

PlayNitride Inc.

2025 Annual General Shareholders' Meeting

Meeting Agenda

(Translation)

Convening method : Physical shareholders' meetings

Date : June 27, 2025

Place : No. 265, Dong Sec. 1, Guangming 6th Road, Zhubei City,

Hsinchu County, Taiwan

(Sheraton Hsinchu Hotel 3F Jasmine & Lotus Room West Wing)

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# I. Meeting Procedure

PlayNitride Inc.

## 2025 Annual General Shareholders' Meeting Procedure

1. Report the number of shareholder rights present
2. Call the Meeting to Order
3. Speech by Chairman
4. Matters to be Report
5. Matters to be Approved
6. Matters to be Discussed I
7. Election
8. Matters to be Discussed II
9. Questions and Motions
10. Adjournment

## II. Meeting Agenda

### **PlayNitride Inc.**

#### **2025 Annual General Shareholders' Meeting Agenda**

**Time : 9:00 a.m., June 27, 2025, Friday**

**Place : No. 265, Dong Sec. 1, Guangming 6th Road, Zhubei City, Hsinchu County,  
Taiwan (Sheraton Hsinchu Hotel 3F Jasmine & Lotus Room West Wing)**

**Convening method : Physical shareholders' meeting.**

**(I). Report the number of shareholder rights present.**

**(II). Call the Meeting to Order**

**(III).Speech by Chairman**

**(IV).Matters to be Reported**

- 1 : The Company's 2024 business operations report.
- 2 : Audit Committee 's 2024 internal audit report.
- 3 : The report on the Company's loss reaching one half of its paid-in capital.
- 4 : The implementation of the Company's Sound Business Plan.
- 5 : Report on the execution status of the Company's first issuance of the secured convertible bonds in the R.O.C.

**(V). Matters to be Approved**

- 1 : To approve the 2024 annual business report and financial statements.
- 2 : To approve the 2024 loss offset proposal of the Company.

**(VI).Matters to be Discussed Part 1**

- 1 : The Amendment to the Company's Articles of Incorporation.

**(VII). Election**

- 1 : By-election of the one (1) independent director.

**(VIII).Matters to be Discussed Part 2**

- 1 : To approve the release of newly elected directors from the non-competition restrictions.

**(IX).Questions and Motions**

**(X). Adjournment**

## Matters to be Reported

1 The Company's 2024 business operations report.

Explanatory : Please refer to Attachment 1 for the Company's 2024 Business Report. (P.7)

2 Audit Committee's 2024 internal audit report.

Explanatory : Please refer to Attachment 2 for the Audit Committee's Internal Report. (P.9)

3 The report on the Company's loss reaching one half of its paid-in capital.

Explanatory : Upon audit by the Company's auditor, it was confirmed that the Company has accumulated losses of NT\$5,702,710 thousand as of 2024. Given the Company has a share capital of NT\$1,071,786 thousand and an additional paid-in-capital (paid-in capital in excess of par) of NT\$5,985,481 thousand, the Company's accumulated losses have reached one half of its paid-in capital. According to Article 211 of the Company Act, the Board of Directors shall report such to the most recent meeting of shareholders.

4 The implementation of the Company's Sound Business Plan.

Explanatory : Please refer to Attachment 3 for the implementation of the Sound Business Plan. (P.10)

5 Report on the execution status of the Company's first issuance of the secured convertible bonds in the R.O.C.

Explanatory :

1. The Company's Board of Directors resolved on December 6, 2024, to proceed with the first issuance of the secured convertible bonds in the R.O.C. The issuance was declared effective by the Financial Supervisory Commission via letter No. 11303685591 dated February 6, 2025, and the bonds were listed and traded on the Taipei Exchange on February 27, 2025.
2. By reference to Article 246 of the Company Act, the reasons and relevant matters regarding the issuance of the bonds shall be reported to the meeting of shareholders. Please refer to Attachment 4. (P.11)

## Matters to be Approved

Proposal 1      Proposal by the Board of Directors

Explanatory :    To approve the 2024 annual business report and financial statements.

Notes :            1. The Company's 2024 annual financial statements have been audited by KPMG, together with the business report, had been audited by the Company's Audit Committee.

                      2. Please refer to Attachment 1 for 2024 business report (P.7) and the Independent Auditors' Report and consolidated financial statements, please refer to Attachment 5. (P.12)

                      3. Submit to the shareholders' meeting for approval.

Resolution :

Proposal 2      Proposal by the Board of Directors

Explanatory :    To approve the 2024 loss offset proposal of the Company.

Notes :            1. The Company's net profit after tax for the year 2024 is NT\$60,087 thousand. Please refer to Attachment 6 for the loss offset table. (P.21)

                      2. Submit to the shareholders' meeting for approval.

Resolution :

## Matters to be Discussed Part 1

Proposal 1      Proposal by the Board of Directors

Explanatory :    The Amendment to the Company's Articles of Incorporation.

Notes :            1. In accordance with the announcement No. 1131701804 issued by the Taiwan Stock Exchange on May 2, 2024 on the amendment of the "Checklist of Shareholders' Equity Protection Measures at Foreign Issuer's Domicile," the Company proposes to amend certain parts of its Articles of Incorporation.

                      2. Please refer to Attachment 7(P.22) for the comparison table before and after the amendment to the Articles of Incorporation.

                      3. Submit to the shareholders' meeting for approval.

## Election

Proposal 1      Proposal by the Board of Directors

Explanatory :   By-election of one (1) independent director.

- Notes :
1. Mr. I-Cheng Liu, the Company's former independent director, resigned from his position on September 25, 2024, due to personal reasons. In accordance with Article 14-2, Paragraph 6 of the Securities and Exchange Act, a by-election shall be held at the next shareholders' meeting. Therefore, it is proposed that the vacancy be filled through a by-election at this year's shareholders' meeting.
  2. The newly elected independent director shall assume office immediately upon election, with a term identical to that of the fifth-term Board of Directors, ending on June 19, 2027.
  3. The nomination of independent director candidates shall be conducted in accordance with the candidate nomination system and handled pursuant to Article 192-1 of the Company Act.
  4. This by-election will be conducted in accordance with the Company's "Rules for Election Items of Directors".
  5. Please refer to Attachment 8 for the academic qualifications, experience and other relevant information of the director candidates. (P.25)

Result :

## Matters to be Discussed Part 2

Proposal 1      Proposal by the Board of Directors

Explanatory :    To approve the release of newly elected directors from the non-competition restrictions.

- Notes :
1. By reference to Article 209 of the Company Act, if any newly elected director serves as a director or manager of another company with the same or similar business as the Company or its subsidiaries, the Company proposes to seek approval from the general meeting of shareholders to release any such newly elected director from the non-competition restrictions from the date of his or her election as a director of the Company, provided that the interests of the Company are not harmed.
  2. Please refer to Attachment 9 for details of the directors' competition. (P.25)
  3. Submit to the shareholders' meeting for approval.

Resolution :

## Questions and Motions

## Adjournment



### III. Attachments

#### (1) Business Report

## **PlayNitride Inc.**

### **2024 Annual Business Report**

In 2024, our company achieved new highs in revenue across all existing product categories and further expanded into equipment sales as a new revenue stream. Compared to 2023, total revenue for 2024 grew by 88%, with Chip on Carrier (COC) revenue increasing by an impressive 158%. We successfully met key operational milestones, including monthly, quarterly, and annual breakeven, achieving a full-year EPS of 0.56.

Throughout 2024, our company continued to demonstrate MicroLED applications across various domains, offering customers new product development possibilities, including:

1. 9.38-inch Adjustable Transparency Transparent MicroLED Display

With the increasing adoption of MicroLED transparent displays, our company introduced the "9.38-inch Adjustable Transparency Transparent MicroLED Display" this year. Utilizing RGB full-color chips, this display delivers high brightness, wide color gamut, superior reliability, and extended lifespan. It achieves a transparency rate of 65% to 70%, an optical brightness exceeding 3000 nits, and an NTSC color gamut of over 115%.

Furthermore, by integrating adjustable transparency liquid crystal glass, we have developed the first transparent MicroLED display with adjustable transparency levels. The transparency range can be adjusted from 1% to 50%—offering complete opacity to obscure objects behind the display in low-transparency mode without affecting display quality, while allowing simultaneous visibility of display content and background objects in high-transparency mode.

This innovative technology enables seamless integration of models and products across various environments, enhancing presentations and immersive content experiences. As a result, this product has won the 2024 SID Best MicroLED-Based Technology Award and the 2024 SDIA Award—Advanced Display Grand Prize.

2. 0.18-inch, 5644 PPI, 720×720 Resolution Full-Color MicroLED Microdisplay

With the rapid advancement of AI technology, AR glasses are regarded as an ideal AI interface, making smaller microdisplays a key display component.

In 2024, our company closely collaborated with industry partners to successfully develop a 0.18-inch, 5,644 PPI, 720×720 resolution full-color MicroLED microdisplay. This microdisplay delivers an ultra-high brightness of over 500,000 nits, weighing only 0.4g, making it a perfect fit for high-resolution, high-brightness, and ultra-lightweight optical engine requirements.

In addition to enhancements in color gamut and brightness performance, this technology has received strong recognition from customers and is scheduled for mass production between 2025 and 2026.

3. Pitch 0.33mm PixeLED Matrix Cube Display and MiP Platform

Utilizing Pitch 0.33mm, 4.45-inch MicroLED panels as the basic unit, this display module leverages advanced MicroLED in Package (MiP) semiconductor technology to achieve high brightness, high contrast, and low power consumption, delivering an outstanding visual experience within a compact space.

With a brightness of up to 30,000 nits, this display is ideal for various lighting conditions, including extreme environments, making it particularly suited for:

- Panoramic Head-Up Displays (PHUD) in vehicles

- Projection applications
- Simulator cockpits for training
- Other ultra-high-brightness visual display scenarios

Our MiP platform integrates MicroLED, Micro IC, and Micro lens using advanced semiconductor packaging technologies to develop a technology platform for the MicroLED ecosystem. Beyond display applications, it can also be expanded into optical communication and sensing applications.

### **Summary of 2024 Business Results**

#### **1. Operating Performance**

- Total revenue for 2024 reached NT\$1,768,442 thousand, an 88% increase from NT\$943,004 thousand in 2023.
- Gross profit was NT\$668,919 thousand, marking a 570% increase from NT\$99,792 thousand in 2023.
- Net operating profit was NT\$10,576 thousand, a 102% improvement compared to a net operating loss of NT\$562,248 thousand in 2023.
- Comprehensive net profit was NT\$102,381 thousand, representing a 120% increase from a comprehensive net loss of NT\$510,686 thousand in 2023.

#### **2. Financial Analysis**

For the financial overview of 2024, please refer to the financial statements.

#### **3. Research & Development**

Our company continued investing in MicroLED technology development in 2024. However, R&D expenses for 2024 totaled NT\$379,199 thousand, representing a 16% decrease from NT\$452,792 thousand in 2023.

Regarding patent strategy, as of the end of 2024, our company had 924 patent applications, an 8% increase from the previous year. Moving forward, we will continue strengthening our patent portfolio to safeguard our intellectual property rights and competitive edge.

### **Future Outlook**

Looking ahead to 2025, our primary business objectives include sustaining revenue growth momentum while further expanding our global market presence to ensure stable and continued growth. We plan to establish additional sales offices in China and Europe, enhancing localized services for new customers and enabling us to quickly adapt to evolving market demands to maintain steady growth in the coming years.

We remain committed to innovation and technological leadership, continuously refining our core technologies. We firmly believe that only by pushing technological boundaries can we maintain a competitive edge in the industry.

Therefore, we will actively expand MicroLED applications into smart wearables, AR, automotive displays, and specialized markets such as aerospace and defense, providing customers with cutting-edge solutions. Additionally, we will develop dedicated equipment to further expand our market presence.

Beyond commercializing innovative technologies, we also recognize our corporate responsibility to society and the environment. We will continue to enhance our ESG (Environmental, Social, and Governance) initiatives, striving for sustainable development.

We deeply appreciate the trust and support of our shareholders and stakeholders and remain committed to exceeding expectations as we move forward.

Chairman : Charles Li

Chief Executive Officer : Charles Li

Accounting Manager: Bree Chou

## (2) Audit Committee's Internal Audit Report

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

The Board of Directors has prepared the Company's Business Report, Consolidated Financial Statements and the Deficit Compensation Statement Proposal of 2024, Archie Cheng and Heidi Huang, Certified Public Accountants of KPMG, have audited the Consolidated Financial Statements, and issued an audit report. The Business Report, Consolidated Financial Statements and the Deficit Compensation Statements Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of PlayNitride Inc., hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely

PlayNitride Inc. 2025 Annual General Shareholder's Meeting

Convenor of the Audit Committee

February 26, 2025

### (3) Sound Business Plan

Project	2024			
	Forecast	Actual	Difference	Difference Analysis
Revenue	1,782,714	1,768,442	(14,272)	Difference<10%, Within reasonable range
COGS	1,104,291	1,099,523	(4,768)	Difference<10%, Within reasonable range
Gross Profit	678,423	668,919	(9,504)	Difference<10%, Within reasonable range
Operating expense	650,022	658,343	8,321	Difference<10%, Within reasonable range
Operating P/L	28,401	10,576	(17,825)	Actual operating profit was lower than expected mainly because customer production progress was delayed, leading to fewer orders and lower revenue.
Non-Oper	43,580	49,511	5,931	Actual operating profit was lower than expected mainly because customer production progress was delayed, leading to fewer orders and lower revenue.
Pre-tax N/I	71,981	60,087	(11,894)	The same as the above.
Net Income	71,981	60,087	(11,894)	The same as the above.

(4) The execution status of the first issuance of the secured convertible bonds in the R.O.C.

Corporate Bond		The first issuance of the secured convertible bonds in the R.O.C.
Issued Date		February 27, 2025
Denomination		NT\$100,000
Place of issue and transaction		Republic of China
Issuing Price		100% of the Denomination value
Total Amount		NT\$800,000 thousand
Interest Rate		0%
Period		3 years, Validity: February 27, 2028
Use of Proceeds		To secure working capital and purchase the equipment and machines
Guarantee Agency		CTBC Bank
Trustee		Chang Hwa Commercial Bank
Underwriting Agency		CTBC Securities Co. Ltd. Yuanta Securities Co., Ltd. Taishin Securities Co., Ltd
Lawyer		LEE AND LI ATTORNEYS-AT-LAW Abe T. S. Sung
Accountant		NA
Repayment method		Except for cases where the holders of these convertible corporate bonds convert them into the Company's common shares, exercise the put option, or where the Company redeems or repurchases and cancels them through securities firms' business premises, the bonds shall be repaid in full in cash at 100% of their face value upon maturity.
Outstanding Principal		As of the book closure date (2025/4/29), the outstanding principal was NT\$800,000 thousand.
Redemption or advance payment		Please refer to the Company's the first issuance of the secured convertible bonds method in the R.O.C.
Restrictions		None
Credit rating agency name, rating date, corporate debt rating and other results		None
Other Rights	Amount Converted into Common Shares/ODRs/Other Securities	As of the book closure date (2025/4/29), there have been no instances of conversion
Issuance and conversion, exchange or stock subscription methods, possible dilution of equity conditions and impact on existing shareholders' equity		Assuming full conversion of the remaining unconverted balance of NT\$800,000 thousand at the current conversion price of NT\$248.3, a total of 3,221,900 common shares would be issued, accounting for 2.74% of the currently outstanding 117,678,622 shares. The impact on shareholders' equity is considered limited.
Name of the entrusted custodian institution to exchange the subject		NA

## (5) 、Independent Auditors' Report and Consolidated Financial Statements

### **Independent Auditors' Report**

To the Board of Directors of PlayNitride Inc.:

#### **Opinion**

We have audited the consolidated financial statements of PlayNitride Inc. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

##### **Revenue recognition**

Refer to note 4(14) “Revenue recognition” and note 6(16) “Revenue from contracts with customers” to the consolidated financial statements.

#### Description of key audit matters:

The timing of revenue recognition is determined according to the transaction terms agreed with the customer, and the control transfer of the goods is identified according to the individual sales transaction at the end of the period to assess the appropriateness of revenue recognition in the correct period. In addition, the construction revenue is recognized according to the proportion of the degree of contract completion, which is calculated based on the contract cost incurred as at the date of financial reporting to the total estimated contract cost. The accuracy of the recognition of construction contract revenue is affected by the degree of completion and whether the estimated total cost of the project is properly estimated. Therefore, the appropriateness and accuracy of revenue recognition in a proper period is the key area in performing our audit.

#### How the matter was addressed in our audit:

The main audit procedures we performed for the above key audit matters include: understand the revenue recognition accounting policies adopted by the Group and compare them with the terms of sale and revenue recognition to assess the appropriateness of the adopted policies; evaluate the design of the internal control system for sales revenue and test the effectiveness of its implementation; test samples of individual revenue transactions by checking purchase orders from customers and proof of shipment, etc.; test sales transactions in the period before and after the December 31, 2024 financial reporting date, and review the terms of sales, shipping documents and customer confirmation documents of such sales transactions to assess whether the sales revenue are recognized in the appropriate period. In addition, we test a sample of construction contract during the financial reporting period, and review contracts and related documents; obtain the annual construction income calculation table, check the accuracy of the incurred contract costs, evaluate the completeness of the estimated total cost, calculate the proportion of contract completion, and calculate the appropriateness of the recognized amount of construction income.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with International Accounting Standards (“IASs”) 34, Interim Financial Reporting, endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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



The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Hai-Ning Huang.

KPMG

Taipei, Taiwan (Republic of China)

February 26, 2025

#### **Notes to Readers**

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PlayNitride Inc. and subsidiaries

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Liabilities and Equity					
						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 805,973	31	575,047	25	2130	Contract liabilities— current (notes 6(16) and 7)	\$ 5,226	-	46,520	2
1136	Financial assets at amortized cost— current (notes 6(2) and 8)	104,827	4	383,491	17	2170	Accounts payable	37,943	1	46,273	2
1140	Contract assets— current (notes 6(16) and 7)	129,387	5	106,511	5	2180	Accounts payable— related parties (note 7)	1,256	-	20,357	1
1152	Other notes receivable	824	-	-	-	2200	Other payables (note 6(8))	194,172	9	149,586	6
1170	Accounts receivable, net (notes 6(3))	7,162	-	15,644	1	2220	Other payables— related parties (note 7)	28,198	1	18,594	1
1180	Accounts receivable— related parties, net (notes 6(3) and 7)	295,816	12	60,538	3	2250	Provisions— current (note 6(10) and 8)	6,792	-	-	-
1200	Other receivables	6,547	-	24,814	1	2280	Lease liabilities— current (notes 6(11) and 7)	36,436	1	26,800	1
1210	Other receivables— related parties(note 7)	556	-	2,345	-	2322	Long-term borrowings, current portion (notes 6(9) and 8)	120,267	5	17,811	1
1220	Current tax assets	2,457	-	4,146	-	2399	Other current liabilities	1,492	-	1,567	-
130X	Inventories (note 6(4))	339,521	13	213,858	9			431,782	17	327,508	14
1410	Prepayments (note 7)	74,150	3	58,906	2		Non-current liabilities:				
1470	Other current assets	42,656	2	70,413	3	2540	Long-term borrowings (notes 6(9) and 8)	8,840	-	2,667	-
		1,809,876	70	1,515,713	66	2580	Lease liabilities— non-current (note 6(11) and 7)	72,533	3	13,035	1
	Non-current assets:							81,373	3	15,702	1
1535	Financial assets at amortized cost— non-current (notes 6(2) and 8)	5,522	-	1,000	-	2xxx	Total liabilities	513,155	20	343,210	15
1600	Property, plant and equipment (note 6(5) and 8)	565,807	22	682,876	30	3110	Equity (note 6(14)):				
1755	Right-of-use assets (notes 6(6) and 7)	107,927	4	38,972	2	3200	Ordinary shares	1,071,786	42	1,071,786	47
1780	Intangible assets (note 6(7))	35,455	2	42,104	2	3300	Capital surplus	6,450,644	251	6,446,914	281
1915	Prepayments for equipment	34,083	1	6,268	-	3400	Accumulated deficits	(5,702,710)	(222)	(5,762,797)	(251)
1920	Refundable deposits (notes 7)	12,949	1	8,097	-	3xxx	Other equity	239,100	9	196,806	8
1990	Other non-current assets	356	-	889	-		Total equity	2,058,820	80	1,952,709	85
		762,099	30	780,206	34						
1xxx	Total assets	\$ 2,571,975	100	2,295,919	100	2-3xxx	Total liabilities and equity	\$ 2,571,975	100	2,295,919	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**PlayNitride Inc. and subsidiaries**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

		<b>2024</b>		<b>2023</b>	
		<u><b>Amount</b></u>	<u><b>%</b></u>	<u><b>Amount</b></u>	<u><b>%</b></u>
4000	<b>Operating revenues</b> (notes 6(16) and 7)	\$ 1,768,442	100	943,004	100
5000	<b>Cost of sales</b> (notes 6(4), (5), (6), (7), (10), (11), (12) and 7)	<u>1,099,523</u>	<u>62</u>	<u>843,212</u>	<u>89</u>
5900	<b>Gross profit</b>	<u>668,919</u>	<u>38</u>	<u>99,792</u>	<u>11</u>
6000	<b>Operating expenses</b> (notes 6(5), (6), (7), (11), (12) and 7):				
6100	Selling and marketing expenses	64,758	4	44,630	5
6200	General and administrative expenses	214,386	12	164,618	17
6300	Research and development expenses	<u>379,199</u>	<u>21</u>	<u>452,792</u>	<u>48</u>
	<b>Total operating expenses</b>	<u>658,343</u>	<u>37</u>	<u>662,040</u>	<u>70</u>
6900	<b>Operating income (loss)</b>	<u>10,576</u>	<u>1</u>	<u>(562,248)</u>	<u>(59)</u>
7000	<b>Non-operating income and expenses</b> (notes 6(11), (18) and 7):				
7100	Interest income	37,457	2	49,465	5
7010	Other income	3,317	-	8,652	1
7020	Other gains and losses	11,274	1	(7,229)	(1)
7050	Finance costs	<u>(2,537)</u>	<u>-</u>	<u>(1,479)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>49,511</u>	<u>3</u>	<u>49,409</u>	<u>5</u>
7900	<b>Income (loss) before income taxes</b>	60,087	4	(512,839)	(54)
7950	Income tax expense (note 6(13))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8200	<b>Net income (loss)</b>	<u>60,087</u>	<u>4</u>	<u>(512,839)</u>	<u>(54)</u>
8300	<b>Other comprehensive income</b> (note 6(14)):				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8341	Exchange differences arising on translation to the presentation currency	127,969	7	6,783	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	<u>(85,675)</u>	<u>(5)</u>	<u>(4,630)</u>	<u>-</u>
8300	<b>Other comprehensive income for the period</b>	<u>42,294</u>	<u>2</u>	<u>2,153</u>	<u>-</u>
8500	<b>Total comprehensive income for the period</b>	<u>\$ 102,381</u>	<u>6</u>	<u>(510,686)</u>	<u>(54)</u>
	<b>Earnings (Loss) per share (NTD)</b> (note 6(15)):				
9750	Basic earnings (loss) per share	<u>\$ 0.56</u>		<u>(4.78)</u>	
9850	Diluted earnings (loss) per share	<u>\$ 0.56</u>		<u>(4.78)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**PlayNitride Inc. and subsidiaries**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

				Other equity			
	Ordinary shares	Capital surplus	Accumulated deficits	Exchange differences on translation of foreign financial statements	Exchange differences arising on translation to the presentation currency	Total	Total equity
<b>Balance at January 1, 2023</b>	\$ 1,071,786	6,431,139	(5,249,958)	(193,284)	387,937	194,653	2,447,620
Net loss for the period	-	-	(512,839)	-	-	-	(512,839)
Other comprehensive income (loss) for the period	-	-	-	(4,630)	6,783	2,153	2,153
Total comprehensive income (loss) for the period	-	-	(512,839)	(4,630)	6,783	2,153	(510,686)
Proceeds from disposal of donated employee stocks managed by an employee ownership trust	-	15,775	-	-	-	-	15,775
<b>Balance at December 31, 2023</b>	<u>1,071,786</u>	<u>6,446,914</u>	<u>(5,762,797)</u>	<u>(197,914)</u>	<u>394,720</u>	<u>196,806</u>	<u>1,952,709</u>
Net income for the period	-	-	60,087	-	-	-	60,087
Other comprehensive income (loss) for the period	-	-	-	(85,675)	127,969	42,294	42,294
Total comprehensive income (loss) for the period	-	-	60,087	(85,675)	127,969	42,294	102,381
Proceeds from disposal of donated employee stocks managed by an employee ownership trust	-	3,730	-	-	-	-	3,730
<b>Balance at December 31, 2024</b>	<u>\$ 1,071,786</u>	<u>6,450,644</u>	<u>(5,702,710)</u>	<u>(283,589)</u>	<u>522,689</u>	<u>239,100</u>	<u>2,058,820</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**PlayNitride Inc. and subsidiaries**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
<b>Profit (loss) before income tax</b>	\$ 60,087	(512,839)
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	245,889	241,284
Amortization expense	22,373	22,287
Interest expense	2,537	1,479
Interest income	(37,457)	(49,465)
Loss on disposal of property, plant and equipment	15	70
Inventory devaluation and obsolescence (reversed gain) loss	(21,677)	32,870
Gain on lease modification	-	(91)
Others not affecting cash flows	1,239	2
Total adjustments to reconcile profit (loss)	<u>212,919</u>	<u>248,436</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Contract assets	(22,876)	(106,511)
Other notes receivable	(824)	-
Accounts receivable	8,482	(2,739)
Accounts receivable — related parties	(235,278)	(8,218)
Other receivables	9,773	1,735
Other receivables — related parties	1,789	(2,273)
Inventories	(109,335)	(141,502)
Prepayments	(16,268)	31,715
Other current assets	27,757	(18,697)
Other non-current assets	533	534
Total changes in operating assets	<u>(336,247)</u>	<u>(245,956)</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(41,294)	(132,858)
Accounts payable	(8,330)	41,047
Accounts payable — related parties	(19,101)	16,459
Other payables	36,122	(2,124)
Other payables — related parties	9,604	35
Provisions	6,792	-
Other current liabilities	(75)	(11)
Total changes in operating liabilities	<u>(16,282)</u>	<u>(77,452)</u>
Total changes in operating assets and liabilities	<u>(352,529)</u>	<u>(323,408)</u>
Total adjustments	<u>(139,610)</u>	<u>(74,972)</u>
Cash outflow in operations	(79,523)	(587,811)
Interest received	45,951	39,787
Interest paid	(2,383)	(1,497)
Income taxes refund (paid)	1,689	(1,861)
<b>Net cash used in operating activities</b>	<u>(34,266)</u>	<u>(551,382)</u>

**(Continued)**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**PlayNitride Inc. and subsidiaries**

**Consolidated Statements of Cash Flows (continue)**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at amortized cost	(436,449)	(895,769)
Proceeds from disposal of financial assets at amortized cost	709,359	524,762
Acquisition of property, plant and equipment	(74,162)	(231,785)
Proceeds from disposal of property, plant and equipment	89	-
Increase in refundable deposits	(4,852)	(288)
Acquisition of intangible assets	(10,643)	(11,287)
Increase in prepayments for equipment	(34,083)	(6,262)
<b>Net cash provided by (used in) investing activities</b>	<u>149,259</u>	<u>(620,629)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term borrowings	126,440	-
Repayments of long-term borrowings	(17,811)	(20,277)
Payment of lease liabilities	(38,720)	(34,686)
Proceeds from disposal of donated employee stocks managed by an employee ownership trust	3,730	8,550
<b>Net cash provided by (used in) financing activities</b>	<u>73,639</u>	<u>(46,413)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>42,294</u>	<u>2,153</u>
Net increase (decrease) in cash and cash equivalents	230,926	(1,216,271)
Cash and cash equivalents at beginning of period	575,047	1,791,318
Cash and cash equivalents at end of period	<u><u>\$ 805,973</u></u>	<u><u>575,047</u></u>

See accompanying notes to consolidated financial statements.

(6)、The loss offset table

PlayNitride Inc.

虧損撥補表

DEFICIT COMPENSATION STATEMENT

2024 年度

Year 2024

單位：新台幣仟元

Currency：Thousands of New Taiwan Dollars

項 目 Items	金 額 Amount
期初待彌補虧損 Accumulated losses as of Dec.31,2023 (USD 193,712,833)	(\$5,762,797)
西元 2024 年度稅後淨利 2024 Net income after tax USD 1,870,592	60,087
期末待彌補虧損合計 Accumulated losses as of Dec.31,2024 (USD 191,842,241)	(\$5,702,710)

負責人：李允立

Chairman

經理人：李允立

Chief Executive Officer Chief

主辦會計：周庭卉

Chief Accountant

(7) 、 The comparison table before and after the amendment to the Articles of Incorporation

Proposal for the Amendment	Original Article	Reason for Amendments
5.6 The Company shall not convert its shares into shares without par value.	5.6 (Newly Added)	This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on May 2, 2024.
20.5 20.5 For so long as the shares are listed on the TWSE in the ROC, the Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the general meetings, including but not limited to, election or discharge of Directors, in accordance with Article 20.2 hereof, and shall transmit the same via the Market Observation Post System in accordance with Applicable Public Company Rules. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Article 20.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be made available to all Members and shall be transmitted to the Market Observation Post System in accordance with the Applicable Public Company Rules at least twenty-one (21) days prior to any general meeting or at least fifteen	20.5 20.5 For so long as the shares are listed on the TWSE in the ROC, the Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the general meetings, including but not limited to, election or discharge of Directors, in accordance with Article 20.2 hereof, and shall transmit the same via the Market Observation Post System in accordance with Applicable Public Company Rules. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Article 20.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be made available to all Members and shall be transmitted to the Market Observation Post System in accordance with the Applicable Public Company Rules at least	This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on May 2, 2024.



<p>(15) days prior to any extraordinary general meeting. If the Company's total paid-in capital exceeds NT\$2 billion at the most recent financial year end date, or if the shareholding of foreign and PRC investors reaches more than thirty per cent (30%) of the total number of issued shares as recorded in the Register of Members as of the date of the general meeting held in the most recent financial year, the foregoing transmission of information and materials via or to the Market Observation Post System shall be completed at least thirty (30) days prior to an annual general meeting.</p>	<p>twenty-one (21) days prior to any general meeting or at least fifteen (15) days prior to any extraordinary general meeting. If the Company's total paid-in capital exceeds NT\$10 billion at the most recent financial year end date, or if the shareholding of foreign and PRC investors reaches more than thirty per cent (30%) of the total number of issued shares as recorded in the Register of Members as of the date of the general meeting held in the most recent financial year, the foregoing transmission of information and materials via or to the Market Observation Post System shall be completed at least thirty (30) days prior to an annual general meeting.</p>	
<p>48.3 48.3 To the extent permitted under the laws of the Cayman Islands, Members continuously holding one per cent (1%) or more of the total issued shares of the Company for six months or longer may <u>send a written request to the Audit Committee to pass a resolution to authorise any Independent Director or Independent Directors, acting singly or collectively, to file a petition with the Taiwan Taipei District Court for and on behalf of the Company against any of the Directors. If within thirty days after receiving the above written request by the Member(s), the Audit Committee fails to pass the aforementioned resolution, or after the relevant resolution was passed by the Audit Committee, the relevant Independent Director(s) fail(s) to file such petition, such Member(s) may, to the extent permitted under the</u></p>	<p>48.3 To the extent permitted under the laws of the Cayman Islands, Members continuously holding one per cent (1%) or more of the total issued shares of the Company for six months or longer may:</p> <p>(a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, the ROC for and on behalf of the Company against any of the Directors; or</p> <p>(b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, the ROC for and on behalf of the Company against any of the Directors; or the Member(s) may, to the extent permitted under the laws of the Cayman Islands, file a petition with the Taiwan Taipei District Court, the ROC for and on</p>	<p>This Article is amended pursuant to the revised Shareholders' Rights Protection Checklist published by the Taiwan Stock Exchange on May 2, 2024.</p>

<u>laws of the Cayman Islands, file a petition with the Taiwan Taipei District Court for and on behalf of the Company against the relevant Directors.</u>	<p>behalf of the Company against the relevant Directors within thirty (30) days after such Member(s) having made the request under the preceding clause (a) or (b) if (i) in the case of clause (a), the Board fails to make such authorisation or the Independent Director of the Audit Committee having been authorised by the Board fails to file such petition, or (ii) in the case of clause (b), the Independent Director of the Audit Committee fails to file such petition.</p>	
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(8) 、List of Independent Director Candidate

Type	Name	Number of shares held	Education	Present employment	Professional Experience
Independent Director	Lin Fang- Yung	0	University of Sheffield Bar Professional Training Course (City Law School, University of London)	Nogle Taiwan Limited	KPMG Taiwan

(9)Non-compete item for directors candidates proposed for lifting

Name	List of competing company name(s)
Lin Fang Yung	Nogle Taiwan Limited

IV. Appendices

(1) 、 Articles of Association (Before correction)

Company No.: 285494

# **Cayman Islands**

## **The Companies Act**

Twelfth Amended and Restated

Memorandum of Association

And

Articles of Association

Of

**PlayNitride Inc.**

Incorporated on the **25<sup>th</sup> day of February 2014**

**(Adopted by special resolution dated June 26, 2023)**



### **Portcullis (Cayman) Ltd**

The Grand Pavilion Commercial Centre,  
Oleander Way, 802 West Bay Road,  
P.O. Box 32052, Grand Cayman KY1-1208  
Cayman Islands

Tel: 345-946-6145 / +65 6496 0496

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Email: Info.CaymanIslands@portcullis.co

**www.portcullis.co**

THE COMPANIES ACT (AS REVISED)  
COMPANY LIMITED BY SHARES

TWELFTH AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION  
OF

PlayNitride Inc.

英屬開曼群島商臻創科技股份有限公司

(adopted by a Special Resolution passed on June 26, 2023)

1. The name of the Company is PlayNitride Inc. 英屬開曼群島商臻創科技股份有限公司.
2. The Registered Office of the Company shall be at the offices of Portcullis (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands or other offices determined by Board resolution afterwards.
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 the Companies Act (As Revised).
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by the Companies Act (As Revised).
5. Nothing in the preceding sections shall be deemed to permit the Company to carry on the business of a Bank or Trust Company without being licensed in that behalf under the provisions of the Banks and Trust Companies Act (As Revised), or to carry on Insurance Business from within the Cayman Islands or the business of an Insurance Manager, Agent, Sub-agent or Broker without being licensed in that behalf under the provisions of the Insurance Act (As Revised), or to carry on the business of Company Management without being licensed in that behalf under the provisions of the Companies Management Act (As Revised).
6. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
8. The authorised share capital of the Company is New Taiwan Dollars 2.5 Billion divided into 250 Million ordinary shares of a par value of New Taiwan Dollars 10 each provided always that subject to the provisions of the Companies Act (As Revised) and the Articles of Association, the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
9. The end of the Company's financial year shall fall on December 31 of each year.
10. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Act (As Revised).

**Table A  
INTERPRETATION**

**SHARES**

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THE COMPANIES ACT (AS AMENDED)  
COMPANY LIMITED BY SHARES

**TWELFTH AMENDED AND RESTATED**

**ARTICLES OF ASSOCIATION**

(Adopted by special resolutions dated June 26, 2023)

**OF**

**PlayNitride Inc.**

**英屬開曼群島商錄創科技股份有限公司**

**Table A**

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

**INTERPRETATION**

**1. Definitions**

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

Applicable Law	the Applicable Public Company Rules, the Law or such other rules or legislation applicable to the Company;
Applicable Public Company Rules	the ROC laws, rules and regulations (including, without limitation, the Company Law of the ROC, the Securities and Exchange Law of the ROC, the rules and regulations promulgated by the FSC, the rules and regulations promulgated by the TPEx and the rules and regulations promulgated by the TWSE, as amended from time to time) affecting public reporting companies or companies listed on any ROC stock exchange or securities market or traded on the ESM that from time to time are required by the relevant regulator as applicable to the Company;
Articles	the articles of association of the Company as altered from time to time;
Audit Committee	the audit committee of the Board, which shall comprise solely of all the Independent Directors of the Company;
Board	the board of directors appointed or elected pursuant

	to the Articles and acting at a meeting of directors at which there is a quorum in accordance with the Articles;
Capital Reserve	for the purpose of the Articles only, comprises of the premium paid on the issuance of any share and income from endowments received by the Company from the Members;
Chairman	the Director elected amongst all the Directors as the chairman of the Board;
Company	PlayNitride Inc. 英屬開曼群島商鐸創科技股份有限公司;
Compensation Committee	a committee of the Board, which shall be comprised of professional individuals and having the functions, in each case, prescribed by the Applicable Public Company Rules;
Cumulative Voting	the voting mechanism for an election of Directors as described in Article 35.2 hereof;
Directors	the directors for the time being of the Company and shall include any and all Independent Director(s);
Directors' Remuneration	has the meaning given thereto in Article 14.4;
Dissenting Member	has the meaning given thereto in Article 28.2;
Electronic Record	has the same meaning as in the Electronic Transactions Act;
Electronic Transactions Law	the Electronic Transactions Act (As Revised) of the Cayman Islands;
Employees' Compensations	has the meaning given thereto in Article 14.4;
Employee Subscription Portion	has the meaning given thereto in Article 2.3;
Family Relationship within Second Degree of Kinship	in respect of a person, means another person who is related to the first person either by blood or by marriage of a member of the family and within the second degree shall include the parents, siblings, grandparents, children and grandchildren of the first person as well as the parents, siblings and grandparents of the first person's spouse;
FSC	the Financial Supervisory Commission of the ROC;
Independent Directors	the Directors who are elected as "Independent Directors" in accordance with the Applicable Public Company Rules or the Articles;



Joint Operation Contract	a contract between the Company and one or more person(s) or entit(ies) where the parties thereto agree to pursue the same business venture and jointly bear losses and enjoy profits arising out of such business venture in accordance with the terms thereof;
Law	The Companies Act (As Revised) of the Cayman Islands and every modification, reenactment or revision thereof for the time being in force;
Lease Contract	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) lease or rent from the Company the necessary means and assets to operate the whole business of the Company in the name of such person, and as consideration, the Company receives a pre-determined compensation from such person;
Litigious and Non-Litigious Agent	a person appointed by the Company pursuant to the Applicable Law as the Company's process agent for purposes of service of documents in the relevant jurisdiction and the Company's responsible person in the ROC under the Securities and Exchange Law of the ROC;
Management Contract	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) manage and operate the business of the Company in the name of and for the benefit of the Company, and as consideration, such person(s) receive a pre-determined compensation from the Company while the Company continues to be entitled to the profits (or losses) of such business;
Market Observation Post System	the public company reporting system maintained by the TWSE (as defined below);
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
Memorandum	the memorandum of association of the Company as altered from time to time;
Merger	means:  (a) a "merger" or "consolidation" as defined under the Law; or

	(b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Applicable Public Company Rules;
month	calendar month;
Notice	written notice as further provided in the Articles unless otherwise specifically stated;
Officer	any person appointed by the Board to hold an office in the Company;
Ordinary Resolution	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by a simple majority vote of the Members who, being entitled to do so present at the meeting, in person or by proxy or, in the case of Members that are corporations or other non-natural person, by their duly authorised representatives by computing the number of votes to which each such Member is entitled. (Members who attended the meeting but did not vote will be recorded as having abstained from voting but they will still be counted towards the quorum of the meeting);
Preferred Shares	has the meaning given thereto in Article 6;
Private Placement	means, for so long as the shares are listed on the TWSE in the ROC, the private placement by the Company of shares or other securities of the Company as permitted by the Applicable Public Company Rules;
Public Offering Portion	has the meaning given thereto in Article 2.3;
Register of Directors and Officers	the register of directors and officers referred to in Article 42 hereof;
Register of Members	the register of members of the Company maintained in accordance with the Law and (as long as the shares of the Company are listed on the TWSE in the ROC) the Applicable Public Company Rules;
Registered Office	the registered office for the time being of the Company;
Restricted Shares	has the meaning given thereto in Article 2.5;
ROC	Taiwan, the Republic of China;
Seal	the common seal or any official or duplicate seal of the Company;

Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary or any person authorised by the Company to perform the relevant matters;
share(s)	share(s) of par value New Taiwan Dollars 10 each in the Company;
Share Swap	a 100% share swap as defined in the ROC Business Mergers and Acquisitions Act whereby a company (the "Acquiring Company") acquires all the issued and outstanding shares of another company with the consideration being the shares of the Acquiring Company, cash or other assets;
Special Resolution	subject to the Law, means a resolution passed at a general meeting of the Company (or, if so specified, a meeting of Members holding a class of shares) by a majority of at least two-thirds of the votes cast by such Members who, being entitled to do so, vote in person or by their proxies, or, in the case of Members that are corporations or other non-natural person, by their duly authorised representatives by computing the number of votes to which each such Member is entitled (Members who attended the meeting but did not vote will be recorded as having abstained from voting but they will still be counted towards the quorum of the meeting);
Spin-off	a spin-off as defined in the ROC Business Mergers and Acquisitions Act whereby a company transfers a part or all of its business that may be operated independently to an existing company or a newly incorporated company (the "Acquirer") with the consideration being the shares of the Acquirer, cash or other assets;
Subsidiary	with respect to any company, (1) the entity, more than one half of whose total number of the issued voting shares or the total amount of the share capital are directly or indirectly held by such company; or (2) the entity that such company has a direct or indirect control over its personnel, financial or business operation;
Supermajority Resolution	a resolution passed by a more than one-second majority vote of the Members present at a general meeting attended by Members who represent two-thirds or more of the total issued shares with voting

rights or, if the total number of shares represented by the Members present at the general meeting is less than two-thirds of the total issued shares with voting right, but more than one half of the total issued shares with voting right, means instead, a resolution passed by two-thirds or more of votes cast by the Members present at such general meeting. (Members who attended the meeting but did not vote will be recorded as having abstained from voting but they will still be counted towards the quorum of the meeting);

Treasury Shares	means shares of the Company held in treasury pursuant to the Law and the Articles;
TDCC	the Taiwan Depository & Clearing Corporation;
TWSE	the Taiwan Stock Exchange Corporation; and
year	calendar year.

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

- (a) words denoting the plural number include the singular number and vice versa;
- (b) words denoting the masculine gender include the feminine and neuter genders;
- (c) words importing persons include companies, associations or bodies of persons whether corporate or not;
- (d) the words:
  - (i) "may" shall be construed as permissive; and
  - (ii) "shall" shall be construed as imperative;
- (e) "written" and "in writing" include all modes of representing or reproducing words in visible form, including the form of an Electronic Record;
- (f) a reference to statutory provision shall be deemed to include any amendment or re-enactment thereof;
- (g) unless otherwise provided herein, words or expressions defined in the Law shall bear the same meaning in the Articles; and
- (h) Section 8 and 19(3) of the Electronic Transactions Act shall not apply to the extent that it imposes obligations or requirements in addition to those set out in the Articles.

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

## **SHARES**

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

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

shares or class of shares, the Board shall have the power to issue any unissued shares of the Company on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may, subject to Article 6.1, by Ordinary Resolution of the Members prescribe, provided that no share shall be issued at a discount except in accordance with the Law and the Applicable Public Company Rules.

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

If any person who has subscribed the new shares (by exercising the aforesaid pre-emptive right of Members or subscribing the Public Offering Portion or the Employee Subscription

Portion) fails to pay when due any amount of the subscription price in relation to such newly-issued shares within the payment period as determined by the Company, the Company shall fix a period of no less than one month and call for payment of the subscription price or the Company may declare a forfeiture of such subscription. No forfeiture of such subscription shall be declared as against any such person unless the amount due thereon shall remain unpaid for such period after such demand has been made. Notwithstanding the provisions of the preceding sentence, forfeiture of the subscription may be declared without the demand process if the payment period for subscription price set by the Company is one month or longer. Upon forfeiture of the subscription, the shares remaining unsubscribed to shall be offered for subscription in such manner as is consistent with the Applicable Public Company Rules.

- 2.5** Subject to the Applicable Law, the Company may issue new shares with restricted rights ("**Restricted Shares**") to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution provided that Article 2.3 hereof shall not apply in respect of the issue of such shares. For so long as the shares are or listed on the TWSE in the ROC, the terms of issue of Restricted Shares, including but not limited to the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the rules promulgated by the competent authority of securities of the ROC.
- 2.6** The pre-emptive right of employees under Article 2.3 and the pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes:
- (a) in connection with a Merger, Spin-off, Share Swap, or pursuant to any reorganization of the Company;
  - (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.11 hereof;
  - (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;
  - (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
  - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares;
  - (f) in connection with the issue of shares in accordance with Articles 14.5 or 17; or
  - (g) in connection with Private Placement of the securities issued by the Company.
- 2.7** The Company shall not issue any unpaid shares or partly paid shares.
- 2.8** Notwithstanding Article 2.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more employee incentive programs and may issue shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries, and for the avoidance of doubt, resolution of the Members is not required.
- 2.9** Options, warrants or other similar instruments issued in accordance with Article 2.8 above are

not transferable save by inheritance.

- 2.10** Directors of the Company and its Subsidiaries shall not be eligible for Restricted Shares pursuant to Article 2.5 hereof or the incentive programs pursuant to Article 2.8 hereof, provided that directors who are also employees of the Company or its Subsidiaries may subscribe for Restricted Shares or participate in an incentive program in their capacity as an employee and not as a director of the Company or its Subsidiaries.
- 2.11** The Company may enter into agreements with employees of the Company and/or the employees of its Subsidiaries in relation to the incentive program approved pursuant to Article 2.8 above, whereby employees may subscribe for, within a specific period, a specific number of the shares. The terms and conditions of such agreements shall be no less restrictive on the relevant employee than the terms specified in the applicable incentive program.

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

- 3.1** Subject to the Law, the Company is authorised to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member.
- 3.2** The Company is authorised to make payments in respect of the redemption of its shares out of capital or out of any other account or fund authorised for this purpose in accordance with the Law.
- 3.3** The redemption price of a redeemable share, or the method of calculation thereof, shall be fixed by the Board at or before the time of issue.
- 3.4** Every share certificate relating to a redeemable share shall indicate that the share is redeemable.
- 3.5** For so long as the shares are listed on the TWSE in the ROC, subject to the provisions of the Applicable Law and the Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own shares (including any redeemable shares) on such terms and in such manner as the Directors may determine and hold them as Treasury Shares in accordance with the Applicable Law PROVIDED THAT if any purchase of the Company's own shares from all the Members involves any immediate cancellation of shares of the Company, such repurchase of shares is subject to approval by the Members by way of an Ordinary Resolution and the number of shares of the Company to be cancelled shall be effected based on the then prevailing percentage of shareholding of all the Members as of the date of such cancellation on a pro rata basis (as rounded up to the nearest whole number as determined by the Directors), unless otherwise provided for in the Law or the Applicable Public Company Rules.

Upon approval by Members by way of an Ordinary Resolution to repurchase and cancel shares of the Company, the repurchase price may be paid in any manner authorised by the Law, including in cash or in kind, provided that where any repurchase price is to be paid in kind, the monetary equivalent value of such payment in kind shall be (a) assessed by an ROC certified public accountant before being submitted by the Board to the Members for approval as part of the Ordinary Resolution authorising the repurchase and cancellation of shares of the Company; and (b) agreed to individually by each Member who will be receiving the repurchase price in kind. Without prejudice to this Article 3.5, in the case of a repurchase of

shares by the Company for purposes of changing the currency denomination of share capital of the Company, consent of the holders of the shares subject to such repurchase shall not be required.

- 3.6** In the event that the Company proposes to purchase any share listed on the TWSE in the ROC pursuant to the preceding Article, the resolution of the Board approving such proposal and the implementation thereof should be reported to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase its shares listed on the TWSE in the ROC for any reason.
- 3.7** For so long as the shares are listed on the TWSE in the ROC, the Company is authorised to purchase any share listed on the TWSE in the ROC in accordance with the following manner of purchase:
- (a) the total price of the shares purchased by the Company shall not exceed the sum of retained earnings minus earnings distribution resolved by the Board or the general meeting, plus the following realized capital reserve:
    - (i) the premium received from the disposal of assets that has not been booked as retained earnings;
    - (ii) the premium paid on the issuance of any share and income from endowments received by the Company provided however that income from the shares shall not be included before such shares have been transferred to others;
  - (b) the maximum number of shares purchased by the Company shall not exceed ten percent of the total number of issued and outstanding shares of the Company; and
  - (c) the purchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in its sole discretion provided however that:
    - (i) such purchase transactions shall be in accordance with the applicable ROC securities laws and regulations and the Applicable Public Company Rules; and
    - (ii) such purchase transactions shall be in accordance with the Law.
- 3.8** Subject to Article 3.5 and the Applicable Public Company Rules, the redemption or repurchase price may be paid in any manner permissible under the Law as determined by the Board.
- 3.9** A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due enquiry, estimate to be representative of the rates being offered by banks holding “A” licenses (as defined in the Banks and Trust Companies Law (Revised) of the Cayman Islands) in the Cayman Islands for thirty day deposits in the same currency.
- 3.10** The Directors may exercise as they think fit the powers conferred on the Company by Section 37(5) of the Law (payment out of capital) but only if and to the extent that the redemption could not otherwise be made (or not without making a fresh issue of shares for this purpose).



- 3.11** Subject as aforesaid, the Directors may determine, as they think fit all questions that may arise concerning the manner in which the redemption of the shares shall or may be effected.
- 3.12** No share may be redeemed unless it is fully paid.
- 3.13** The Board may designate as Treasury Shares any of its shares that it purchases or redeems, or any shares surrendered to it, in accordance with the Applicable Law.
- 3.14** No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up of the Company) may be made to the Company in respect of a Treasury Share.
- 3.15** The Company shall be entered in the Register of Members as the holder of the Treasury Shares provided that:
- (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void; and
  - (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 the Articles or the Law.
- 3.16** After the Company purchases the shares listed on the TWSE in the ROC, any proposal to transfer the Treasury Shares to the employees of the Company and its Subsidiaries at a price below the average actual repurchase price must be approved by Special Resolution in the next general meeting and the items required by the Applicable Public Company Rules shall be specified in the notice of the general meeting and may not be proposed as an extemporary motion. The aggregate number of Treasury Shares resolved at all general meetings and transferred to the employees of the Company and its Subsidiaries shall not exceed 5% of the total issued shares, and each employee may not subscribe for more than 0.5% of the total issued shares in aggregate. The Company may prohibit such employees from transferring such Treasury Shares within a certain period; provided, however, that such a period cannot be more than two years.
- 3.17** Subject to Article 3.16 and the Applicable Public Company Rules, Treasury Shares may be disposed of (by cancellation or transfer) by the Company on such terms and conditions in accordance with the Applicable Law as determined by the Directors.

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

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

- (a) be entitled to one vote per share;
- (b) be entitled to such dividends as recommended by the Board and approved by the Members at general meeting;
- (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary

or for the purpose of a reorganization or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

- (d) generally be entitled to enjoy all of the rights attaching to shares.

## **5. Share Certificates**

- 5.1** The Company may issue shares in uncertificated/scripless form or issue share certificates. Where share certificates are issued, every Member shall be entitled to a certificate issued under the Seal (or a facsimile thereof), which shall be affixed or imprinted with the authority of the Board, specifying the number and, where appropriate, the class of shares held by such Member. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means.

For so long as the shares are listed on the TWSE in the ROC, shares of the Company shall be issued in uncertificated/scripless form unless the issuance of share certificates is required by the provisions of the Applicable Public Company Rules.

- 5.2** If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.
- 5.3** Share may not be issued in bearer form.
- 5.4** When the Company shall issue share certificates pursuant to Article 5.1 hereof, the Company shall deliver the share certificates to the subscribers within thirty (30) days from the date such share certificates may be issued pursuant to the Law, the Memorandum, the Articles, and the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules.
- 5.5** Where the Company shall issue the shares in uncertificated/scripless form, the Company shall comply with the Law and the Applicable Public Company Rules to handle relevant matters, and shall deliver the shares to the subscribers by book-entry transfer within thirty (30) days after the Company is permitted by applicable listing laws and regulations to issue such shares and make a public announcement prior to the delivery.

## **6. Preferred Shares**

- 6.1** The Company may by Special Resolution designate one or more classes of shares with preferred or other special rights (shares with such preferred or other special rights, the "**Preferred Shares**"), and amend the Memorandum and these Articles as appropriate to reflect the designation of shares as Preferred Shares.
- 6.2** For so long as the shares are on the TWSE in the ROC, the rights and obligations of Preferred Shares may include (but not limited to) the following terms and shall be consistent with the Applicable Public Company Rules:
  - (a) the total number of Preferred Shares that have been authorised to be issued and the numbers of the Preferred Shares already issued;
  - (b) the order of priority and fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;

- (c) the order of priority and fixed amount or fixed ratio of allocation of surplus assets of the Company;
- (d) the order of priority for or restriction on the voting right(s) (including declaring no voting rights whatsoever) of the Members holding the Preferred Shares;
- (e) the method by which the Company is authorised or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
- (f) other matters concerning rights and obligations incidental to Preferred Shares.

## **REGISTRATION OF SHARES**

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

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

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

Except as required by Law:

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

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

- 9.1** Title to shares listed on the TWSE in the ROC may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules (including through the book-entry system of the TDCC).
- 9.2** All transfers of shares which are in certificated form may be effected by an instrument of transfer in writing in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and, if the Board so requires, by or on behalf of the transferee. Without prejudice to the foregoing, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers.
- 9.3** The Board may refuse to recognise any instrument of transfer in respect of shares in certificated form unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- 9.4** The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.

- 9.5** The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share in certificated form in the event such registration of transfer would (i) conflict with the Applicable Law; or (ii) conflict with the Memorandum and/or the Articles. If the Board refuses to register a transfer of any share, the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

## **10. Transmission of Registered Shares**

- 10.1** In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.
- 10.2** Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share.
- 10.3** On the presentation of the evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration or refuse registration as stipulated in Article 9.5 hereof as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.
- 10.4** Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

## **ORDINARY RESOLUTION, SPECIAL RESOLUTION AND SUPERMAJORITY RESOLUTION**

## **11. Alteration of Capital**

- 11.1** The Company may from time to time by Ordinary Resolution alter the conditions of its Memorandum to:
- (a) increase its share capital by new shares of 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 for the purpose of redenominating its share capital;
- (d) sub-divide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares; or
- (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

**11.2** The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the new proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

## **12. Special Resolution and Supermajority Resolution**

- 12.1** Subject to the Law and the Articles, the Company may from time to time by Special Resolution:
- (a) change its name;
  - (b) alter or add to the Articles;
  - (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein;
  - (d) reduce its share capital and any capital redemption reserve fund; or
  - (e) effect a Merger under the Law.
- 12.2** Subject to the Law, the Company may, by Special Resolution, issue securities by way of Private Placement within the territory of the ROC in accordance with Applicable Public Company Rules; provided that, for issuance of corporate bonds which do not involve the grant of a warrant, option, or right of conversion or otherwise grant the holders of the bonds the right to acquire equity or similar rights by way of Private Placement within the territory of the ROC, the Company may do so by resolution of the Board in different tranches within one year from the date of the resolution of the Board in accordance with Applicable Public Company Rules.
- 12.3** Subject to the Law and Article 12.4 hereof, the following actions by the Company shall require the approval of the Members by a Supermajority Resolution:

- (a) effecting any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 17 hereof;
- (b) effecting any Merger (except for any Merger which falls within the definition of "merger" and/or "consolidation" under the Law, which requires the approval of the Company by Special Resolution only), Share Swap, or Spin-off of the Company;
- (c) entering into, amend, or terminate any Lease Contract, Management Contract or Joint Operation Contract;
- (d) the transferring of the whole or any essential part of the business or assets of the Company; or
- (e) acquiring or assuming the whole business or assets of another person, which has a material effect on the Company's operation.

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

- (a) if the Company resolves by Ordinary Resolution that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
- (b) if the Company resolves by Special Resolution that it be wound up voluntarily for reasons other than set out in Article 12.4(a) above.

**12.5** Subject to the Applicable Law, the Company may by Supermajority Resolution, distribute its Capital Reserve, in whole or in part, by issuing new shares which shall be distributed as bonus shares to its existing Members in proportion to the number of shares being held by each of them or by cash distribution to its Members.

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

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the sanction of a Special Resolution passed at a general meeting of the holders of the shares of the class. Notwithstanding the foregoing, if any modification or alteration in the Articles is prejudicial to the preferential rights of any class of shares, such modification or alteration shall be adopted by a Special Resolution passed at a general meeting and shall also be adopted by a Special Resolution passed at a separate meeting of Members of that class of shares. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith. To any such meeting all the provisions of the Articles relating to general meetings shall apply *mutatis mutandis*.

## **DIVIDENDS AND CAPITALISATION**

### **14. Dividends**

**14.1** The Board may, subject to approval by the Members by way of Ordinary Resolution or, in the case of Article 12.3(a), Supermajority Resolution and subject to the Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members in proportion to the number of shares held by them, and such dividend may be paid in cash or shares.

**14.2** Subject to the Applicable Law, no dividends or other distribution shall be paid except out of

profits of the Company, realised or unrealised, out of share premium account or any reserve, fund or account as otherwise permitted by the Law. Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the number of the shares that a Member holds. If any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividends accordingly.

- 14.3 Subject to the Law and this Article and except as otherwise provided by the rights attached to any shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by, in the case of dividend to be paid in cash, a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors or, in the case of Article 12.3(a) or 12.5 (in the case of an issuance of new shares as bonus shares), Supermajority Resolution in the general meeting. After the Board approves the distribution of dividend in cash, the Board shall report such distribution in the next annual general meeting.

- 14.4 Upon the final settlement of the Company's accounts, if there is surplus profit (as defined below), the Company shall set aside no less than five per cent (5%) as compensation to employees and no more than one per cent (1%) as remuneration for the Directors (excluding the Independent Directors). However, if the Company has accumulated losses, the Company shall reserve an amount thereof for making up the losses.

The employees' compensation referred to in the preceding paragraph may be distributed in the form of shares or in the form of cash, and may be distributed to employees of the Company and its Subsidiaries, whose qualification shall be determined by the Board. The Directors' remuneration shall be distributed in the form of cash. The distribution of employees' compensation and remuneration to the Directors shall be determined by a majority of the Directors at a meeting attended by two-thirds or more of the total number of Directors and submitted to the shareholders' meeting for report.

"Surplus profit" referred to above means the net profit before tax and for the avoidance of doubt, such amount is before any payment of compensation to employees and remuneration for the Directors.

- 14.5 The Company is in the growth stage. The Board shall prepare the dividend proposal by taking into account various factors it considers relevant including, but not limited to, the profit of the financial year, overall development, financial plans, capital need, projection of the industry and the Company's prospects and so on and submit the proposal for the Members' approval. For so long as the shares are listed on the TWSE in the ROC, if there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) ten per cent (10%) as reserve ("**Statutory Reserve**") (unless the Statutory Reserve has reached the total paid-up capital of the Company); and (iv) a special surplus reserve as required by the applicable securities authority of the ROC under the Applicable Public Company Rules.

The company adopts a residual dividend policy for the distribution of its dividends, and therefore, the remaining balance after setting aside the amount for items (i) to (iv) in the first paragraph of this Article, if any, together with a part or whole of accumulated undistributed profits in the previous years, subject to the Law and the Applicable Public Company Rules and after having considered the Company's current and future investment environment, demand for funds, domestic and international competition, and capital budget, etc. as well as taking into

account the interests of the Members and the principle of balancing between dividends and the long-term financial planning of the Company, may be distributed as dividends to Members in proportion to their shareholdings in the amount of no less than twenty per cent (20%) of profit after tax of the relevant year; provided that where the amount of distributable profits is less than two per cent (2%) of the total amount of the aggregated par value of the total number of the then issued shares of the Company, there may be no dividend distribution. In the event that dividends are distributed to Members in a combination of share dividend and cash dividend, cash dividend shall be no less than ten per cent (10%) of the total cash and share dividends distributed throughout the year.

The distribution portion of the dividends as described in the preceding paragraph of this Article may be adjusted after considering the financial, business and operation factors of the Company.

**14.6** The Board shall fix any date as the record date for determining the Members entitled to receive any dividend or other distribution.

**14.7** For the purpose of determining Members entitled to receive payment of any dividend or other distributions, the Directors may provide that the Register of Members be closed for transfers for five (5) days before the relevant record date or such other period consistent with the Applicable Public Company Rules subject to compliance with the Law.

**14.8** No unpaid dividend shall bear interest as against the Company.

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

**15.1** The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such sum as it thinks proper as a reserve to be used to meet contingencies or for meeting the deficiencies for implementing dividend distribution plans or for any other purpose to which those funds may be properly applied. Pending application, such sums may be in the absolute discretion of the Board either be employed in the business of the Company or invested in such investment as the Board may from time to time think fit, and need not be kept separate from other assets of the Company. The Board may also, without placing the same to reserve, carry forward any profit which it decides not to distribute.

**15.2** Subject to any direction from the Company in general meeting, the Board may on behalf of the Company exercise all the powers and options conferred on the Company by the Law in regard to the Capital Reserve. Subject to compliance with the Law, the Board may on behalf of the Company set off accumulated losses against credits standing in the Capital Reserve and make distributions out of the Capital Reserve.

## **16. Method of Payment**

**16.1** Any dividend, interest, or other monies payable in cash in respect of the shares may be paid by wire transfer to the Member's designated account or by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the holder may in writing direct.

**16.2** In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the holder may in writing direct. If two or more persons are registered as joint



holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

- 16.3** For so long as the shares are listed on the TWSE in the ROC, the payment of any dividend shall comply with the Applicable Public Company Rules and the Law.

## **17. Capitalisation**

Subject to the Applicable Law and Article 12.3(a), the Board may capitalise any sum for the time being standing to the credit of the Capital Reserve or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

## **MEETINGS OF MEMBERS**

### **18. Annual General Meetings**

- 18.1** The Company shall hold a general meeting as its annual general meeting within six months following the end of each fiscal year, which shall be called by the Board.

- 18.2** Subject to Article 18.1, the general meeting of the Company may be held at such time and place as the Board shall determine. For so long as the shares are listed on the TWSE in the ROC, unless otherwise provided by the Law, the [physical](#) general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall apply for the approval of the TWSE within two (2) days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members).

- 18.3** The general meeting may be held by means of video conference or in a manner consistent with the Applicable Public Company Rules or other methods announced by Taiwan authorities in charge of the Company Act of Taiwan in relation to the general meeting of a company incorporated thereunder (to be applied mutatis mutandis). So long as the shares are traded on the ESM or listed on the TWSE in the ROC, the conditions, operating procedures and other matters of the general meeting held by means of video conference shall be in compliance with the Applicable Public Company Rules.

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

### **19. Extraordinary General Meetings**

- 19.1** General meetings other than annual general meetings shall be called extraordinary general meetings.
- 19.2** The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or is desirable.

- 19.3** For so long as the shares are listed on the TWSE in the ROC, the Members may request (as defined in Article 19.4) the Board to proceed to convene an extraordinary general meeting of the Company. Articles 18.2, 18.3 and 18.4 shall apply to extraordinary general meetings.
- 19.4** A Member's requisition set forth in Article 19.3 is a requisition of one or more Members of the Company holding in the aggregate at the date of deposit of the requisition not less than three per cent (3%) of the total number of issued shares of the Company which as at that date have been held by such Member(s) for at least one year.
- 19.5** The Member's requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor.
- 19.6** If the Board does not within fifteen (15) days from the date of the deposit of the Member's requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting after applying to and receiving the approval from the competent authority. If it is proposed that the extraordinary general meeting be held outside the ROC, an application shall be submitted by such requisitionists to the TWSE for its prior approval.
- 19.7** For so long as the shares are listed on the TWSE in the ROC, any one or more Member(s) may summon an extraordinary general meeting, provided that such Member or Members shall hold more than fifty per cent of the total issued shares of the Company for a continuous period of no less than three months. The number of the shares held by a Member and the period of which a Member holds such shares, shall be calculated and determined based on the Register of Members as of the first day of the Book Closure Period. The Book Closure Period has the meaning as defined in Article 20.3.

## **20. Notice**

- 20.1** Before the shares are listed on the TWSE in the ROC, at least five (5) days' notice of a general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of business to be conducted at the meeting, but with the consent of all the Members entitled to receive notice of a general meeting and attend and vote thereat, that meeting may be convened by such shorter notice or without notice and in such manner as those Members may think fit.
- 20.2** For so long as the shares are listed on the TWSE in the ROC, at least thirty (30) days' notice of an annual general meeting, and at least fifteen (15) days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of the business to be considered at the meeting. For the Members holding less than one thousand shares, the Company may notice through the announcement. The notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior written consent from the recipient(s) thereof.
- 20.3** For so long as the shares are listed on the TWSE in the ROC, the Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close

its Register of Members accordingly in accordance with Applicable Public Company Rules. The Board shall fix the period that the Register of Members shall be closed for transfers (the "**Book Closure Period**").

- 20.4** Subject to Article 23.4, the accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- 20.5** For so long as the shares are listed on the TWSE in the ROC, the Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the general meetings, including but not limited to, election or discharge of Directors, in accordance with Article 20.2 hereof, and shall transmit the same via the Market Observation Post System in accordance with Applicable Public Company Rules. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Article 20.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be made available to all Members and shall be transmitted to the Market Observation Post System in accordance with the Applicable Public Company Rules at least twenty-one (21) days prior to any general meeting or at least fifteen (15) days prior to any extraordinary general meeting. If the Company's total paid-in capital exceeds NT\$10 billion at the most recent financial year end date, or if the shareholding of foreign and PRC investors reaches more than thirty per cent (30%) of the total number of issued shares as recorded in the Register of Members as of the date of the general meeting held in the most recent financial year, the foregoing transmission of information and materials via or to the Market Observation Post System shall be completed at least thirty (30) days prior to an annual general meeting.
- 20.6** For so long as the shares are listed on the TWSE in the ROC, the following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporaneous motion:
- (a) election or discharge of Directors,
  - (b) alteration of the Memorandum or Articles,
  - (c) capital deduction,
  - (d) application to terminate the public offering of the shares,
  - (e) (i) dissolution, Merger, Share Swap or Spin-off, (ii) entering into, amending, or terminating any Lease Contract, Management Contract or Joint Operation Contract, (iii) transfer of the whole or any essential part of the business or assets of the Company, and (iv) acquisition or assumption of the whole of the business or assets of another person, which has a material effect on the operations of the Company,
  - (f) ratification of an action by Director(s) who engage(s) in business for himself or on behalf of another person that is within the scope of the Company's business,
  - (g) distribution of the whole or part of the surplus profit of the Company in the form of new shares, capitalization of Capital Reserve and any other amount in accordance with Article 17,
  - (h) making distributions of new shares or cash out of the Statutory Reserve, the premium received on the issuance of any shares and income from endowments received by the

Company to its Members, and

- (i) Private Placement of any equity-related securities to be issued by the Company.

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

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

## **21. Giving Notice**

- 21.1** Any Notice or document, whether or not to be given or issued under the Articles from the Company to a Member, shall be in writing either by delivering it to such Member in person or by sending it by letter mail or courier service to such Member at his registered address as appearing in the Register of Members or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address. For the purpose of this Article, a notice may be sent via electronic means if so agreed to by the Members in writing.
- 21.2** Any Notice or other document shall be deemed to be effective when it is sent in accordance with Articles 20 and 21 of these Articles.

Any Notice or document may be given to a Member either in the Chinese language or the English language, subject to due compliance with all Applicable Law, rules and regulations.

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

## **22. Postponement of General Meeting**

The Board may postpone any general meeting called in accordance with the provisions of the Articles provided that notice of postponement is given to each Member before the time for such meeting. A notice stating the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of the Articles provided that in the event that the Members resolve to postpone the general meeting to a specified date which is not more than five days, Articles 20.1, 20.2, 20.3, 20.4, 20.5 and 21 do not apply and notice of the adjournment shall not be required.

## **23 Quorum and Proceedings at General Meetings**

- 23.1** No resolutions shall be adopted unless a quorum is present. Unless otherwise provided for in the Articles, Members present in person or by proxy or in the case of a corporate Member, by corporate representative, representing more than one-half of the total issued shares of the Company entitled to vote, shall constitute a quorum for any general meeting.
- 23.2** For so long as the shares are listed on the TWSE in the ROC, the Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members in a manner consistent with the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies of or announce to the public the ratified financial statements and the Company's resolutions on distribution of profits or allocation of losses, to each Member or otherwise make the same available to the Members in accordance with the Applicable Public Company Rules.
- 23.3** For so long as the shares are on the TWSE in the ROC, unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll.
- 23.4** For so long as the shares are listed on the TWSE in the ROC, if and to the extent permitted under the Law, nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the convening of any general meeting or the passage of any resolution in violation of applicable laws or regulations or the Articles, including but not limited to filing a lawsuit for revocation of the resolutions of the general meeting within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court for adjudicating any disputes arising out of the foregoing.
- 23.5** Unless otherwise expressly required by the Law, the Memorandum or the Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Members at any general meeting may be passed by an Ordinary Resolution.
- 23.6** For so long as the shares are listed on the TWSE in the ROC, member(s) holding one per cent (1%) or more of the Company's total issued shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing or by any electronic means designated by the Company one matter for discussion at an annual general meeting. The Company shall give a public notice in such manner and at such time as permitted by Applicable Law specifying the place and a period of not less than ten (10) days for Members to submit proposals. Proposals submitted for discussion at an annual general meeting shall be included in the agenda of the annual general meeting by the Board unless (a) the proposing Member(s) holds less than one per

cent (1%) of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting or the proposal exceeds 300 Chinese words; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company outside the period fixed and announced by the Company for accepting Member(s)' proposal(s). If the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibilities, the Board may accept such proposal to be discussed in general meeting.

- 23.7** The rules and procedures of general meetings shall be established by the Board and approved by an Ordinary Resolution, and such rules and procedures shall be in accordance with the Law, these Articles and the Applicable Public Company Rules.

## **24. Chairman to Preside**

- 24.1** In the event that the general meeting is convened by the Board, the Chairman shall act as chairman at all meetings of the Members at which such person is present. In his absence the Directors who are present at the meeting of Members shall elect one from among themselves to act as the chairman at such meeting in lieu of the Chairman.
- 24.2** For so long as the shares are listed on the TWSE in the ROC, the chairman at all meetings of the Members shall be appointed or elected in accordance with the Applicable Public Company Rules.

## **25. Voting on Resolutions**

- 25.1** Subject to any rights, privileges or restrictions attached to any share, every Member who (being an individual) is present in person or by proxy or (in the case of a corporation or other non-natural person) by duly authorised corporate representative(s) or by proxy shall have one vote for every share of which he is the holder. A Member who holds shares for benefit of others, need not use all his votes or cast all the votes he holds in the same way as he uses his votes in respect of shares he holds for himself. The qualifications, scope, methods of exercise, operating procedures and other matters with respect to exercising voting power separately shall comply with the Applicable Public Company Rules.
- 25.2** No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of shares unless he is registered as a Member on the record date for such meeting nor unless he has paid all the calls on all shares held by such Member.
- 25.3** Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.
- 25.4** Subject to the Law, for so long as the shares are listed on the TWSE in the ROC, the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two (2) days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed

to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman of the general meeting as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the said general meeting. For the purpose of clarification, such Members voting in such manner shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.

- 25.5** In the event any Member who intended to exercise his voting power by way of a written ballot or electronic transmission and has served his voting decision on the Company pursuant to Article 25.4 hereof later intends to attend the general meetings in person, he shall, at least two (2) days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous voting decision. Such separate notice shall be sent to the Company in the same manner (e.g., by courier, registered mail or electronic transmission, as applicable) as the previous voting decision under Article 25.4 was given to the Company. Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke his voting decision before the prescribed time.
- 25.6** A Member who has served the Company with his voting decision in accordance with Article 25.4 for the purpose of exercising his voting power by way of a written ballot or by way of electronic transmission may appoint a person as his proxy to attend the meeting in accordance with the Articles, in which case the vote cast by such proxy shall be deemed to have revoked his previous voting decision served on the Company and the Company shall only count the vote(s) cast by such expressly appointed proxy at the meeting.

## **26. Proxies**

- 26.1** The instrument of proxy shall be in the form approved by the Board from time to time and be expressed to be for a particular meeting only. The form of proxy shall include at least the following information: (a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Member, proxy and the solicitor (if any). The form of proxy shall be provided to the Members together with the relevant notice for the relevant general meeting, and such notice and proxy materials shall be distributed to all Members on the same day.
- 26.2** An instrument of proxy shall be in writing, be executed under the hand of the appointor in writing, or, if the appointor is a corporation or other non-natural person, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
- 26.3** For so long as the shares are listed on the TWSE in the ROC, subject to the Applicable Public Company Rules, except for an ROC trust enterprise or stock affair agents approved pursuant to Applicable Public Company Rules, save with respect to the Chairman being deemed appointed as proxy under Article 25.4, in the event a person acts as the proxy for two or more Members, the total number of issued and voting shares entitled to be voted as represented by such proxy shall be no more than three per cent (3%) of the total number of issued and voting shares of the Company immediately prior to the relevant Book Closure Period, during which the Company close its Register of Member; any vote in respect of the portion in excess of such three per cent (3%) threshold shall not be counted.
- 26.4** In the event that a Member exercises his voting power by way of a written ballot or electronic transmission and has also authorised a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any

Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (2) days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.

- 26.5** The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company not less than five (5) days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, save with respect to the Chairman being deemed appointed as proxy under Article 25.4. Where more than one instrument to vote are received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.

## **27. Proxy Solicitation**

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

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

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

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

Shares which have been abstained from voting in accordance with this Article 28.1 shall not be counted in determining the number of votes of the Members being cast at a general meeting but shall be counted towards the quorum of the general meeting.

- 28.2** Without prejudice to the Law, any Member exercising his rights in accordance with Article 28.1 (the "**Dissenting Member**") shall, within twenty (20) days from the date of the resolution passed at the general meeting, give his written notice of objection with the repurchase price proposed by him. If the Company and the Dissenting Member agree on a price at which the Company will purchase the Dissenting Member's shares, the Company shall make the



payment within ninety (90) days from the date of the resolution passed at the general meeting. If, within ninety (90) days from the date of the resolution passed at the general meeting, the Company and the Dissenting Member fail to agree on a price at which the Company will purchase the Dissenting Member's shares, the Company shall pay the fair price it deems fit to the Dissenting Member within ninety (90) days from the date of the resolution passed at the general meeting. If the Company fails to pay the fair price it deems fit to the Dissenting Member within the ninety (90)-day period, the Company shall be deemed to agree on the repurchase price proposed by such Dissenting Member.

- 28.3** Without prejudice to the Law, if, within sixty (60) days from the date of the resolution passed at the general meeting, the Company and the Dissenting Member fail to agree on a price at which the Company will purchase such Dissenting Member's shares, then, within thirty (30) days immediately following the date of the expiry of such sixty-day period, the Company shall file a petition with the court against all the Dissenting Members for a determination of the fair price of the shares held by all the Dissenting Members. The Taiwan Taipei District Court, ROC, may be the court of the first instance for this matter.

Notwithstanding the above provisions under this Article 28, nothing under this Article shall restrict or prohibit a Member from exercising his right under section 238 of the Law to payment of the fair value of his shares upon dissenting from a merger or consolidation.

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

### **29.1** Shares held:

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

shall not carry any voting rights nor be counted in the total number of issued shares at any given time but only for so long as the circumstances as set out in sub-paragraphs (a) to (c) (as applicable) above continue.

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

- 29.3** For so long as the shares are listed on the TWSE in the ROC, if the number of shares pledged by a Director at any time amounts to more than 50% of the total shares held by such Director at the time of his latest appointment, such pledged shares exceeding 50% of the total shares held by such Director at the time of his latest appointment shall not carry any voting rights and such above-threshold shares shall not be counted in determining the number of votes of the Members present at a general meeting.

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

In the case of joint holders, the joint holders should appoint among themselves one person to exercise the rights of a Member pursuant to the Applicable Public Company Rules. In case no agreement is reached among the joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

### **31. Representation of Corporate Member**

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

### **32. Adjournment of General Meeting**

The chairman of a general meeting may, with the consent of a majority in number of the Members present at any general meeting at which a quorum is present, and shall if so directed, adjourn the meeting. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, or if the meeting is adjourned for no more than five days, a notice stating the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with the provisions of the Articles.

### **33. Directors Attendance at General Meetings**

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

## **DIRECTORS AND OFFICERS**

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

- 34.1** There shall be a Board consisting of no less than seven (7) and no more than eleven(11) persons. As required under the Applicable Public Company Rules, more than half of the Directors of the Company shall be domiciled in the ROC. The term of office for each Director shall not exceed a period of three (3) years provided that in the event the expiration of the term of office of such Directors would otherwise leave the Company with no Directors, the term of office of such Directors shall be extended automatically to the date of the general meeting next following the expiration of such term, at which new Directors will be elected to assume office. Directors may be eligible for re-election. The Company may from time to time by Special Resolution increase or reduce the number of Directors, subject to the foregoing and the Applicable Law.
- 34.2** For so long as the shares are listed on the TWSE in the ROC, unless otherwise approved by the ROC competent authority, the number of Directors having a spousal relationship or Familial Relationship within the Second Degree of Kinship with any other Directors shall be

less than half of the total number of Directors.

- 34.3** In the event that the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 34.2 hereof, the non-qualifying Director(s) who was elected with the fewest number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 34.2 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall be automatically discharged from his office effective from such violation without any action required on behalf of the Company.
- 34.4** For so long as the shares are listed on the TWSE in the ROC, unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors accounting for not less than one-fifth of the total number of Directors. To the extent required by the Applicable Public Company Rules, at least two of the Independent Directors shall be domiciled in the ROC and at least one of them shall have accounting or financial expertise. Before the shares are listed on the TWSE in the ROC, the Board may resolve that the Company shall hold an election of Independent Director(s) at the general meeting.
- 34.5** For so long as the shares listed on the TWSE in the ROC, the Directors shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules.
- 34.6** Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be consistent with the Applicable Public Company Rules.

## **35. Election of Directors**

- 35.1** The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 35.2 below. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to elect one or more Directors.
- 35.2** The Director(s) shall be elected by Members upon a poll vote by way of cumulative voting (the manner of voting described in this Article to be referred to as "**Cumulative Voting**") in the following manner:
- (a) on an election of Directors, the numbers of votes attached to each voting share held by a Member shall be cumulative and correspond to the number of Directors nominated for appointment at the general meeting;
  - (b) the Member(s) may vote all or part of their cumulated votes in respect of one or more Director candidates;
  - (c) such number of Director candidates receiving the highest number of votes in the same category (namely, independent or non-independent) of Directors to be elected shall be appointed; and
  - (d) where two or more Director candidates in the same category receive the same number of votes and as a result the total number of new Directors in such category intended to be appointed is exceeded, there shall be a draw by such Director candidates receiving

the same number of votes to determine who shall be appointed; the chairman of the meeting shall draw for a Director nominated for appointment who is not present at the general meeting.

- 35.3** For so long as the shares are listed on the TWSE in the ROC, if the number of Independent Directors is less than three (3) persons due to the resignation or removal of such Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the Board shall hold, within sixty (60) days from the date of resignation or removal of last Independent Director, a general meeting to elect succeeding Independent Directors to fill the vacancies.
- 35.4** For so long as the shares are listed on the TWSE in the ROC, if the number of Directors is less than 5 persons due to the vacancy of Director(s) for any reason, the Company shall call an election of Director(s) at the next following general meeting to fill the vacancies. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty (60) days from the date of the occurrence of vacancies, a general meeting to elect succeeding Directors to fill the vacancies.
- 35.5** Any corporation (or other legal entity) which is a Member shall be entitled to appoint such person or persons as its representative to be elected as a Director.

## **36. Removal of Directors**

- 36.1** The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another in his stead. Where re-election of all Directors is effected prior to the expiration of the term of office of existing Directors, the term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their present term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors. If the term of office of all Directors expires at the same time and no general meeting was held before such expiry for re-election, their term of office shall continue and be extended to such time when new Directors are elected or re-elected in the next general meeting and they commence their office.
- 36.2** For so long as the shares are listed on the TWSE in the ROC, in case a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or is in serious violation of applicable laws, regulations and/or the Articles, but has not been removed by a Supermajority Resolution, the Member(s) holding three per cent (3%) or more of the total number of issued shares of the Company may, within thirty (30) days after such general meeting, to the extent permissible under Applicable Law, institute a lawsuit to remove such Director. The Taiwan Taipei District Court, ROC, may be the court of first instance for this matter.

## **37. Vacation of Office of Director**

- 37.1** The office of Director shall be vacated:
- (a) if the Director is removed from office pursuant to the Articles;
  - (b) if the Director dies;

- (c) if the Director is automatically discharged from his office in accordance with Article 34.3;
- (d) if the Director resigns his office by notice in writing to the Company;
- (e) if the Director is the subject of a court order for his removal in accordance with Article 36.2; or
- (f) with immediate effect without any action required on behalf of the Company if
  - (i) the Director has been adjudicated bankrupt or the court has declared a liquidation process in connection with the Director, and such Director has not been reinstated to his rights and privileges;
  - (ii) an order is made by any competent court or official on the grounds that the Director has no legal capacity, or his legal capacity is restricted according to Applicable Law;
  - (iii) the Director has been adjudicated of the commencement of assistantship (as defined under the Civil Code of the ROC) or similar declaration and such assistantship/declaration having not been revoked yet;
  - (iv) the Director has committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently has been adjudicated guilty by a final judgment, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than five years, or (D) was pardoned for less than five years;
  - (v) the Director has committed an offence in terms of fraud, breach of trust or misappropriation and subsequently has been punished with imprisonment for a term of more than one year by a final judgement, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years;
  - (vi) the Director has been adjudicated guilty by a final judgment for committing offenses under the Anti-Corruption Act of the ROC during the time of his public service, and (A) has not started serving the sentence, (B) has not completed serving the sentence, (C) the time elapsed after completion of serving the sentence or expiration of the probation is less than two years, or (D) was pardoned for less than two years; or
  - (vii) the Director has been dishonored for use of credit instruments, and the term of such sanction has not expired yet.

In the event that any of the foregoing events specified in Article 37.1(f) has occurred in relation to a candidate for election of Director, such person shall be disqualified from being elected as a Director.

- 37.2** For so long as the shares are listed on the TWSE in the ROC, in case a Director (other than an Independent Director) has, during the term of office as a Director (other than an Independent Director), transferred more than one half of the Company's shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and in such case no approval from the Members shall be required.

**37.3** For so long as the shares are listed on the TWSE in the ROC, the election of a newly elected Director (other than an Independent Director) shall be forthwith invalidated if said Director, before assuming office, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, or if said Director, during the Book Closure Period prior to a general meeting, has transferred more than one half of the Company's shares being held by him.

### **38. Compensation of Directors**

**38.1** For so long as the shares are listed on the TWSE in the ROC, the Board shall, in accordance with the Applicable Public Company Rules, establish a Compensation Committee comprised of at least three (3) members, one of whom shall be an Independent Director. The professional qualifications of the members of the Compensation Committee, the responsibilities, powers and other related matters of the Compensation Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Compensation Committee, the Board shall, by a resolution, adopt a charter for the Compensation Committee the provisions of which shall be consistent with the Applicable Public Company Rules. Before the shares are listed on the TWSE in the ROC, the Board may resolve to establish a Compensation Committee.

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

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

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

Subject to Article 23.4 and the Applicable Law, all acts done in good faith by the Board or by a committee of the Board or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly elected and was qualified to be a Director.

### **40. Directors to Manage Business**

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

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

Without limiting the generality of Article 40 and subject to the Applicable Law, the Board may:

- (a) appoint, suspend, or remove any manager or secretary of the Company and may fix their

compensation and determine their duties;

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

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

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

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

**42.2** The Board shall, within the period of thirty(30) days from the occurrence of:

(a) any change among its Directors and Officers; or

(b) any change in the particulars contained in the Register of Directors and Officers,

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

#### **43. Officers**

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

#### **44. Appointment of Officers**

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

#### **45. Duties of Officers**

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

#### **46. Compensation of Officers**

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

#### **47. Conflicts of Interest**

**47.1** Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to compensation as if such Director were not a Director; provided that this Article 47.1 shall not apply to Independent Directors.

**47.2** Notwithstanding anything to the contrary contained in this Article 47, a Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract or arrangement with the Company shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors as required by the Applicable Law. If the Company proposes to enter into any transaction specified in Article 28.1 or effect other forms of mergers and acquisitions in accordance with Applicable Law, a Director who has a personal interest in such transaction shall declare the essential contents of such personal interest and the reason why he believes that the transaction is advisable or not advisable at the relevant meeting of the Directors and the general meeting as required by the Applicable Law. The Company shall itemize the essential contents of a Director's personal interest and the cause of approval of or dissent to the resolution of merger/consolidation or acquisition in the notice to convene a meeting of shareholders; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and the address of such website shall be indicated in the above notice. Where the spouse, the person related to a Director by blood and within the second degree, or any company which has a controlling or controlled relation with a Director has interests in the matters under discussion in the meeting of the Board, such Director shall be deemed to have



a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.

- 47.3** Notwithstanding anything to the contrary contained in this Article 47, a Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the Board meeting.
- 47.4** Notwithstanding anything to the contrary contained in this Article 47, a Director who is engaged in anything on his own account or on behalf of another person, which is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek their approval by Supermajority Resolution.

#### **48. Indemnification and Exculpation of Directors and Officers**

- 48.1** The Directors and Officers of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, officer or trustee and their respective heirs, executors, administrators, and personal representatives (each of which persons being referred to in this Article as an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud, dishonesty or breach of duties provided under Article 48.4 which may attach to any of the said persons.
- 48.2** The Company may purchase and maintain insurance for the benefit of any Director or Officer of the Company against any liability incurred by him in his capacity as a Director or Officer of the Company or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any Subsidiary thereof.
- 48.3** To the extent permitted under the laws of the Cayman Islands, Members continuously holding one per cent (1%) or more of the total issued shares of the Company for six months or longer may:
- (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, the ROC for and on behalf of the Company against any of the Directors; or
  - (b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, the ROC for and on behalf of the Company against any of the Directors; or

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

- 48.4** Without prejudice and subject to the general directors' duties that a Director owe to the Company and the Members under common law principals and the laws of the Cayman Islands, a Director shall perform his fiduciary duties of loyalty and due care of a good administrator in the course of conducting the Company's business, and shall indemnify the Company, to the maximum extent legally permissible, from any loss incurred or suffered by the Company arising from breach of his fiduciary duties. If a Director has made any profit for the benefit of himself or any third party as a result of any breach of his fiduciary duties, the Company shall, if so resolved by the Members by way of an Ordinary Resolution, take all such actions and steps as may be appropriate and to the maximum extent legally permissible to seek to recover such profit from such relevant Director. If a Director has, in the course of conducting the Company's business, violated any laws or regulations that causes the Company to become liable for any compensation or damages to any person, such Director shall become jointly and severally liable for such compensation or damages with the Company and if any reason such Director is not made jointly and severally liable with the Company, such Director shall indemnify the Company for any loss incurred or suffered by the Company caused by a breach of duties by such Director. The Officers, in the course of performing their duties to the Company, shall assume such duties and obligations to indemnify the Company in the same manner as if they are Directors.

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

### **49. Board Meetings**

- 49.1** Board meetings shall be convened by the Chairman, and the Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit.
- 49.2** For so long as the shares are listed on the TWSE in the ROC, the Company shall hold regular meetings of the Board at least on a quarterly basis and such meetings shall be held in compliance with the Applicable Public Company Rules.
- 49.3** A resolution shall be passed by a majority vote of the Directors present at the meeting and entitled to vote on such resolution, and in the case of equality of votes the resolution shall fail. For these purposes, where Directors present and entitled to vote at the meeting do not cast a vote at the meeting, such Directors will be deemed to vote against the resolution.
- 49.4** A Director may be represented at any meetings of the Board by a proxy specified the authorised scope and appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.
- 49.5** The instrument appointing a proxy shall be in writing in such form as the Directors may approve and may at any time be revoked in like manner, and notice of every such appointment or revocation in like manner.
- 49.6** A proxy must be a Director and can only act on behalf of one appointing Director at a meeting of the Board.

## **50. Notice of Board Meetings**

**50.1** The Chairman may, and the Secretary on the requisition of the Chairman shall, at any time summon a meeting of the Board.

**50.2** Before the shares are listed on the TWSE in the ROC, at least forty-eight (48) hours prior notice shall be given for any meeting of the Board provided that in the case of urgent circumstances as agreed by a majority of the Directors, a meeting of the Board may be convened on short notice, or be held anytime after notice has been given to every Director or be convened without prior notice if all Directors agree. For so long as the shares are listed on the TWSE in the ROC, to convene a meeting of the Board, a notice setting forth therein the matters to be considered and if appropriate, approved at the meeting shall be given to each Director no later than seven (7) days prior to the scheduled meeting date. However, in the case of emergency as agreed by a majority of the Directors, the meeting may be convened with a shorter notice period in a manner consistent with the Applicable Public Company Rules. For the purpose of this Article, a notice may be sent via electronic means if so agreed to by the Directors.

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

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

## **52. Quorum at Board Meetings**

Unless otherwise provided herein, the quorum for a meeting of the Board shall be more than one-half of the total number of the Directors.

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

The Board may act notwithstanding any vacancy in its number.

## **54. Chairman to Preside**

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

## **55. Validity of Prior Acts of the Board**

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

# **CORPORATE RECORDS**

## **56. Minutes**

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

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

## **57. Register of Mortgages and Charges**

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

## **58. Form and Use of Seal**

- 58.1** The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf; and, until otherwise determined by the Directors, the Seal shall be affixed in the presence of a Director or the Secretary or an assistant secretary or some other person authorised for this purpose by the Directors or the committee of Directors.
- 58.2** Notwithstanding the foregoing, the Seal may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.
- 58.3** The Company may have one or more duplicate Seals, as permitted by the Law; and, if the Directors think fit, a duplicate Seal may bear on its face of the name of the country, territory, district or place where it is to be issued.

## **TENDER OFFER AND ACCOUNTS**

## **59. Tender Offer**

For so long as the shares are listed on the TWSE in the ROC, within fifteen (15) days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its Litigious and Non-Litigious Agent, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:

- (a) the types and number of the shares held by the Directors and the Members holding more than ten per cent (10%) of the total issued shares in their own names or in the names of other persons.
- (b) the result of the verification on the identity and the financial conditions of the offeror, the fairness of the tender offer conditions and the reasonableness of the offeror's fund source, and recommendations to the Members on the tender offer, which shall specify the Directors' specific consenting or dissenting opinions on the tender offer and the reason(s) therefor.

- (c) whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any.
- (d) the types, numbers and amount of the shares of the tender offeror or its affiliates held by the Directors and the Members holding more than ten per cent (10%) of the total number of issued shares held in their own names or in the name of other persons.

## **60. Books of Account**

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

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

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

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

**60.3** The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant rules and regulations shall be kept for at least one (1) year. However, if a Member institutes a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information mentioned herein, they shall be kept until the conclusion of the litigation if longer than one (1) year.

## **61. Financial Year End**

Unless the Directors otherwise specify, the financial year of the Company:

- (a) shall end on 31st December in the year of its incorporation and each following year; and
- (b) shall begin when it was incorporated and on 1st January each following year.

## **AUDIT COMMITTEE**

## **62. Number of Audit Committee Members**

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

in the ROC, the Board may resolve to establish an Audit Committee.

### **63. Powers of Audit Committee**

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

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

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

**63.2** Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Independent Directors of 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, review or make copies of the accounting books and documents, and request the Board or officers to report on matters referred to above. Subject to the Applicable Law and to the extent permitted under the laws of the Cayman Islands, the Audit Committee or any Independent Director thereof may appoint on behalf of the Company, a practicing lawyer and independent auditors to conduct the examination.

**63.3** Subject to compliance with the Law, before the meeting of the Directors resolves any matter specified in Article 28.1 or other mergers and acquisitions in accordance with the Applicable Law, the Audit Committee shall review the fairness and reasonableness of the relevant merger and acquisition plan and transaction, and report its review results to the meeting of the Directors and the general meeting; provided, however, that such review results need not be submitted to

the general meeting if the approval of the Members is not required under the Applicable Law. When the Audit Committee conducts the review, it shall engage an independent expert to issue an opinion on the fairness of the share exchange ratio, cash consideration or other assets to be offered to the Members. The review results of the Audit Committee and the fairness opinion issued by the independent expert shall be distributed to the Members, along with the notice of the general meeting; provided, however, that the Company can only report matters relating to such merger and acquisition at the next following general meeting if the approval of the Members is not required under the Applicable Law.

Such review results and fairness opinion shall be deemed to have been distributed to the Members if the same have been uploaded onto the website designated by the securities authority of the ROC and made available to the Members for their inspection and review at the venue of the general meeting.

- 63.4** The Audit Committee shall audit the various financial statements and records prepared by the Board for submission to the general meeting, and shall report their findings and opinions at such meeting.

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

### **64. Voluntary Dissolution and Winding-Up**

- 64.1** The Company may be voluntarily wound-up in accordance with Article 12.4.
- 64.2** If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members subject to the Applicable Law. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

## **CHANGES TO CONSTITUTION**

### **65. Changes to Articles**

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

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

### **66. Appointment of Litigious and Non-Litigious Agent**

For so long as the shares are listed on the TWSE in the ROC, the Company shall appoint a Litigious and Non-Litigious Agent pursuant to the Applicable Law to act as the Company's responsible person in the ROC under the Securities and Exchange Law of the ROC to handle matters stipulated in the Securities and Exchange Law of the ROC and the relevant rules and regulations thereto. The Litigious and Non-Litigious Agent shall be an individual who has a residence or domicile in the ROC. The Company shall report the name, residence, domicile and authorisation document of such Agent

to the FSC. In case of any change to the aforesaid information, the Company shall report such change to the FSC as well.

## **OTHERS**

### **67. Termination of Listing**

For so long as the shares are listed on the TWSE in the ROC, if the Company proposes to undertake:

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

which would result in the termination of the Company's listing on the TWSE, and where (in the case of (a) above) the shares in the surviving entity, (in the case of (b) above) the shares in the transferee, (in the case of (c) above) the shares in the entity whose shares has been allotted in exchange for the Company's shares or, (in the case of (d) above) the shares in the existing or newly incorporated spun-off company are not listed on the TWSE or traded on the TPEX, then in addition to any requirements to be satisfied under the Applicable Law, such action shall be first approved at a general meeting by a resolution passed by members holding two-thirds or more of the votes of the total number of issued shares with voting right of the Company.

### **68. ROC Securities Laws and Regulations**

For so long as the shares are listed on the TWSE in the ROC, the qualifications, composition, appointment, removal, exercise of functions and other matters with respect to the Directors, Independent Directors, Compensation Committee and Audit Committee which are required to be followed by the Company shall comply with the applicable ROC securities laws and regulations.

### **69. Social Responsibilities**

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



## (2) Rules of Procedure for Shareholders Meetings

### **PlayNitride Inc.**

## Rules of Procedure for Shareholders Meetings

Document No.: CA-120

Formulated on January 30, 2021.

Approved by the meeting of the term Board of Directors on 24 Dec. 2021

Approved by the meeting of the term Board of Directors on March 24, 2023.

Approved by shareholders meeting on June 26, 2023.

Article 1 To establish a strong governance system and sound supervisory capabilities for **PlayNitride Inc.**'s (hereinafter as "***the Company***") shareholders meetings, and to strengthen management capabilities, the ***Rules of Procedure for Shareholders Meetings*** (hereinafter as "***the Rules***") are adopted pursuant to Article 5 of the *Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies*.

Article 2 The rules of procedures for *the Company*'s shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in *the Rules*.

Article 3 Unless otherwise provided by law or regulation, *the Company*'s shareholders meetings shall be convened by the board of directors.

*The Company* shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the *Market Observation Post System* (as "**MOPS**") before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. *The Company* shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, *the Company* shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at *the Company* and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.

3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the *Company Act*, Articles 26-1 and 43-6 of the *Securities Exchange Act*, Articles 56-1 and 60-2 of the *Regulations Governing the Offering and Issuance of Securities by Securities Issuers* shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to *the Company* a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the *Company Act* apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the *Company Act*, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, *the Company* shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, *the Company* shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of

this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by *the Company* and stating the scope of the proxy's authorization.

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

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

If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders meeting shall be the premises of *the Company*, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.  
The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.

Article 6 *The Company* shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders and their proxies (collectively, "shareholders") shall attend

shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. *The Company* may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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

*The Company* shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

#### Article 6-1

(Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice)

To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting

agenda of that shareholders meeting.

D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

#### Article 7

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of *the Company*. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

*The Company* may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

#### Article 8

*The Company*, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the *Company Act*, the recording shall be retained until the conclusion of the litigation.

Where a shareholders meeting is held online, this Corporation shall keep records

of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.

#### Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the *Company Act*; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the *Company Act*.

#### Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the

shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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

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

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

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

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

Where a virtual shareholders meeting is convened, shareholders attending the

virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

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

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

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

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the *Company Act*.

When *the Company* holds a shareholders meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that *the Company* avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting.



When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

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

Except as otherwise provided in the *Company Act* and in *the Company's* articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of *the Company*.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and

elections shall be announced immediately.

When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by *the Company*, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the *Company Act*, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

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

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of *the Company*.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting minutes alternative measures available to shareholders **with difficulties in attending a** virtual-only shareholders meeting online.

Article 16 On the day of a shareholders meeting, *the Company* shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

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

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word **"Proctor"**.

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by *the Company*, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been

addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the *Company Act*.

#### Article 19

(Disclosure of information at virtual meetings)

In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

#### Article 20

(Location of the chair and secretary of virtual-only shareholders meeting)

When this Corporation convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

#### Article 21

(Handling of disconnection)

In the event of a virtual shareholders meeting, this Corporation may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for

which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporation shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

Article 22  
(Handling of digital divide)

When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

Article 23      *The Rules* shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

### (3) 、 Rules for Election Items of Directors

## **PlayNitride Inc.** **Rules for Election Items of Directors**

Document No.: CA-121 Formulated  
on January 29, 2021.

Approved by the board meeting of directors on December, 24 2021.

Article 1 To ensure a just, fair, and open Election Items of directors the *Rules Governing Election Items of Directors* (hereinafter as “***the Rules***”) are adopted pursuant to Article 21 and 41 of the *Taiwan Corporate Governance Best-Practice Principles for TWSE/Taipei Exchange Listed Companies*.

Article 2 Except as otherwise provided by law and regulation or by **PlayNitride Inc.**’s (hereinafter as “***the Company***”) articles of incorporation, Election Items of directors shall be conducted in accordance with *the Rules*.

Article 3 The overall composition of the board of directors shall be taken into consideration in the Election Items of *the Company*’s directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on *the Company*’s business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations
2. Accounting and financial analysis ability
3. Business management ability
4. Crisis management ability
5. Knowledge of the industry
6. An international market perspective
7. Leadership ability
8. Decision-making ability

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of *the Company* shall consider adjusting its composition based on the results of performance evaluation.

Article 4 The qualifications for the independent directors of *the Company* shall comply with Articles 2, 3, and 4 of the *Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies*.

The Election Items of independent directors of *the Company* shall comply with Articles 5, 6, 7, 8, and 9 of the *Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies*, and shall be conducted in accordance with Article 24 of the *Corporate Governance Best- Practice Principles for TWSE/GTSM Listed Companies*.

Article 5 Election Items of directors at *the Company* shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the *Company Act*.

When the number of directors falls below five due to the dismissal of a directors for any reason, *the Company* shall hold a by-Election Items to fill the vacancy at its next shareholders meeting. When the number of directors fall short by one third of the total number prescribed in *the Company's* articles of incorporation, *the Company* shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-Election Items to fill the vacancies.

Article 6 The cumulative voting method shall be used for Election Items of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates

Article 7 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8 The number of directors will be as specified in *the Company's* articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 9 Before the Election Items begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by a person with the right to convene.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot does not conform to director candidate list.
5. Other words or marks are entered in addition to the number of voting rights allotted.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as

directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the Election Items referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the *Company Act*, the ballots shall be retained until the conclusion of the litigation.

Article 12     The board of directors of *the Company* shall issue notifications to the persons elected as directors.

Article 13     *The Rules*, and any amendments hereto, shall be implemented after approved by a shareholders meeting.



#### (4) 、Shareholding of Directors

1. As of closing the stock transfer date of shareholders' meeting. (April,29 2025) , The paid-up capital of the Company is NT1,176,786,220 , Total 117,678,622 shares.
2. The Company does not applicable to Article 26 of the Securities and Exchange Act.
3. As of closing the stock transfer date of shareholders' meeting, The actual shareholdings of all directors of the Company are as follows:

Title	Name	Shares	Shareholding ratio
Chairman	LI, Yun-li	3,242,905	2.76
Director	SVIC No. 32 New Technology Business Investment L.L.P. Representative: Sohn, Heon Bae	10,867,604	9.24
Director	Epistar Corporation Representative: Ou, Chen	9,137,338	7.76
Director	Konly Venture Corporation Representative: Liao, Wei-lun	7,534,628	6.40
Director	Lite-On Technology Corp. Representative: Su, Yu-Hung	4,945,885	4.20
Independent Director	Huang, Hui-Chu	—	—
Independent Director	Gan, Feng-Yuan	—	—
Independent Director	Wang, Wai	—	—