under the Applicable Listing Rules and Taiwan's securities regulations, including but not limited to requirements or restrictions on expertise, shareholding, concurrent employment, independence criteria and nominating procedure. A legal person Shareholder/or its representative(s) may not be appointed or elected as an Independent Director.
- (C) Where the number of Independent Directors on the Board falls below the minimum number required by these Articles, the Company shall hold a by-election for Independent Directors at the next following general meeting. Where all of the Independent Directorships become



vacant, within 60 days of the occurrence of such shortfall, an extraordinary general meeting of Shareholders to elect succeeding Independent Directors to fill the vacancies shall be held.

- (D) During the Relevant Period, the qualifications, election, removal, power, authority and other requirements for Directors (including Independent Directors), which are not covered by these Articles, shall be in compliance with the Applicable Listing Rules.
78. (A) The general meeting of the Shareholders may appoint any Person to be a Director; provided however that more than half of the Directors shall not, as among them, have spousal relationship or familial relationship within the second degree of kinship.
- (B) Where the Directors elected in the general meeting do not meet the condition set forth in Article 78(A), the election of the Director receiving the lowest number of votes among those not meeting the said condition shall be deemed null and void.
- (C) When a person serving as Director is in violation of Article 78.(A), that person shall be subject to ipso facto dismissal through the mutatis mutandis application of Article 78.(B).
- (D) When the number of Directors falls below 5 due to the dismissal of a Director for any reason, the Company shall hold an election for Directors at the next following general meeting.
- (E) When the number of vacancies in the Board equals to one-third of the total number of Directors, the Board of Directors shall hold, within 60 days of the occurrence of such shortfall, an extraordinary general meeting of Shareholders to elect succeeding Directors to fill the vacancies.
79. At a general meeting for 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 or more candidates. A candidate to whom the ballots cast represent 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.
80. So long as the Shares are registered with the Emerging Market or listed on the TPEX or TWSE , the Company shall adopt a candidate nomination mechanism to elect the directors.. The rules and procedures for such candidate nomination mechanism shall be in accordance with policies established by the Directors and by an Ordinary Resolution from time to time, which policies shall be in accordance with the Law, these Articles and the Applicable Listing Rules. The election of Directors and the Independent Directors shall be carried out separately according to the respective list of candidates of Directors and of the Independent Directors ...
81. Subject to Articles, the term for which a Director will hold office shall not exceed 3 years; thereafter he/she 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. If it is resolved at a general meeting held prior to the expiration of the term of the existing Directors that all Directors will be re-elected with effect immediately after the adoption of such resolution (the "**Appointment**"), unless otherwise resolved at such general meeting, the term of the existing Directors shall be deemed to be discharged immediately upon the Appointment and the Appointment of the newly elected Directors shall be effective upon such resolution being made provided that the discharge of one of the Directors is conditional upon the prior re-appointment of the remaining Directors first and his appointment will be effective immediately after his discharge. The Directors shall be elected in a manner set forth under Article 79 and Article 80 at a general meeting at which Shareholders who represent a majority of the total number of issued Shares present.



82. A Director may be discharged at any time by a Supermajority Resolution adopted at a general meeting. If a Director is discharged during the term of his/her office as a Director without good cause, such Director may make a claim against the Company for any and all damages sustained by him/her as a result of such discharge.
83. The Board of Directors 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, and shall represent the Company in all external affairs. To the extent the Chairman is not present at a meeting or cannot or will not exercise his power and authority for any cause, he shall designate one of the Directors to act on his behalf. In the absence of such designation, the Directors present at the meeting shall elect from among themselves an acting chairman.
84. The Board may, from time to time, and except as required by the applicable laws and Applicable Listing Rules, 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.
85. A Director shall not be required to hold any Shares in the Company by way of qualification.

COMPENSATION COMMITTEE

86. (A) The Company shall establish a Compensation Committee to determine and conduct periodical reviews on the Company’s policy for compensation and the compensation of the Directors and Officers; provided that the resolution shall be submitted to the Board for approval. The compensation of the Directors shall be finally determined by the Board by reference to the standard generally adopted by other enterprises in the same industry. 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, as well as the determination of the compensation of the Directors and Officers, shall be duly resolved and promulgated by the Board, in accordance with the Applicable Listing Rules.
- (B) The aforesaid compensation shall include cash compensation, stock options, bonus shares, retirement benefits or severance pay, allowances or stipends of any kind and other de-facto compensation mechanism_for the Directors and Officers.
87. 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. The types and the amount of such expenses shall be recognized and approved by the Compensation Committee. 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 Compensation Committee go beyond the ordinary duties of a Director may be paid such extra remuneration as the Compensation Committee may recognize and approve 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.

DIRECTOR PROXY

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; however, no Director may act as proxy for more than one Director. 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 AND OFFICERS

89. (A) Subject to the Law, these Articles include, without limitation, Articles 57 and 58, Applicable Listing Rules 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.
- (B) Directors shall owe fiduciary duties to the Company and shall exercise the due care of a good administrator (as defined in the Applicable Listing Rules) in conducting the business of the Company. If a Director breaches such duties and does not exercise due care of a good administrator ("Act of Breach of Duty"), subject to Cayman Islands laws and the Applicable Listing Rules, 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, demand such Director to disgorge to the Company any profits generated therefrom as if such Act of Breach of Duty is done for the benefit of the Company. Subject to Cayman Islands laws, a Director shall be jointly and severally liable with the Company for any loss or damage incurred by any third party if such loss or damage is incurred as a result of a Director's breach of laws or regulations in the course of performing his duties.
- (C) Officers, within the scope of their duties, bears the same liabilities as the Directors.
90. The Directors may appoint a Chief Executive Officer, a Secretary, and such additional Persons (who may or may not be Directors) as the Officers as the Directors may from time to time determine, all of whom shall be deemed to be Officers for the purposes of the Law and these Articles, and for such term and at such remuneration (whether by way of salary or commission or bonuses or partly in one way and partly in another), and with such powers and duties subject to these Articles 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. The Secretary shall attend all meetings of the Shareholders and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Law, the Applicable Listing Rules or these Articles or as may be prescribed by the Board.
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.
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 subscribe for liability insurance for Directors 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.
- (B) 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 the three next following Articles shall not limit the general powers conferred by this Article.
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 managers 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, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the 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. Subject to these Articles, the Procedures for Acquisition and Disposal of Assets, Procedures for Loaning of Funds and for Offering of Endorsements/Guarantees and other applicable internal rules of the Company, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

THE SEAL

99. The Seal shall not be affixed to any instrument except by the authority of the Board of 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 an assistant 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 an assistant 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 or any assistant Secretary shall, with the prior authorization of the Chairman authorized by the Board, 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 OF DIRECTORS

102. A Person shall not be qualified to hold office as a Director if any of the situations set forth in (a) through (g) below applies to such Person. Further, the office of Director shall be vacated, if the Director:

- (a) committed a felony (including but not limiting to an offence under Organized Crime Prevention Act of Republic of China) and has been adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of the sentence is less than 5 years;
- (b) has been sentenced to imprisonment for a term of more than one year for commitment of fraud, breach of trust or misappropriation, and the time elapsed after he has served the full term of such sentence is less than 2 years;
- (c) has been adjudicated guilty by a final judgment for misappropriating company or public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than 2 years;
- (d) becomes bankrupt and has not been discharged from bankruptcy or makes any arrangement or composition with his creditors;
- (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 or dies;
- (g) is removed from office pursuant to these Articles ;
- (h) resigns his office by notice in writing to the Company; or
- (i) during a Director's term of office, 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") 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 more 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.

103. Subject to the Law and Cayman Islands laws, if a Director commits, in the course of performing his duties, any act resulting in material damage to the Company or in serious violation of applicable laws and/or regulations or these Articles, but has not been removed by the Company pursuant to a Supermajority Resolution, then any Shareholder(s) holding 3 percent or more of the total number of issued Shares shall have the right, within 30 days after that general meeting, to submit a petition to the Taipei District Court as the court of jurisdiction in the first instance, or the courts of the Cayman Islands, for the removal of such Director.

PROCEEDINGS OF DIRECTORS

104. The Directors may, upon provision of 7 days' notice (exclusive of the day on which it is given and the day of the meeting) in writing to each Director specifying the place, the day and the hour of meeting and the nature of business to be transacted at the meeting, meet together (either within or outside the Cayman Islands) for the dispatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Board meetings shall be held within such period and with such frequency as may be prescribed by the Applicable Listing Rules. In the case of emergency, the meeting of Directors may be convened at any time, and such notice period may be shortened or waived by Directors at the relevant meeting. The notice for meeting of Directors may be given by means of electronic communication if the Company obtains prior consent by the individual recipients. A Director may, and on the requisition of a Director shall, at any time summon a meeting of the Directors. The proceedings of a meeting of Board which are not provided for in these Articles shall be governed by the Rules Governing the Conduct of Board Meetings, the internal rules of the Company.
105. Directors may participate in any meeting of the Board by means of such visual communication facilities as permit all persons participating in the meeting to see and communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.
106. 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. Except as otherwise required under Article 107, questions arising at any meeting shall be decided by a majority of votes present at such meeting. In case of an equality of votes the chairman shall not have a second or casting vote.
107. 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;



- (e) issuance of corporate bonds. A private placement of the ordinary corporate bonds may be carried out in instalments within one year of the date of such resolution at the Board meeting;
 - (f) issuance Preferred Shares pursuant to Article 10;
 - (g) issuance Shares pursuant to Article 11.(A);
 - (h) adopt one or more employee incentive programmes pursuant to Article 17; and
 - (i) repurchase of Shares pursuant to Article 33.
108. (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
- (B) A Director who is in any way personally interested in a matter to be discussed at a Board Meeting, which personal interest may impair the interests of the Company, shall refrain from voting on such matter in the Board meeting or exercising voting right on such matter on behalf of another Director in said Board meeting. 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).
109. A Director who does anything for himself or on behalf of another person that is within the scope of the Company's business shall declare the essential contents of such behaviour to the general meeting of the Shareholders and be approved by a Supermajority Resolution. Failure in obtaining such approval shall cause the Director being so interested be liable to account to the Company for any profit realised by any such behaviour if the general meeting so resolves by an Ordinary Resolution within one year from such behaviour.
110. (A) After reserving a sufficient amount out of the income before tax to set off the accumulated losses at the end of year (if any), the remaining (if any) shall be allocated no more than 1 percent 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.
- (B) After reserving a sufficient amount out of the income before tax to set off the accumulated losses at the end of year (if any), the remaining (if any) shall be allocated a minimum of one percent (1%) 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 Board of Directors attended by two-thirds or more of the Directors. If the Board of Directors resolves to issue Shares to any employee of the Company or its subsidiaries in accordance with this Article 110(B), such Shares shall be issued credited as fully paid. Such resolution shall be reported to the Shareholders at a general meeting.
- (C) Unless otherwise provided by Applicable Listing Rules, a Director may hold any other office or place of profit under the Company in conjunction with his office of Director with such compensation and remuneration as the Compensation Committee may recognize and approve and on other terms as the Directors may determine. No 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.



112. The chairman of a meeting of the Directors shall sign the minutes of such meeting. 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, including the objections and comments made by Independent Directors.
113. 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 summoning a general meeting of the Company, but for no other purpose.
114. 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.
115. 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.
116. 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.

DIVIDENDS

117. Subject to the Law and these Articles, the Company in general meeting may from time to time declare dividends and/or bonuses in any currency to be paid to the Shareholders. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TWSE, dividend or bonuses may only be declared in NTD.
118. (A) The Company shall not pay dividends or bonus, unless its accumulated losses shall have been covered and a Statutory Reserve shall have been set aside in accordance with Article 119(A).
- (B) Except the declaration and distribution of dividends and/or bonuses pursuant to Article 124(A), the Company shall not pay dividends or bonuses when there are no Accumulated Distributable Earnings, as defined in Article 118(C).
- (C) Where the Company has earnings of the current year at the end of the fiscal year, after paying all relevant taxes, off-setting accumulated losses, setting aside reserves from the earnings of the current year (including Statutory Reserve and Special Reserve, if necessary), the balance of the earnings of the current year ("Distributable Earnings of the Current Year"), together with the undistributed retained earnings accrued from prior years ("Accumulated Distributable Earnings"), deducted by an amount the Board recommends not to distribute, subject to Article



121, may be allocated to the Shareholders as bonus shares or cash dividends on a pro rata basis by an Ordinary Resolution passed at an annual general meeting. The resolved amount of such allocated bonus shares or cash dividends (if any) ("Distributed Earnings") shall not be less than 10% of the Distributable Earnings of the Current Year.

(D) The Company is currently positioned in a growth and development phase. Due to the need for capital expenditure, operation expansion and an integrated financial planning in order to maintain sustainable growth, the Company's dividend policy will be determined in accordance with the Company's future budgeted expenditures and capital needs, and will consist of distributions of Share or cash dividends to the Company's Shareholders. Cash dividends shall comprise at least 10% and at most 100% of Distributed Earnings.

119. (A) The Company, when allocating its earnings, shall first set aside 10 percent of the balance of the earnings pursuant to the Applicable Listing Rules after paying all taxes and duties as a reserve ("Statutory Reserve"). Where the Statutory Reserve amounts to the total paid-up capital of the Company, this provision shall not apply.

(B) Aside from the Statutory Reserve, the Company may, by Ordinary Resolution and pursuant to the Law and Applicable Listing Rules, set aside an additional amount as a special reserve ("Special Reserve") for such purpose as authorized by the Ordinary Resolution.

(C) The Board shall establish an account to be called the 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. There shall be debited to any Share Premium Account on the redemption or repurchase of a Share the difference between the nominal value of such Share and the redemption or repurchase price provided always that at the discretion of the Directors such sum may be paid out of profits of the Company, or, if permitted by the Law, out of Capital.

(D) Unless otherwise provided in these Articles and to the extent permitted by the Law, the Statutory Reserve and the Capital Reserve shall not be used except for off-setting losses of the Company. The Company shall not use the Capital Reserve to off-set its capital losses, unless the Statutory Reserve and the Special Reserve are insufficient to off-set such losses.

120. Any resolution declaring a dividend or other distribution on Shares of any class may specify that the same shall be payable or distributable to the persons registered as holders of such Shares at the close of business on a particular date.

121. The Company may by Supermajority Resolution determine that the whole or a part of the Distributed Earnings be distributed in the form of bonus shares to be newly issued by the Company for such purpose. Any fraction of such newly issued shares shall be paid in cash.

122. Any dividend, interest or other sum payable in cash to the holder of Shares may be paid by electronic transfer (with the consent of the Shareholder and subject to the provision by the Shareholder of a bank account in Taiwan in that Shareholder's name) or by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the Shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such Shares. Electronic transfers and the posting of cheques or warrants will be at the risk of the Shareholders. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the Shares held by such joint holders.



123. Any dividend unclaimed after a period of 6 years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a Share may be paid into a separate account which shall not constitute the Company a trustee in respect thereof.
124. (A) Where the Company incurs no accumulated loss, it may, subject to the Law, by a Supermajority Resolution, pro rata among the Shareholders in proportion to the number of Shares held by each such Shareholder, (a) capitalize its Statutory Reserve and following categories of Capital Reserve - Share Premium Account and/or income from endowments received by the Company - in whole or in part, by issuing new, fully paid bonus Shares to its Shareholders; (b) make distributions out of the Statutory Reserve and the Share Premium Account to its Members in cash; provided that only the portion of such Statutory Reserve which exceeds an amount equal to 25 percent of the paid-in capital may be capitalized or distributed.
- (B) Subject to the Law, in the case where the Company issues new Shares to the existing Shareholders by capitalization of its reserves, Article 13 shall not apply.

ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION

125. 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.
126. The books of account shall be kept at the Office or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
127. At the close of each financial year, the Board of Directors shall prepare and submit the business report, financial statements, and the earning distribution or loss off-setting proposals prepared by it for the annual general meeting of Shareholders for its ratification. After the annual general meeting, the Board of Directors 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.
128. The statements and records of accounts prepared by the Directors in accordance with the previous Article shall be made available at the office of the Shareholders' Service Agent in the Republic of China for inspection at any time by the Shareholders commencing at least 10 days prior to the annual general meeting, to which the Shareholders may bring their lawyers or certified public accountants to consummate such an inspection.
129. Save for the preceding Article 128 and Article 132, the Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of 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.
130. The accounts relating to the Company's affairs shall only be audited in such manner and with such financial year end as may be determined from time to time by the Directors, or required by the Applicable Listing Rules.
131. 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.



132. The Board of Directors shall keep at the Office and at the office of its Shareholders' Service Agent in Taiwan copies of the Articles, all the minutes of the general meetings, the financial statements, the Register and the counterfoil of corporate bonds issued by the Company. Any Shareholder may request, by submitting evidentiary document(s) to show his/her interests involved and indicating the scope of interested matters, an access to inspect and to make copies of any such accounting books and records.
133. 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 Shareholders to communicate to the public.
134. 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 and transfer books of the Company.

AUDIT COMMITTEE

135. The Audit Committee shall be composed of the entire number of Independent Directors. The Audit Committee shall not be fewer than three persons in number, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise. The rules governing the exercise of powers of the Audit Committee and its members shall be duly resolved and promulgated by the Board in accordance with the Applicable Listing Rules. A resolution of the Audit Committee shall be passed by a majority of all its members. The following matters shall be subject to the resolution passed by the approval of half or more of all Audit Committee members and be submitted to the Board of Directors for a resolution:
- (a) Adoption or amendment of an internal control system.
 - (b) Assessment of the effectiveness of the internal control system.
 - (c) Adoption or amendment of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
 - (d) A matter bearing on the personal interest of a Director.
 - (e) A material asset or derivatives transaction.
 - (f) A material monetary loan, endorsement, or provision of guarantee.
 - (g) The offering, issuance, or private placement of any equity-type securities.
 - (h) The hiring or dismissal of an attesting CPA, or the compensation given thereto.
 - (i) The appointment or discharge of a financial, accounting, or internal auditing officer.
 - (j) Adoption of annual and semi-annual financial reports.
 - (k) Subject to Cayman Islands laws, any other material matter so required by the Company or the competent authority of Republic of China.
136. With the exception of item Article 135.(j), any matter in the preceding Article that has not been resolved by the approval of half or more of all Audit Committee members may be undertaken at a



meeting of the Board by a resolution approved by two-thirds or more of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the meeting of Board of Directors.

137. The Audit Committee shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, examine the accounting books and documents, and request the Directors or Officers to make reports thereon. In performing their functional duties under this Article, the Audit Committee may appoint, on behalf of the Company, a practicing lawyer and the independent auditors to conduct the examination.
138. In case the Directors or any Director commits any act, in carrying out the business operations of the Company, in a manner in violation of the Law, the Applicable Listing Rules, these Articles or the resolutions of the annual general meeting or extraordinary general meeting, the Audit Committee shall forthwith advise, by a notice, to the Directors or the Director, as the case may be, to cease such act.
139. (A) Subject to the Law and Cayman Islands laws, Shareholder(s) who has/have been continuously holding 3 percent or more of the total number of the issued Shares for over one year may request in writing any Independent Director to institute, for and on behalf of the Company, an action against a Director; such action may be instituted in the Taipei District Court as the court of jurisdiction in the first instance.

(B) In case such Independent Director fails/fail to institute an action within 30 days after having received the request made under the preceding paragraph, then, subject to the Law and Cayman Islands laws, the Shareholders 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 Taipei District Court as the court of jurisdiction in the first instance.

TENDER OFFER

140. Within seven days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Listing Rules, the Board of the Directors 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 10 percent of the issued 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 10 percent of the issued Shares held in its own name or in the name of other persons.

NOTICES

141. 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 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.

142. 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.
143. 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 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.

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.

144. 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.
145. Notice of every general meeting of the Company shall be given to:
- (a) all Shareholders holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and
 - (b) every Person entitled to a Share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

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

INDEMNITY

146. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles) 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.

147. No Indemnified Person shall be liable to the Company unless such liability arises through such Indemnified Person's own dishonesty, wilful default or fraud.

FINANCIAL YEAR

148. 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.

WINDING-UP

149. 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.
150. 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.
151. (Deleted)

AMENDMENT OF ARTICLES OF ASSOCIATION

152. Subject to the Law, and the Articles, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

REGISTRATION BY WAY OF CONTINUATION

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

LITIGATION AND NON-LITIGATION AGENT



154. The Company shall appoint a litigation and non-litigation agent who shall be deemed as the responsible person of the Company in Taiwan in accordance with the Applicable Listing Rules. Such agent shall have domicile in Taiwan.

