

Stock Code : 6525



# **GEM Services, Inc.**

## **Handbook for the 2024 Annual Meeting of Shareholders (Translation)**

**May 27, 2024**

(2024 Annual Shareholders' Meeting held by means of physical shareholders meeting)

*Note to Readers:*

*If there is any discrepancy between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.*

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# 1. Call Meeting to Order

## 2. Meeting Agenda

**GEM Services, Inc.**  
**2024 Annual Shareholders' Meeting Agenda**  
**(Summary Translation)**

Time : 9:00 a.m., Monday, May 27, 2024

Place : Hilton Taipei Sinban Hotel

(3F., No. 88, Minguang Rd., Banqiao Dist., New Taipei City, Taiwan)

1. Chairman's Address
2. Report Items
  - I. To report 2023 employees' profit sharing and directors' compensation
  - II. To report the business of 2023
  - III. Audit Committee's review report
  - IV. To report 2023 earnings distribution
  - V. Amendment to the "Rules of Procedure for Board of Directors Meetings"
3. Resolutions
  - I. To accept 2023 Business Report and Financial Statements
  - II. To accept the Proposal for Distribution of 2023 Profits
4. Discussion and Election Items
  - I. Proposal to elect new directors
  - II. Proposal to release the non-competition restrictions on new directors
5. Motions
6. Adjournment

## **2. Report Items**

### **I. To report 2023 employees' profit sharing and directors' compensation**

#### **Explanatory Notes:**

1. GEM's Articles of Incorporation promulgate that it shall set aside between 5% to 10% of its annual profits as bonus to employees of GEM and set aside 3% (inclusive) or less of its annual profits as bonus to Directors.
2. The Board of Directors approved the 2023 employees' profit sharing and directors' compensation on March 12, 2024. The employees' profit sharing and directors' compensation are to be distributed in cash. The 2023 employees' profit sharing and directors' compensation are NT\$80,000,000 and NT\$24,000,000, respectively.

### **II. To report the business of 2023**

**Explanatory Notes:** Please refer to Attachment I.

### **III. Audit Committee's review report**

**Explanatory Notes:** Please refer to Attachment II.

### **IV. To report 2023 earnings distribution**

#### **Explanatory Notes:**

1. GEM's Articles of Incorporation authorize the Board of Directors to approve cash dividends.
2. It is proposed that cash dividends from retained earnings paid to shareholders of NT\$451,665,844. Common stockholders will receive cash dividends of NT\$ 3.5 per share. The dividend will be paid in cash with calculation rounded down to the nearest one NTD.
3. It is proposed that the Chairman be authorized to set a record date for distribution after shareholders' meeting. Should GEM's capital position change before record date of ex-cash dividend, requiring adjustments in the cash distribution ratio, it is proposed that the Chairman be authorized to manage the change in the cash distribution ratio and to proceed on the relevant matters.

### **V. Amendment to the "Rules of Procedure for Board of Directors Meetings"**

1. In order to conform to the needs of amendments to related laws, GEM hereby proposes to amend the "Rules of Procedure for Board of Directors Meetings".
2. Please refer to Attachment IV for details.

### 3. Resolutions

#### I. To accept 2023 Business Report and Financial Statements

(Proposed by the Board of Directors)

##### Explanatory Notes:

1. GEM's 2023 Financial Statements, including Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows, were audited by independent auditors, Mr. Keng-Hsi Chang and Mr. Chien-Hsin Hsieh, of Deloitte & Touche.
2. 2023 Business Report, and Independent Auditors' Report, the aforementioned Financial Statements are attached hereto as Attachments I and III.

##### Resolution:

#### II. To accept the Proposal for Distribution of 2023 Profits

(Proposed by the Board of Directors)

##### Explanatory Notes:

1. GEM's 2023 net income was NT\$ 566,093,606 (please see below for the 2023 Earnings Distribution Table).

GEM Services, Inc.  
Earnings Distribution Table  
Year 2023

(Unit: NTD\$)

Items	Total
Beginning retained earnings	1,153,526,145
Net income of 2023	566,093,606
Legal reserve appropriation (10%)	( 56,609,361 )
Special reserve appropriation	( 44,873,137 )
Retained earnings available for distribution	1,618,137,253
Appropriation:	
Cash dividends (\$ 3.5)	( 451,665,844 )
Unappropriated Retained Earnings	1,166,471,409

##### Resolution:

## **4. Discussion and Election Items**

### **I. Proposal to elect new directors**

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

1. Whereas the term of office of 5th Board of Directors will be ended on July 20, 2024. Pursuant to Article 199-1 of Company Act, where all directors of the Company are re-elected prior to the expiration of the term of office of 5th Board of Directors, the term of office of 5th Board of Directors will be deemed discharged in advance.
2. Pursuant to Articles of Incorporation of the Company, the Board of Directors shall consist of 5 to 9 directors (including independent directors). Each of whom shall have a term of office of three years, there shall be at least 3 independent directors among the aforesaid directors. It is proposed to propose the re-election of 9 directors at the general meeting of shareholders, 4 of whom are independent directors, and the term of office of the new directors after the re-election will be from May 27, 2024 to May 26, 2027.
3. Candidate nomination systems is applicable to the current election of directors and independent directors and the shareholders shall elect from the lists of candidates. Independent directors and directors shall be elected together, and the number of elected directors shall be counted separately.
4. Please refer to Attachment V of this manual for the list of candidates for directors and independent directors.

#### **Resolution:**

### **II. Proposal to release the non-competition restrictions on new directors**

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

1. Pursuant to Article 209 of Company Act, Directors conducting business for himself or on behalf of others that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such business and acquire its approval. Therefore, it is proposed, pursuant to without prejudice to the interests of the Company or in serious violation of applicable law, to the Shareholders' Meeting to agree to release the non-competition restrictions on new directors. The non-competition content is supplemented on the spot before discussing.

#### **Resolution:**



**5. Motions**

**6. Adjournment**

## **Attachment I**

### **GEM Services, Inc.**

#### **Consolidated Business Report 2023**

Dear Shareholders:

The semiconductor industry not yet recovered due to the macro-economic environment and the consumer market in 2023. Therefore, as clients' inventory levels were still high and the forecast for orders placed was adjusted downward, the Company's operating revenue was in decline. However, the management team follows and develops in accordance with the 4A guidelines of Ahead, Able, Agile, and Accountable to maximize the interests of all shareholders. The summary report of the Company's 2023 annual operation and future business plan is as follows:

I. 2023 annual operation results:

(I) Implementation of the business plan:

The 2023 consolidated revenue of the Company was NT\$4,418,989 thousand and the consolidated net profit after tax was NT\$566,094 thousand with a earnings per share of NT\$4.39 and a net asset value per share of NT\$32.20. Through intensive development of both existing and new products and customers, improving production capacity utilization, and other effective measures such as cost and quality management, the Company maintained a steady profit in 2023.

(II) Budget execution status:

The 2023 financial forecast has not been made public, so there is no budget achievement.

(III) Analysis of receipts, expenditures, and profitability:

The Company's consolidated liabilities accounted for 32% of its consolidated assets and the consolidated current ratio was 205% which are on a healthy level in financial structure, solvency and profitability indicators.

(IV) Research and development work:

1. Continuously development on the manufacturing process, improvement on production efficiency, and understanding market trends and customer demands to further increase market share.
2. Utilize the Company's accumulated technology and knowledge related to

manufacturing processes and materials and develop new application with customers and products to solidify market positioning.

II. Summary of 2024 business plan:

(I) Business strategy:

1. Looking at the big picture and having insights into the needs of the industry, applications, and clients, and formulating a business plan in advance.
2. Continuously enhancing our research and development capabilities to respond to the needs for new products, new markets, and new business activities.
3. Flexibly and quickly responding to changes and needs inside and outside the organization.
1. Taking responsibility and meeting clients' needs.

(II) Expected sales and basis of estimation:

The Company forecast the sales plan for 2024 based on the sales in 2023 and the current industry overview. According to the current industry information, it is estimated that the market will continue to grow, but with rapid changes in the international trade environment and many uncertain factors, the Company's sales will be based on the latest market changes, customer operation, and the industry development trends.

(III) Important production and marketing policies:

1. Marketing strategy:

- (1) Active collaboration with customers to strengthen services. Seek to establish strategic partnerships with customers.
- (2) Continue to improve on the Company's brand image through product upgrades and lead the power semiconductor packaging and testing market.

2. Production strategy:

- (1) Maintain long-term partnership with automation equipment manufacturers, and become strategic partners to develop specialized production processes, reduce production costs, and develop high-quality, multi-functional and competitive products.
- (2) Continue to collaborate with customers to strengthen the planning and management of production capacity and quality to provide the services to the customer.

(IV) Future development strategy:

1. Combine the customer applications and develop versatility in the product line

to diversify the products and provide a total solution for the customers.

2. Continue to develop key technologies or patents, and develop new-generation products in response to industry trends to maintain as an industry leader.

- (V) The effect of external competition, the legal environment, and the overall business environment:

The demand for electronic products changes with the consumer market, trade environment, and government policies of various countries. In recent years, the volume and performance of electronic components have been continuously improved, product lifetime shorter, supply chain competition increasingly fierce, and the requirements of laws and regulations on products and factories increasing. In response, the Company has striven to increase product applications, develop potential clients, expand product series, control investment risks, continue to pay attention to changes in the supply chain caused by geopolitical factors, and take countermeasures. Internally, we work to identify potential risks and formulate countermeasures through constant review of business and an internal control mechanism to reduce operational risks based on the industry environment and business conditions.

Facing future challenges, the Company will continue to maximize the interests of all shareholders with leading R&D and manufacturing capabilities with efficient business management.

May I wish you all

Good health and good luck

Chairman:  
Chu-Liang, Cheng

General Manager:  
Yen-Chiang, Tang

Head-Finance & Accounting:  
Jui-Ping, Wang

## **Attachment II**

### **GEM Services, Inc. Audit Committee's Review Report**

March 12, 2024

The Board of Directors of GEM Services, Inc. (GEM) has prepared the GEM's 2023 Business Report, Financial Statements, and the Proposal for profit appropriation. The CPA Mr. Keng-Hsi Chang and Mr. Chien-Hsin Hsieh from Deloitte & Touche were retained to audit GEM's Financial Statements and have issued an audit report relating to the Financial Statements. The said Business Report, Financial Statements, and Proposal for profit appropriation have been reviewed and determined to be correct and accurate by the Audit Committee of GEM in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this Report.

GEM Services, Inc.

Yeh, Shu, Chairman of the Audit Committee

## **Attachment III**

### **CPA's Audit Report**

GEM Services, Inc.:

#### **Opinion**

We have audited the accompanying consolidated financial statements of GEM Services, Inc. and its subsidiaries (collectively, the “GEM Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the related 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 GEM Group as of December 31, 2023 and 2022, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

#### **Basis for the audit opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. 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 GEM Group in accordance with The Norm of Profes-

sional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the GEM Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

#### The veracity of the sales revenue of specific customers

The GEM Group's consolidated operating revenue for the year ended December 31, 2023 was NT\$4,418,989 thousand, a decrease by about 15% compared with the year ended December 31, 2022. The total revenue of the customers with significant sales volume and continuous growth in sales accounted for about 30% of the consolidated operating revenue, resulting in significant influence on the consolidated financial statements. Thus, we believe that the main risk lies in the veracity of the sales revenue of the customers with significant sales volume and continuous growth in sales in 2023 and included it in the key audit matters of the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 4 (14) of the Consolidated Financial Statements for the description of the revenue recognition policy.

Our audit procedures for this include:

1. By understanding the relevant internal control systems and operating procedures of the sales transaction cycle, we design the internal control auditing procedures according to the veracity of the sales revenue and confirm and evaluate the relevant internal control procedure during the sales transactions for whether the design and implementation are effective.

2. We obtain the list of the above-mentioned customers in 2023, and evaluate whether their relevant background, transaction amount, credit line and company size are reasonable.
3. We select samples from the above-mentioned customer sales details, examine the sales slips, customs declarations, bills of lading, sales invoices, payment collections, and major sales returns after the balance sheet date to confirm the veracity of the sales revenue.

### **Responsibilities of Management and Governing Units for Consolidated Financial Statements**

The responsibility of management is to prepare properly represented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by FSC of the ROC, and maintain the necessary internal control related to the preparation of the consolidated financial statements to ensure no significant misrepresentation are contained in the consolidated financial statements resulting from fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the GEM 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.

The GEM Group's governance units (including the Audit Committee) are responsible for overseeing the financial reporting process.

### **CPA's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the ROC 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 auditing standards, 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GEM 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 GEM 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 auditor's report. However, future events or conditions may cause the GEM 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 GEM 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 GEM Group's 2023 consolidated financial statements 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.

Deloitte & Touche

CPA Keng-Hsi, Chang

CPA Chien-Hsin, Hsieh

Approved for recordation by Securities and  
Futures Commission, Ministry of Finance  
Tai-Tsai-Cheng-Liu-Tzu No. 0920123784

Approved for recordation by Securities and  
Futures Commission, Ministry of Finance  
Tai-Tsai-Cheng-Liu-Tzu No. 0920123784

March 12, 2024

GEM SERVICES, INC. AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET  
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2023		December 31, 2022 (After restatement)	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,731,493	28	\$ 1,973,637	29
1140	Current contract assets (Notes 4, 5 and 20)	116,493	2	90,632	1
1170	Accounts receivable (Notes 4, 5, 7 and 20)	780,906	13	823,024	12
1180	Accounts receivable due from related parties (Notes 4, 5, 20 and 28)	9,885	-	9,583	-
1200	Other receivables (Notes 4, 5 and 7)	108,801	2	148,357	2
1210	Other receivables due from related parties (Notes 4, 5 and 28)	45	-	43	-
1220	Current tax assets (Notes 4 and 22)	2,055	-	10,082	-
130X	Inventories (Notes 4 and 8)	172,243	3	200,519	3
1410	Prepayments (Note 15)	28,021	-	23,353	-
11XX	Total current assets	<u>2,949,942</u>	<u>48</u>	<u>3,279,230</u>	<u>47</u>
	Non-current assets				
1550	Investments accounted for using equity method (Notes 4 and 10)	116,704	2	101,489	1
1600	Property, plant and equipment (Notes 4, 11 and 24)	2,883,166	47	2,914,089	42
1755	Right-of-use assets (Notes 4 and 12)	72,997	1	106,165	2
1760	Investment property (Notes 4 and 13)	48,811	1	57,214	1
1780	Other intangible assets (Notes 4 and 14)	3,634	-	1,827	-
1840	Deferred tax assets (Notes 3, 4 and 22)	42,628	1	55,265	1
1990	Other non-current assets (Notes 4, 15 and 28)	29,097	-	415,496	6
15XX	Total non-current assets	<u>3,197,037</u>	<u>52</u>	<u>3,651,545</u>	<u>53</u>
1XXX	Total assets	<u>\$ 6,146,979</u>	<u>100</u>	<u>\$ 6,930,775</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2130	Current contract liabilities (Notes 4, 20 and 28)	\$ 27,248	-	\$ 11,679	-
2170	Accounts payable	592,455	10	678,568	10
2180	Accounts payable due to related parties (Note 28)	-	-	1,907	-
2200	Other payables (Notes 16 and 25)	594,417	10	997,311	14
2230	Current tax liabilities (Notes 4 and 22)	7,876	-	96,994	1
2250	Current provisions (Notes 4 and 17)	30,000	-	30,000	1
2281	Current lease liabilities (Notes 4 and 12)	30,832	-	30,947	1
2300	Other current liabilities (Notes 16 and 25)	158,251	3	143,607	2
21XX	Total current liabilities	<u>1,441,079</u>	<u>23</u>	<u>1,991,013</u>	<u>29</u>
	Non-current liabilities				
2570	Deferred tax liabilities (Notes 3, 4 and 22)	14,897	-	18,977	-
2581	Non-current lease liabilities (Notes 4 and 12)	5,481	-	36,935	-
2670	Other non-current liabilities (Notes 16, 25 and 28)	530,253	9	540,041	8
25XX	Total non-current liabilities	<u>550,631</u>	<u>9</u>	<u>595,953</u>	<u>8</u>
2XXX	Total liabilities	<u>1,991,710</u>	<u>32</u>	<u>2,586,966</u>	<u>37</u>
	Equity attributable to owners of the Company (Notes 4 and 19)				
	Share capital				
3110	Common stock	1,290,474	21	1,290,474	19
3200	Capital surplus	624,536	10	624,536	9
	Retained earnings				
3310	Legal reserve	565,513	9	472,481	7
3320	Special reserve	209,037	4	203,112	3
3350	Unappropriated earnings	1,719,619	28	1,962,243	28
3300	Total retained earnings	2,494,169	41	2,637,836	38
3400	Other equity	( 253,910 )	( 4 )	( 209,037 )	( 3 )
3XXX	Total equity	<u>4,155,269</u>	<u>68</u>	<u>4,343,809</u>	<u>63</u>
	Total liabilities and equity	<u>\$ 6,146,979</u>	<u>100</u>	<u>\$ 6,930,775</u>	<u>100</u>

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

Chairman:  
Chu-Liang, Cheng

General Manager:  
Yen-Chiang, Tang

Head-Finance & Accounting:  
Jui-Ping, Wang

GEM SERVICES, INC. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 20 and 28)	\$ 4,418,989	100	\$ 5,221,467	100
5000	Operating costs (Notes 8, 21, 24 and 28)	( 3,466,447)	( 78)	( 3,970,230)	( 76)
5900	Gross profit from operations	<u>952,542</u>	<u>22</u>	<u>1,251,237</u>	<u>24</u>
	Operating expenses (Notes 4, 7, 20, 21, 24 and 28)				
6100	Selling expenses	( 19,979)	( 1)	( 17,980)	-
6200	Administrative expenses	( 263,987)	( 6)	( 317,798)	( 6)
6300	Research and development expenses	( 47,786)	( 1)	( 52,749)	( 1)
6450	Gain on reversal of expected credit impairment	<u>2,067</u>	<u>-</u>	<u>2,494</u>	<u>-</u>
6000	Total operating expenses	( <u>329,685</u> )	( <u>8</u> )	( <u>386,033</u> )	( <u>7</u> )
6900	Net operating income	<u>622,857</u>	<u>14</u>	<u>865,204</u>	<u>17</u>
	Non-operating income and expenses				
7100	Interest income (Notes 4 and 21)	40,839	1	16,084	-
7010	Other income (Notes 4 and 21)	19,245	-	12,025	-
7020	Other gains and losses (Notes 4 and 21)	12,020	-	230,508	5
7050	Finance costs (Notes 4, 21 and 28)	( 2,108)	-	( 3,277)	-
7060	Share of profit of subsidiaries and associates accounted for using equity method (Notes 4 and 10)	<u>21,650</u>	<u>1</u>	<u>14,635</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>91,646</u>	<u>2</u>	<u>269,975</u>	<u>5</u>

(Continued)

(Continued from previous page)

Code		2023		2022	
		Amount	%	Amount	%
7900	Profit before income tax	\$ 714,503	16	\$ 1,135,179	22
7950	Income tax expense (Notes 4 and 22)	( 148,409 )	( 3 )	( 204,856 )	( 4 )
8200	Net income	<u>566,094</u>	<u>13</u>	<u>930,323</u>	<u>18</u>
	Other comprehensive income (loss) (Notes 4 and 19)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8341	Translation differences from functional currency to presentation currency	( 30,102 )	( 1 )	399,495	8
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	( 14,771 )	-	( 405,420 )	( 8 )
8300	Other comprehensive income (net amount after tax)	( 44,873 )	( 1 )	( 5,925 )	-
8500	Total comprehensive income	<u>\$ 521,221</u>	<u>12</u>	<u>\$ 924,398</u>	<u>18</u>
	Earnings per share (Note 23)				
	From continuing operations				
9710	Basic earnings per share	<u>\$ 4.39</u>		<u>\$ 7.21</u>	
9810	Diluted earnings per share	<u>\$ 4.34</u>		<u>\$ 7.12</u>	

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

Chairman:  
Chu-Liang, Cheng

General Manager:  
Yen-Chiang, Tang

Head-Finance & Accounting:  
Jui-Ping, Wang

GEM SERVICES, INC. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the Company					Other equity Exchange differences on translation of foreign financial statements	Total equity
Code		Share capital	Retained earnings			Unappropriated earnings		
		Common stock	Capital surplus	Legal reserve	Special reserve			
A1	Balance as of January 1, 2022	<u>\$ 1,290,474</u>	<u>\$ 624,536</u>	<u>\$ 386,682</u>	<u>\$ 205,656</u>	<u>\$ 1,824,936</u>	<u>(\$ 203,112)</u>	<u>\$ 4,129,172</u>
	Distribution of 2021 earnings (Note 19)							
B1	Legal reserve	-	-	85,799	-	( 85,799)	-	-
B3	Special reserve	-	-	-	( 2,544)	2,544	-	-
B5	Cash dividends	-	-	-	-	( 709,761)	-	( 709,761)
		<u>-</u>	<u>-</u>	<u>85,799</u>	<u>( 2,544)</u>	<u>( 793,016)</u>	<u>-</u>	<u>( 709,761)</u>
D1	Net income in 2022	-	-	-	-	930,323	-	930,323
D3	Other comprehensive income in 2022	-	-	-	-	-	( 5,925)	( 5,925)
D5	Total comprehensive income in 2022	-	-	-	-	930,323	( 5,925)	924,398
Z1	Balance as of December 31, 2022	<u>1,290,474</u>	<u>624,536</u>	<u>472,481</u>	<u>203,112</u>	<u>1,962,243</u>	<u>( 209,037)</u>	<u>4,343,809</u>
	Distribution of 2022 earnings (Note 19)							
B1	Legal reserve	-	-	93,032	-	( 93,032)	-	-
B3	Special reserve	-	-	-	5,925	( 5,925)	-	-
B5	Cash dividends	-	-	-	-	( 709,761)	-	( 709,761)
		<u>-</u>	<u>-</u>	<u>93,032</u>	<u>5,925</u>	<u>( 808,718)</u>	<u>-</u>	<u>( 709,761)</u>
D1	Net income in 2023	-	-	-	-	566,094	-	566,094
D3	Other comprehensive income in 2023	-	-	-	-	-	( 44,873)	( 44,873)
D5	Total comprehensive income in 2023	-	-	-	-	566,094	( 44,873)	521,221
Z1	Balance as of December 31, 2023	<u>\$ 1,290,474</u>	<u>\$ 624,536</u>	<u>\$ 565,513</u>	<u>\$ 209,037</u>	<u>\$ 1,719,619</u>	<u>(\$ 253,910)</u>	<u>\$ 4,155,269</u>

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

Chairman: Chu-Liang, Cheng

General Manager: Yen-Chiang, Tang

Head-Finance & Accounting: Jui-Ping, Wang

GEM SERVICES, INC. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	Cash flows from operating activities		
A10000	Profit before tax	\$ 714,503	\$ 1,135,179
A20010	Adjustments for:		
A20100	Depreciation expense	645,515	546,240
A20200	Amortization expense	1,355	2,545
A20300	Gain on reversal of expected credit impairment	( 2,067)	( 2,494)
A20900	Finance costs	2,108	3,277
A21200	Interest income	( 40,839)	( 16,084)
A22300	Share of (profit) loss of subsidiaries and associates accounted for using equity method	( 21,650)	( 14,635)
A22500	Losses (gains) on disposal of property, plant and equipment	239	( 2,846)
A23700	Loss on decline in market value and obsolete and slow-moving inventories	173	5,030
A24100	Foreign currency exchange (gain) loss	7,551	( 143,741)
A29900	Liability provisions	1,570	666
A29900	Profit from lease modification	( 1)	( 7)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	( 26,186)	38,314
A31150	Accounts receivable	( 28,013)	132,351
A31160	Accounts receivable due from related parties	( 473)	( 734)
A31180	Other receivables	41,833	14,121
A31200	Inventories	25,236	88,214
A31230	Prepayments	( 5,160)	121,960
A32125	Contract liabilities	15,636	2,481
A32150	Accounts payable	( 81,820)	( 142,507)
A32160	Accounts payable due to related parties	( 1,914)	1,918
A32180	Other payables	( 39,677)	51,429
A32200	Liability provisions	( 1,570)	( 666)
A32230	Other current liabilities	<u>2</u>	<u>( 1)</u>
A33000	Net cash inflows generated from operating activities	1,206,351	1,820,010
A33100	Interest received	39,172	14,868
A33300	Interest paid	( 2,108)	( 3,277)
A33500	Income taxes paid	<u>( 221,270)</u>	<u>( 243,264)</u>
AAAA	Net cash generated from operating activities	<u>1,022,145</u>	<u>1,588,337</u>

(Continued)

(Continued from previous page)

Code		2023	2022
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	(\$ 557,823)	(\$ 457,850)
B02800	Proceeds from disposal of property, plant and equipment	761	12,302
B03700	Increase in refundable deposits	( 885)	( 355)
B03800	Decrease in refundable deposits	15	369
B04300	Increase in other receivables due from related parties	( 2)	-
B04400	Decrease in other receivables due from related parties	-	68
B04500	Acquisition of intangible assets	( 3,231)	( 578)
B07100	Increase in prepayments for equipment	( 15,438)	( 399,142)
B07600	Dividends received	<u>4,387</u>	<u>3,398</u>
BBBB	Net cash used in investing activities	<u>( 572,216)</u>	<u>( 841,788)</u>
	Cash flows from financing activities		
C03000	Increase in guarantee deposits received	61,445	178,352
C03100	Decrease in guarantee deposits received	-	( 89)
C04020	Repayment of the principal portion of lease liabilities	( 31,096)	( 31,267)
C04500	Cash dividends	<u>( 709,801)</u>	<u>( 709,701)</u>
CCCC	Net cash used in financing activities	<u>( 679,452)</u>	<u>( 562,705)</u>
DDDD	Effect of exchange rate changes on cash and equivalents	<u>( 12,621)</u>	<u>137,144</u>
EEEE	Net (decrease) increase in cash and cash equivalents	( 242,144)	320,988
E00100	Opening balance of cash and cash equivalents	<u>1,973,637</u>	<u>1,652,649</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 1,731,493</u>	<u>\$ 1,973,637</u>

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

Chairman:  
Chu-Liang, Cheng

General Manager:  
Yen-Chiang, Tang

Head-Finance & Accounting:  
Jui-Ping, Wang



## Attachment IV

### GEM Services, Inc.

#### Rules of Procedure for Board of Directors Meetings

- Article 1. To establish a strong governance system and sound supervisory capabilities for GEM's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.
- Article 2. With respect to the board of directors meetings, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.
- Article 3. The board of directors shall meet at least quarterly.
- A notice of the reasons for convening a board meeting shall be given to each director before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.
- The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.
- All matters set forth under Article 12, paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion.
- Article 4. The designated unit responsible for the board meetings of this Corporation shall be Board Secretariat.
- The agenda working group shall prepare agenda items for board of directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.
- A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.
- Article 5. When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.
- Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance

with GEM's articles of incorporation. Attendance by videoconference will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

Article 6. A board of directors meeting shall be held at the location and during the business hours of GEM, or at a place and time convenient to all directors and suitable for holding such a meeting.

Article 7. Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among themselves.

Article 8. When a board meeting is held, the management (or the designated unit responsible for the board meetings) shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by GEM may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall

leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.

If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time on that day, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.

The number of "all directors," as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in office.

Article 9. Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of GEM.

Article 10. Agenda items for regular board meetings of GEM shall include at least the following:

1. Matters to be reported:
  - (I.) Minutes of the last meeting and action taken.
  - (II.) Important financial and business matters.
  - (III.) Internal audit activities.
  - (IV.) Other important matters to be reported.
2. Matters for discussion:
  - (I.) Items for continued discussion from the last meeting.
  - (II.) Items for discussion at this meeting.
3. Extraordinary motions.

Article 11. A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 5 shall apply mutatis mutandis.

If, at any time during the proceeding of a board meeting, the chairperson is unable to preside over the meeting for any reason or does not adjourn the meeting in accordance with paragraph 2, the election of his or her proxy shall be in accordance with the procedures in Article 7, paragraph 3.

Article 12. GEM shall submit the following items for discussion by the board of directors:

1. Corporate business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act, and an assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. If the board of directors does not have managing directors, the election or discharge of the chairman of the board of directors.
7. The appointment or discharge of a financial, accounting, or internal audit officer.
8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
9. Any matter required by Article 14-3 of the Act or any other law, regulation, or by-law to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at

an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 13. When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at this Corporation's discretion.

"Attending directors," as used in the preceding two paragraphs, does not include direc-

tors that may not exercise voting rights pursuant to Article 15, paragraph 1.

Article 14. Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or 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. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article 15. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of GEM, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 4 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.

Article 16. Minutes shall be prepared of the discussions at board of directors meetings. The meeting minutes shall record the following:

1. Session (or year), time, and place of meeting.
2. Name of the meeting chair.
3. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.

4. Names and titles of those attending the meeting as nonvoting participants.
5. Name of minutes taker.
6. Matters reported on.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, paragraph 4.
8. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
9. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the competent authority:

1. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.
2. Any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.

The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of GEM.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director within 20 days after the meeting and well preserved as important company records during the existence of GEM.

The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.

- Article 17. With the exception of matters required to be discussed at a board meeting under Article 12, paragraph 1, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or GEM's articles of incorporation, the levels of such delegation and the content or matters it covers shall be definite and specific.
- Article 18. The provisions of Article 2, Article 3, paragraph 2, Articles 4 to 6, Articles 8 to 11, and Articles 13 to 16 apply, *mutatis mutandis*, to GEM's meetings of the board of managing directors, provided that when meetings of the board of managing directors are held at regular intervals of 7 days or less, notices of such meetings may be given to each managing director before 2 days before the meeting.
- Article 19. These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.



**Attachment V**

**GEM Service, Inc.**  
**List of Candidates for Directors (including Independent Directors)**

Category	Name	Shareholding (Shares)	Education	Experience	Current Posts
Director	Chu-Liang, Cheng	207,000	Ph.D., Electrical Engineering, Rutgers University, USA	AT&T Bell Lab/ Researcher Fiber Optic Communication Company PCO/ Director LITE-ON Technology/ Deputy General Manager	Chairman of the Company Elite Advanced Laser Corpora- tion/ Chairman and CSO Mitsubishi Electric GEM Power Device (Hefei) Company Lim- ited/ Director Centera Photonics Inc./ Chair- man
Director	Wen-Hsing, Huang	264,000	BA., Electrical Engineering, Chung Yuan Christian University, Taiwan	Fore Shot Industrial Corpora- tion/ Deputy General Manager LITE-ON Technology/ Director	Vice Chairman of the Company Elite Advanced Laser Corpora- tion/ Vice Chairman Fore Shot Industrial Corpora- tion/ Director
Director	Tay-Jen, Chen	240,990	Shih Chien University	QC, Consolidate Graphics Inc. CA, USA	Director of the Company Elite Advanced Laser Corpora- tion/ Director Modern Women's Foundation/ Director
Director	Wei-Chung, Pan	0	Ph.D., Social Psychology, Califor-	SINO-INDO Company Ltd./	Director of the Company

Category	Name	Shareholding (Shares)	Education	Experience	Current Posts
			nia School of Professional Psychology, GSPP	Chairman	SINO-INDO Company Ltd./ Director
Director	Elite Advanced Laser Corporation Representative of juristic person: Tien-Tseng, Sung	65,809,451	MBA, Atlanta International University	Vice President of the Company Sea & Land Integrated Corp./ President CO-TECH Development Corp./ Vice President GVC/ Assistant Vice President	Elite Advanced Laser Corporation/ General Manager Director of the Company (Juristic person)
Independent Director	Shu, Yeh	0	Ph.D., Accounting, University of California, Los Angeles	Chunghwa Telecom Co., Ltd./ CFO & SEVP Chunghwa Telecom Co., Ltd./ Independent Director AP Memory Technology Corporation/ Independent Director, Remuneration and Auditing Committee Lungyen Life Service Corporation/ Independent Director, Remuneration and Auditing Committee	Professor of Department of Accounting, National Taiwan University Independent Director, Remuneration and Auditing Committee of the Company Powerchip Semiconductor Manufacturing Corporation/ Independent Director and Audit Committee
Independent Director	Wen Chen, Huang	0	BA., Department of Industrial Management Science of the National Cheng Kung University	China Development Financial Holding Corp/ Assistant Manager	ALPHA Optical Co., Ltd./ Director Independent Director, Remu-

Category	Name	Shareholding (Shares)	Education	Experience	Current Posts
			School of Management MBA, NCCU MBA Program	CDIB & Partners Investment Holding Corporation/ Senior Manager The CID Group Ltd./ Vice Pres- ident Elite Advanced Laser Corpora- tion/ Director	neration and Auditing Com- mittee of the Company
Independent Director	Chun-Chi, Yang	0	Ph D. Graduate Institute of Busi- ness Administration, National Taiwan University	Dean of Office of International Education, Fu Jen Catholic University Chair of Department of Busi- ness Administration, Fu Jen Catholic University Elite Advanced Laser Corpora- tion/ Independent Director	Professor of Department of Business Administration, Fu Jen Catholic University Director of Center for Sustain- able Development and Man- agement, Fu Jen Catholic Uni- versity Wonderful Hi-Tech Co., Ltd. / Independent Director and Au- dit Committee Powertech Industrial Co., Ltd. Independent Director, Remu- neration and Auditing Com- mittee Makalot Industrial Co., Ltd. /Independent Director, Remu-

Category	Name	Shareholding (Shares)	Education	Experience	Current Posts
					neration and Auditing Committee
Independent Director	Chi-Yu, Yang	0	National Chengchi University MBA in Finance	Advanced Power Electronics Co., Ltd./ Director	LandMark Optoelectronics Corporation/ Director & CFO Elite Advanced Laser Corporation/ Independent Director, Remuneration and Auditing Committee The CID Group Inc./ Partner Equity Dynamic Asia Limited/ Director Prime Reliance Investment Limited/ Director Ruicheng Investment Limited/ Director

(Note) The number of shares held by directors as recorded in the shareholders register as of the closing date March 29,2024 for current shareholders meeting.

## Appendix I

### GEM Services, Inc. Rules of Procedure for Shareholders Meetings

1. To establish a strong governance system and sound supervisory capabilities for the shareholders meetings of GEM Services, Inc. (“GEM”), and to strengthen management capabilities, the Rules of Procedure for Shareholders Meetings (“Rules”) are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
2. The rules of procedures for GEM's shareholders meetings, except as otherwise provided by law, regulation, or the articles of association, shall be as provided in these Rules.
3. Unless otherwise provided by law or regulation, GEM's shareholders meetings shall be convened by the Board of Directors (“BOD”).

Changes to how GEM convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

GEM 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, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. GEM 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. If, however, GEM has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In additions, before 15 days before the date of the shareholders meeting, GEM 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 GEM and the professional shareholder services agent designated thereby.

GEM 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, amendments to the articles of association, 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 distributes in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of GEM , or any matter under Article 185, paragraph 1 of the Company Act or Article 26-1 and 43-6 of the Securities and Exchange Act and Article 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 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 1 percent or more of the total number of issued shares may submit to GEM 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 BOD 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, GEM 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, GEM 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 BOD shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

4. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by GEM 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 GEM before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to GEM, 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 GEM before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to GEM, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to GEM 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.

5. The venue for a shareholders meeting shall be the premises of GEM, 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 GEM convenes a virtual-only shareholders meeting.

6. GEM shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") 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 shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. GEM 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.

GEM 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.

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

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 GEM two days before the meeting date.

In the event of a virtual shareholders meeting, GEM 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.

6.1 To convene a virtual shareholders meeting, GEM shall include the following 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.

7. If a shareholders meeting is convened by the BOD, 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 GEM.

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 BOD be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one independent director in person and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the BOD, 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.

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

8. GEM, 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, GEM shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by GEM, 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 GEM 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, GEM is advised to audio and video record the back-end operation interface of the virtual meeting platform.

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 and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

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, GEM 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 1 month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to GEM 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.

10. If a shareholders meeting is convened by the BOD, the meeting agenda shall be set by the BOD. 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 BOD.

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 BOD 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.

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.

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 GEM, 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 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

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 GEM 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 GEM 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 GEM before 2 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 GEM, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in GEM's articles of association, 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 GEM.

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 number of votes, shall be announced on-site at the meeting, and a record made of the vote.

When GEM 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 GEM 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.

14. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by GEM, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and numbers of votes they received.

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.

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.

GEM 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. The minutes shall be retained for the duration of the existence of GEM.

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, GEM shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

16. On the day of a shareholders meeting, GEM shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, GEM 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 GEM'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 regulations, GEM shall upload the content of such resolution to the MOPS within the prescribed time period.



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 GEM, 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.

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 5 days in accordance with Article 182 of the Company Act.

19. In the event of a virtual shareholders meeting, GEM 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.
20. When GEM 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.
21. 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 first 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 first 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.

When GEM convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in first 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 first 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 first paragraph, GEM 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, GEM shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the first paragraph.

22. When convening a virtual-only shareholders meeting, GEM shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.
23. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be affected in the same manner.

## Appendix II

### GEM Services, Inc. Procedures for Election of Directors

- Article 1. To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2. Except as otherwise provided by law and regulation or by GEM's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.
- Article 3. The overall composition of the board of directors shall be taken into consideration in the selection of GEM'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.

If the chairman of the board of directors and the general manager or equivalent positions are the same person or each other's spouses or relatives, the number of inde-

pendent directors shall not be less than four, but if the number of directors exceeds 15, the number of independent directors shall not be less than five, and more than half of the directors shall not concurrently serve as employees or managers.

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

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

The election of independent directors of GEM 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. Elections of directors at GEM 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 director for any reason, GEM shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in GEM's articles of incorporation, GEM shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6. The cumulative voting method shall be used for election of the directors at GEM. 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.

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Article 8. The number of directors will be as specified in GEM'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 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 the 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 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 GEM shall issue notifications to the persons elected as directors.

Article 13. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

### Appendix III

## GEM Services, Inc.

### Shareholdings of All Directors

Record Date: March 29, 2024

Title	Name	Date elected	Current Shareholding (Shares)
Chairman	Cheng, Chu-Liang	July 21,2021	207,000
Vice Chair- man	Huang, Wen-Hsing	July 21,2021	264,000
Director	Chen, Tay-Jen	July 21,2021	240,990
Director	Pan, Wei-Chung	July 21,2021	-
Director	Sung, Tien-Tseng (Representative of ELITE AD- VANCED LASER CORPORATION)	July 21,2021	65,809,451
Independent Director	Yeh, Shu	July 21,2021	-
Independent Director	Wen, Sen-Tai	July 21,2021	-
Independent Director	Huang, Wen Chen	July 21,2021	-
Independent Director	Lee, Yueh-Li	July 21,2021	-
<b>Total</b>			<b>66,521,441</b>

Note 1: Total shares issued as of 3/29/2024: 129,047,384 common shares.

Note 2: According to Article 26 of the Securities and Exchange Act and Article 2, Paragraph 1, Subparagraph 7 and Paragraph 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies: the minimum number of shares that shall be held by all directors of the Company is 8,000,000.

## **Appendix IV**

### **Any proposals raised by shareholders**

#### **Explanatory Notes**

1. In accordance with Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

2. The period is from March 22, 2024 to April 1, 2024 for accepting such proposals, It has been announced on the market observation post system according to law.
3. Any proposals raised by shareholders in accordance with Article 172-1 of the Company Act: None.



**Appendix IV**

**THE COMPANIES ACT (REVISED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

**OF**

**GEM SERVICES, INC.**

(as adopted by a Special Resolution dated on May 31, 2023)

**THE COMPANIES ACT (REVISED)**  
**OF THE CAYMAN ISLANDS**  
**COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION**  
**OF**  
**GEM SERVICES, INC.**

(as adopted by a Special Resolution dated on May 31, 2023)

1. The name of the Company is **GEM SERVICES, INC.**.
2. The registered office of the Company shall be at the offices of International Corporation Services Ltd., PO Box 472, 2<sup>nd</sup> Floor, Harbour Place, Grand Cayman, KY1-1106, Cayman Islands, or at such other place as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act (Revised) or as the same may be revised from time to time, or any other law of the Cayman Islands.
4. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
5. The authorised capital of the Company is New Taiwan Dollars 2,500,000,000 divided into 250,000,000 ordinary shares of par value New Taiwan Dollars 10.00 each provided always that subject to the provisions of the Companies Act (Revised) as amended and the Articles of Association, the Company shall have power to redeem or purchase any or all of such shares and to issue all or any part of its capital with priority or subject to any conditions or restrictions whatsoever and 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.
6. The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

7. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

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**THE COMPANIES ACT (REVISED)**  
**OF THE CAYMAN ISLANDS**  
**COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED ARTICLES OF ASSOCIATION**  
**OF**  
**GEM SERVICES, INC.**

(as adopted by a Special Resolution dated on May 31, 2023)

**1 Interpretation**

- 1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

<b>“Acquisition”</b>	means a transaction of acquiring shares, business or assets of another company and the consideration for the transaction being the shares, cash or other assets, as defined and interpreted pursuant to the Enterprise Mergers and Acquisitions Law.
<b>“Applicable Public Company Rules”</b>	means the R.O.C. laws, rules and regulations stipulating public reporting companies or companies listed on any R.O.C. stock exchange or securities market, including, without limitation, the relevant provisions of the Company Law, Securities and Exchange Law, the Enterprise Mergers and Acquisitions Law, the rules and regulations promulgated by the Ministry of Economic Affairs, the rules and regulations promulgated by the Financial Supervisory Commission (“ <b>FSC</b> ”), the rules and regulations promulgated by the Taiwan Stock Exchange (“ <b>TWSE</b> ”) and the Acts Governing Relations Between Peoples of the Taiwan Area and the Mainland Area and its relevant regulations.
<b>“Annual Net Income”</b>	means the audited annual net profit of the Company in respect of the applicable year.

<b>"Articles"</b>	means these articles of association of the Company, as originally adopted or as from time to time altered by Special Resolution.
<b>"Company"</b>	means the above named company.
<b>"Directors"</b>	means the directors for the time being of the Company (includes any and all Independent Director(s)).
<b>"Electronic Record"</b>	has the same meaning as in the Electronic Transactions Act.
<b>"Electronic Transactions Act"</b>	means the Electronic Transactions Act (As Revised) of the Cayman Islands.
<b>"Independent Directors"</b>	means the Directors who are elected by the Members at a general meeting and designated as "Independent Directors" for the purpose of the Applicable Public Company Rules which are in force from time to time.
<b>"Legal Reserve"</b>	means, after the Company has covered its losses and all taxes have been paid and at the time of distributing surplus profits, a certain percent of such profits that the Company shall first set aside as a legal reserve in accordance with the Applicable Public Company Rules. However when the accumulated Legal Reserve has reached the total paid-up capital of the Company, this requirement shall not apply.
<b>"Mainland Area"</b>	means the territory of the R.O.C. outside the Taiwan Area.
<b>"Mainland Area Investors"</b>	means the investors of the Mainland Area, as defined under the Acts Governing Relations Between Peoples of the Taiwan Area and the Mainland Area and its relevant regulations.
<b>"Market Observation Post System"</b>	means the internet information reporting system designated by the FSC.
<b>"M&amp;A"</b>	means Merger, Acquisition and Spin-off.

<b>"Member"</b>	has the same meaning as in the Statute.
<b>"Memorandum"</b>	means the memorandum of association of the Company, as originally adopted or as from time to time altered by Special Resolution.
<b>"Merger"</b>	means a transaction whereby (i) all of the companies participating in such transaction are dissolved, and a new company is incorporated to generally assume all rights and obligations of the dissolved companies or (ii) all but one company participating in such transaction are dissolved, and the surviving company generally assumes all rights and obligations of the dissolved companies, and in each case the consideration for the transaction being the shares of the surviving or newly incorporated company or any other company, cash or other assets.
<b>"Short-form Merger"</b>	means a Merger in which one of the merging companies holds issued shares that together represent at least 90% of the voting power of the outstanding shares of the other merging company.
<b>"Ordinary Resolution"</b>	means a resolution passed by a simple majority of votes cast by the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting.
<b>"Private Placement"</b>	means obtaining subscriptions for, or the sale of, Shares, options, warrants, rights of holders of debt or equity securities which enable those holders to subscribe further securities (including Shares), or other securities of the Company, either by the Company itself or a person authorized by the Company, primarily from or to specific investors or approved by the Company or such authorized person, but excluding any employee incentive programme or subscription agreement, warrant, option or issuance of Shares under Articles 11.1 to 11.4 of these Articles.
<b>"Register of Members"</b>	means the register of members maintained in accordance

	with the Statute and includes (except where otherwise stated) any duplicate Register of Members.
<b>"Registered Office"</b>	means the registered office for the time being of the Company.
<b>"R.O.C."</b>	means the Republic of China.
<b>"Seal"</b>	means the common seal of the Company and includes every duplicate seal.
<b>"Share" and "Shares"</b>	means a share or shares in the Company and includes a fraction of a share.
<b>"Share Certificate" and "Share Certificates"</b>	means a certificate or certificates representing a Share or Shares.
<b>"Simple Majority"</b>	means more than one-half.
<b>"Share Exchange"</b>	means a company transferring all its issued shares to another company in exchange for shares, cash or other assets in that company as the consideration for shareholders of the transferring company.
<b>"Short-form Share Exchange"</b>	means a parent company acquires, by way of a Share Exchange, its subsidiary company wherein at least 90% of the voting power of the outstanding shares of the subsidiary company are held by the parent company.
<b>"Solicitor"</b>	means any Member, a trust enterprise or a securities agent mandated by Member(s) who solicits an instrument of proxy from any other Member to appoint him/her/it as a proxy to attend and vote at a general meeting instead of the appointing Member pursuant to the Applicable Public Company Rules.
<b>"Special Resolution"</b>	Subject to the Statute, means a resolution passed at a general meeting of the Company by a majority of at least two-thirds of the votes cast by such Members who, being entitled to do so, vote in person or by their proxies, or, in the case of Members that are corporations or other non-natural person, by their duly authorised representa-

tives by computing the number of votes to which each Member is entitled.

**"Spin-off"**

refers to an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to give shares, cash or other assets to the transferor company or shareholders of that company.

**"Short-form Spin-off"**

means a parent company effects a Spin-off with its subsidiary company wherein at least 90% of the voting power of the outstanding shares of the subsidiary company are held by the parent company, and whereby the parent company is the transferee company assuming the business and the subsidiary company is the divided company acquiring the total amount of consideration for the business transferred.

**"Statute"**

means the Companies Act (Revised) of the Cayman Islands, as amended, and every statutory modification or re-enactment thereof for the time being in force.

**"Subsidiary" and "Subsidiaries"**

means (i) a subordinate company in which the total number of voting shares or total share equity held by the Company represents more than one half of the total number of issued voting shares or the total share equity of such subordinate company; or (ii) a company in which the total number of shares or total share equity of that company held by the Company, its subordinate companies and its controlled companies, directly or indirectly, represents more than one half of the total number of issued voting shares or the total share equity of such company.

**"Supermajority Resolution"**

means (i) a resolution adopted by a majority vote of the Members present and entitled to vote on such resolution at a general meeting by Members (including Members who attends in person, by proxy or, in the case of Mem-



bers that are corporations or other non-natural person, by their duly authorised representatives) who represent two-thirds or more of the total outstanding Shares of the Company or, (ii) if the total number of Shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding Shares of the Company, but more than half of the total outstanding Shares of the Company, a resolution adopted at such general meeting by the Members who represent two-thirds or more of the Shares present and entitled to vote on such resolution.

<b>“Taiwan Area”</b>	means Taiwan, Penghu, Kinmen, Matsu, and any other area under the effective control of the R.O.C. government.
<b>“TDCC”</b>	means the Taiwan Depository & Clearing Corporation.
<b>“Treasury Shares”</b>	means a Share purchased and held in the name of the Company as a treasury share in accordance with the Statute and the Applicable Public Company Rules.
<b>“TWSE”</b>	means the Taiwan Stock Exchange

## 1.2 In the Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing the masculine gender include the feminine gender;
- (c) words importing persons include corporations;
- (d) "written" and "in writing" include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- (e) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
- (f) any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

- (g) headings are inserted for reference only and shall be ignored in construing the Articles; and
- (h) Section 8 of the Electronic Transactions Act shall not apply.
- (i) Applicable Public Company Rules shall not apply until the Company has become a public company pursuant to Applicable Public Company Rules.

## **2 Commencement of Business**

- 2.1 After incorporation, the Company may operate its business at the time the board of Directors deems fit. The Company shall operate its business in compliance with the Applicable Public Company Rules and business ethics, and may perform actions that promote the public interest to fulfil the social responsibility of the Company in accordance with the Applicable Public Company Rules and business ethics.
- 2.2 The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

## **3 Issue of Shares**

- 3.1 Subject to the provisions, if any, in the Statute, the Memorandum, the Articles and Applicable Public Company Laws (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing Shares, the board of Directors may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and the Company shall have power to redeem, purchase, spin-off or consolidate any or all of such Shares and to issue all or any part of its capital whether 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.
- 3.2 The Company shall not issue Shares to bearer.
- 3.3 The Company shall not issue any unpaid Shares or partly paid-up Shares.

## **4 Register of Members**

- 4.1 The board of Directors shall keep, or cause to be kept, the Register of Members at such place as the board of Directors may from time to time determine and, in the absence of any such determination, the Register of Members shall be kept at the Registered Office.
- 4.2 If the board of Directors consider it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the board of Directors think fit. The principal register and the branch register(s) shall together be treated as the Register of Members for the purposes of the Articles.
- 4.3 For so long as any Shares are listed on the TWSE, title to such listed Shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the TWSE that are or shall be applicable to such listed Shares and the Register of Members maintained by the Company in respect of such listed Shares may be kept by recording the particulars required by section 40 of the Statute in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the TWSE that are or shall be applicable to such listed Shares.

## **5 Closing Register of Members or Fixing Record Date**

- 5.1 For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend, or in order to make a determination of Members for any other purpose, the board of Directors shall determine the period that the Register of Members shall be closed for transfers and such period shall not be less than the minimum period of time prescribed by the Applicable Public Company Rules.
- 5.2 Subject to Article 5.1 hereof, in lieu of, or apart from, closing the Register of Members, the board of Directors may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or in order to make a determination of Members for any other purpose. In the event the board of Directors designates a record date in accordance with this Article 5.2, the board of Directors shall make a public announcement of such record date via the Market Observation Post System in accordance with the Applicable Public Company Rules.
- 5.3 The rules and procedures governing the implementation of book closed periods of the Register of Members, including notices to Members in regard to book closed periods of the

Register of Members, shall be in accordance with policies adopted by the board of Directors from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.

## **6 Share Certificates**

- 6.1 Subject to the provisions of the Statute, the Memorandum and Articles and the Applicable Public Company Rules, the Company shall issue Shares without printing Share Certificates for the Shares issued and the Shares shall be delivered by book-entry transfer, and in accordance with the Applicable Public Company Rules, the issuance, transfer or cancellation of the Shares shall be handled in accordance with the relevant rules of the central securities depository. A Member shall only be entitled to a Share Certificate if the board of Directors resolves that Share Certificates shall be issued. Share Certificates, if any, shall be in such form as the board of Directors may determine. Share Certificates shall be signed by one or more Directors authorised by the board of Directors. The board of Directors may authorise Share Certificates to be issued with the authorised signature(s) affixed by mechanical process. All Share Certificates shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All Share Certificates surrendered to the Company for transfer shall be cancelled and subject to the Articles. No new Share Certificate shall be issued until the former Share Certificate representing a like number of relevant Shares shall have been surrendered and cancelled.
- 6.2 In the event that the board of Directors resolve that Share Certificates shall be issued pursuant to Article 6.1 hereof, the Company shall deliver the Share Certificates to the subscribers within thirty days from the date such Share Certificates may be issued pursuant to the Statute, 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.
- 6.3 No Shares may be registered in the name of more than one Member.
- 6.4 If a Share Certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the board of Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old Share Certificate.

## **7 Preferred Shares**

- 7.1 The Company may issue Shares with rights which are preferential to those of ordinary Shares issued by the Company ("**Preferred Shares**") with the approval of a majority of the

Directors present at a meeting attended by two-thirds or more of the total number of the Directors and with the approval of a Special Resolution.

7.2 Prior to the issuance of any Preferred Shares approved pursuant to Article 7.1 hereof, the Articles shall be amended to set forth the rights and obligations of the Preferred Shares, including but not limited to the following terms, and provided that such rights and obligations of the Preferred Shares shall not contradict the mandatory provisions of Applicable Public Company Rules regarding the rights and obligations of such Preferred Shares, and the same shall apply to any variation of rights of Preferred Shares:

- (a) The total number of Preferred Shares that have been authorised to be issued and the numbers of the Preferred Shares already issued;
- (b) Order, fixed amount or fixed ratio of allocation of Dividends and bonus on Preferred Shares;
- (c) Order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
- (d) Order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of preferred Members;
- (e) Other matters concerning rights and obligations incidental to Preferred Shares; and
- (f) The method by which the Company is authorized or compelled to redeem the Preferred Shares, or relevant regulations that redemption rights shall not apply.

## **8 Issuance of New Shares**

8.1 The issue of new Shares of the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new Shares shall at all times be subject to the sufficiency of the authorised capital of the Company.

8.2 Unless otherwise resolved by the Members in general meeting by Ordinary Resolution, where the Company increases its capital by issuing new Shares for cash, the Company shall, after reserving Shares for Public Offering (defined below) and Shares for Employees' Subscription (defined below) in accordance with Article 8.3, make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of any new Shares issued in the capital increase in cash. A waiver of such pre-emptive right may be approved at the same general meeting where the subject issuance of new Shares is approved by the Members. The Company shall

state in such announcement and notices to the Members that if any Member fails to purchase his/her/its pro rata portion of the newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to purchase the newly-issued Shares. Subject to Article 6.3, in the event that Shares held by a Member are insufficient for such Member to exercise the pre-emptive right to purchase one newly-issued Share, Shares held by several Members may be calculated together for joint purchase of newly-issued Shares or for purchase of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may offer any un-subscribed new Shares to be issued to the public in R.O.C. or to specific person or persons according to the Applicable Public Company Rules.

- 8.3 Where the Company increases its capital in cash by issuing new Shares in R.O.C., the Company shall allocate 10% of the total amount of the new Shares to be issued, for offering in R.O.C. to the public unless it is not necessary or appropriate, as determined by the board of Directors according to the Applicable Public Company Rules and/or the instruction of the FSC, or TWSE, for the Company to conduct the aforementioned public offering. Provided however, if a percentage higher than the aforementioned 10% is resolved by a general meeting to be offered, the percentage determined by such resolution shall prevail ("**Shares for Public Offering**"). The Company may reserve 10% to 15% of the total amount of the new Shares to be issued for the subscription by the employees of the Company and its Subsidiaries ("**Shares for Employees' Subscription**"). The Company may restrain the shares subscribed by the aforementioned employees from being transferred or assigned to others within a specific period of time which shall in no case be longer than two years.
- 8.4 Members' rights to subscribe for newly-issued Shares may be transferred independently from the Shares from which such rights are derived. The rules and procedures governing the transfer of rights to subscribe for newly-issued Shares shall be in accordance with policies established by the Company from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.
- 8.5 The pre-emptive right of Members provided under Article 8.2 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 with another company, or the Spin-off of the Company, or pursuant to any reorganization of the Company; (b) in connection with meeting the Company's obligations under Share subscription warrants and/or options, including those referenced in Articles 11.1 to 11.4 ; (c) in connection with meeting the Company's obligations

under convertible bonds or corporate bonds vested with rights to acquire Shares; (d) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire Shares; (e) in connection with a Private Placement; (f) in connection with the issue of Restricted Shares in accordance with Article 8.7; or (g) other matters in accordance with the Applicable Public Company Rules.

- 8.6 The periods of notice and other rules and procedures for notifying Members and implementing the exercise of the Members' pre-emptive rights shall be in accordance with policies established by the board of Directors from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.
- 8.7 Subject to the provisions of the Statute and the Applicable Public Company Rules, the Company may, with the approval of a Supermajority Resolution in a general meeting, issue new Shares with restricted rights to the employees of the Company and its Subsidiaries ("**Restricted Shares**") and the provision of Article 8.2 shall not apply to any such issue of Restricted Shares. The terms of issue of Restricted Shares, including, but not limited to the number, issue price and other relevant conditions shall comply with the Applicable Public Company Rules.
- 8.8 Subject to the provisions of the Statute and the Applicable Public Company Rules, the Company may, by resolutions of the Members passed at a general meeting attended by Members who represent a majority of the issued, outstanding Shares and approved by the Members who represent two-thirds or more of the Shares present and entitled to vote on such resolution, conduct Private Placements, and shall comply with the Applicable Public Company Rules to determine, *inter alia*, the purchaser(s), the types of securities, the determination of the offer price, and the restrictions on transfer of securities of such Private Placement.
- 8.9 Subject to the provisions of the Applicable Public Company Rules, when the total number of new Shares in issue has been subscribed to in full, the Company shall immediately send a call notice to the subscribers for unpaid Shares. Where Shares are issued at a price higher than par value, the premium and the par value shall be collected at the same time. Where the subscriber delays payment for subscribing to the Shares, the Company shall designate a cure period of not less than one month by serving a notice on him/her/it requiring such payment. The Company shall also declare in the notice that in case of default of payment within the said cure period, the subscriber's right to subscribe to new Shares shall be forfeited. After the Company has made such request, the subscribers who fail to settle the outstanding payment accordingly shall forfeit their rights to subscribe to the

Shares and the Shares subscribed by them in the first place shall be otherwise offered by the Company.

## **9 Transfer of Shares**

- 9.1 Subject to the Statute and the Applicable Public Company Rules, Shares issued by the Company may be freely transferable.
- 9.2 Subject to these Articles and the Applicable Public Company Rules, any Member may transfer all or any of his Shares by an instrument of transfer.
- 9.3 The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.
- 9.4 The board of Directors may approve to effect transfers of Shares which are not issued physically through relevant systems (including systems of TDCC) without executing share transfer documents. With respect to non-physically issued shares, the Company shall notify holders of these shares to provide (or have a third party designated by such holders to provide) instruction(s) necessary for transfers of shares through relevant systems according to the requirement, equipment and demand of those systems, provided however, that such instructions shall not violate these Articles, Statute and the Applicable Public Companies Rules.

## **10 Redemption and Repurchase of Shares**

- 10.1 Subject to the provisions of the Statute, the Memorandum, and the Articles, the Company may purchase its own Shares in the manner and terms to be resolved by the board of Directors from time to time. Notwithstanding the foregoing, for so long as any Shares are listed on the TWSE, the Company may purchase its own shares on such terms as are approved by resolutions of the Directors passed at a meeting of the board of Directors attended by more than two-thirds of members of the board and approved by a majority of the Directors present at such meeting, provided that any such repurchase shall be in accordance with the Applicable Public Company Rules. In the event that the Company proposes to purchase any Shares listed on the TWSE pursuant to this Article, the approval of the board of Directors and the implementation thereof shall be reported to the Members at the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall apply even if the Company does not implement the repurchase proposal for any reason.
- 10.2 Subject to the provisions of Cayman Islands law, the Statute, the Memorandum, and the Articles, the Company may issue Shares that are to be redeemed or are liable to be re-



deemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner as the Company may, by Special Resolution, determine before the issue of the Shares. The Company may make a payment in respect of the redemption of its own Shares in any manner (including out of capital) out of its legally available funds. The foregoing matter shall be made in accordance with the Applicable Public Company Rules as applied to the Company.

- 10.3 The board of Directors may, upon the purchase or redemption of any Share under Articles 10.1 to 10.7, determine that such Share shall be held as Treasury Share ("**Repurchased Treasury Shares**"). For Treasury Shares, no dividends shall be distributed or paid, nor shall any distribution of the Company's assets be made (whether in cash or by other means) (including any assets distribution to the Members when the Company is winding up).
- 10.4 Subject to the provisions of the Statute, the Memorandum and the Articles, the board of Directors may determine to cancel a Treasury Share or transfer a Treasury Share to the employees on such terms as they think proper (including, without limitation, for nil consideration). The foregoing matter shall be made in accordance with the Applicable Public Company Rules as applied to the Company.
- 10.5 If the Company repurchases any Shares traded on the TWSE and proposes to transfer the Repurchased Treasury Shares to any employees of the Company or its Subsidiaries at the price below the average repurchase price paid by the Company for Repurchased Treasury Shares (the "**Average Purchase Price**") the Company shall require the approval of a resolution of the Members passed at a general meeting attended by Members who represent a majority of the issued, outstanding Shares and approved by the Members who represent two-thirds or more of the Members present and entitled to vote on such resolution, and shall specify such motion in the meeting notice of that general meeting in accordance with the Applicable Public Company Rules which shall not be brought up as an ad hoc motion:
  - (a) The transfer price, discount rate, calculation basis and reasonability;
  - (b) Number of shares transferred, purpose and reasonability;
  - (c) Qualification of employees' subscription and number of shares employees may subscribe; and
  - (d) Matters affecting equity of the Members:

- (i) Amounts that may become expenditures, and the dilution of earnings per share of the Company; and
- (ii) Explain the financial burden caused to the Company by transfer of shares to employees at a price lower than the Average Purchase Price.

- 10.6 The aggregate number of Treasury Shares to be transferred to employees pursuant to Article 10.4 and the aggregate number of Treasury Shares transferred to any individual employee shall be subject to the Applicable Public Company Rules as applied to the Company and shall not exceed the stipulated percent of the Company's total outstanding Shares as at the date of transfer of any Treasury Shares to the employee. The Company may impose restrictions on the transfer of such Shares by the employee for a period of no more than two years.
- 10.7 Notwithstanding anything to the contrary contained in Articles 10.1 to 10.6, and subject to the Statute, the Memorandum and Articles and the Applicable Public Company Rules, the Company may, with the approval of an Ordinary Resolution, compulsorily redeem or repurchase Shares, provided that such Shares shall be cancelled upon redemption or repurchase and such redemption or repurchase will be effected pro rata based on the percentage of shareholdings of the Members. Payments in respect of any such redemption or repurchase, if any, may be made either in cash or by distribution of specific assets of the Company, as specified in the Ordinary Resolution approving the redemption or repurchase, provided that (a) the relevant Shares will be cancelled upon such redemption or repurchase and will not be held by the Company as Treasury Shares, and (b) where assets other than cash are distributed to the Members, the type of assets, the value of the assets and the corresponding amount of such substitutive distribution shall be (i) assessed by an R.O.C. certified public accountant before being submitted to the Members for approval and (ii) agreed to by the Member who will receive such assets. The foregoing matter shall be made in accordance with the Applicable Public Company Rules as applied to the Company.

## **11 Employee Incentive Programme**

- 11.1 Notwithstanding the provision of Article 8.7 Restricted Shares, 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 incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries. The rules and procedures governing such incentive programme(s) shall be in accordance with policies established by the board of Directors from time to time in accordance with the Statute, the Memorandum and the Articles. The foregoing matter shall

be made in accordance with the Applicable Public Company Rules as applied to the Company.

- 11.2 Options, warrants or other similar instruments issued in accordance with Article 11.1 above are not transferable save by inheritance.
- 11.3 The Company may enter into relevant agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 11.1 above, whereby employees may subscribe, within a specific period of time, a specific number of the Shares. The terms and conditions of such agreements shall be no less restrictive on the relevant employee than the terms specified in the applicable incentive programme.
- 11.4 Directors of the Company and its Subsidiaries shall not be eligible for the employee incentive programmes under Article 8.7 or this Article 11.1, provided that directors who are also employees of the Company or its Subsidiaries may participate in an employee incentive programme in their capacity as an employee (and not as a director of the Company or its Subsidiaries).

## **12 Variation of Rights of Shares**

- 12.1 If at any time the share capital of the Company 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 that class. Notwithstanding the foregoing, if any modification or alteration in the Articles is prejudicial to the preferential rights of any class of Shares, such modification or alteration shall be adopted by a Special Resolution and shall also be adopted by a Special Resolution passed at a separate meeting of Members of that class of Shares.
- 12.2 The relevant provisions of the Articles relating to general meetings shall apply to every class meeting of the holders of the same class of the Shares.
- 12.3 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.

## **13 Transmission of Shares**

- 13.1 If a Member dies, the survivor or survivors where he/she was a joint holder, or his/her legal personal representatives where he/she was a sole holder, shall be the only persons rec-

ognised by the Company as having any title to his interest. The estate of a deceased Member is not thereby released from any liability in respect of any Share which had been jointly held by him/her.

- 13.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any way other than by transfer) shall give written notice to the Company and, upon such evidence being produced as may from time to time be required by the board of Directors, may elect, by a notice in writing sent by him/her/it, either to become the holder of such Share or to have some person nominated by him/her/it become the holder of such Share.

#### **14 Amendments of Memorandum and Articles of Association and Alteration of Capital**

- 14.1 Subject to the provisions of the Statute, the Articles and the Applicable Public Company Rules, the Company may by Special Resolution:

- (a) change its name;
- (b) alter or add to these 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; and
- (e) increase its authorised share capital or cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person, provided that in the event of any change to its authorised share capital, the Company shall also procure the amendment of its Memorandum by Members at a general meeting to reflect such change.

- 14.2 Subject to the provisions of the Statute, the Articles and the Applicable Public Company Rules, the Company shall by a Supermajority Resolution:

- (a) sell, transfer or lease of whole business of the Company or other matters which has a material effect on the Members' rights and interests;
- (b) discharge or remove any Director;
- (c) approve any action by any Director(s) who is engaging in business for him/her/itself or on behalf of another person that is within the scope of the Company's business;

- (d) effect any capitalization of distributable Dividends and/or bonuses and/or any other amount prescribed under Article 35 hereof;
  - (e) distribute its Legal Reserve, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash;
  - (f) effect any Merger (other than a Short-form Merger) or Spin-off (other than a Short-form Spin-off), provided that any Merger which falls within the definition of “merger and/or consolidation” under the Statute shall also be subject to the requirements of the Statute;
  - (g) enter into, amend, or terminate any agreement for lease of the Company's whole business, or for entrusted business, or for frequent joint operation with others;
  - (h) transfer its business or assets, in whole or in any essential part, provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;
  - (i) acquire or assume the whole business or assets of another person, which has material effect on the Company's operation; and
  - (j) Share Exchange.
- 14.3 Subject to the provisions of the Statute, the Articles, and the Applicable Public Company Rules, with regard to the dissolution procedures of the Company, the Company shall pass
- (a) a Supermajority Resolution, if the Company resolves that it be wound up voluntarily because it is unable to pay its debts as they fall due; or
  - (b) a Special Resolution, if the Company resolves that it be wound up voluntarily for reasons other than the reason stated in Article 14.3(a) above.
- 14.4 When the Company returns share capital according to the Statute, and the Articles, the share capital shall be returned in proportion to the shareholdings of the Members.
- 14.5 Notwithstanding anything in the Articles to the contrary, if the Company effects (i) a Merger and is dissolved thereafter, (ii) a general transfer of substantially all of its business or assets, (iii) a Share Exchange, or (iv) a Spin-off, such that the trading of shares of the Company on the TWSE will be terminated while the surviving, transferee, existing or newly incorporated company, as the case may be, is not a listed company, the resolution of the

general meeting of the Company shall be adopted by the votes of the shareholders who represent two-thirds or more of the total number of issued shares of the Company.

## **15 Registered Office**

Subject to the provisions of the Statute, the Company may by resolution of the board of Directors change the location of its Registered Office.

## **16 General Meetings**

- 16.1 All general meetings other than annual general meetings are extraordinary general meetings.
- 16.2 The Company shall hold a general meeting as its annual general meeting within six months following the end of each fiscal year, and shall specify the meeting as such in the notices calling it. At these meetings, the report of the Directors (if any) shall be presented.
- 16.3 The Company shall hold an annual general meeting every year.
- 16.4 The general meetings shall be held at such time and place as the Directors shall appoint, or by video conference or in any manner prescribed by the Applicable Public Company Rules. Unless otherwise provided by the Statute or this Article 16.4, the general meetings shall be physically held in R.O.C. For general meetings to be physically held outside R.O.C., the Company shall apply to the TWSE to obtain its approval within two days after the board of Directors resolves to call a general meeting or within two days after the shareholder(s) obtain(s) the approval from competent authorities to convene the same. In addition, where a general meeting is to be held outside R.O.C., the Company shall engage a professional securities agent in R.O.C. to handle the administration of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members). Where a general meeting is held through video conference, the conditions, operating procedures and other matters for compliance with respect to the video conference shall be in accordance with the regulations of the Applicable Public Company Rules. Participation by a shareholder through video conference in a general meeting is treated as presence in person at that meeting.
- 16.5 The board of Directors may call general meetings, and they shall on a Member's requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- 16.6 Member(s) who are entitled to submit a Member's requisition as provided in the preceding Article 16.5 are Member(s) of the Company holding at the date of deposit of the requisition

not less than 3% of the total number of the outstanding Shares at the time of requisition and whose Shares shall have been held by such Member(s) for at least one year.

- 16.7 The requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requisitionists and duly delivered to the Company, and may consist of several documents in like form each signed by one or more requisitionists.
- 16.8 If the board of Directors do not within fifteen days from the date of the deposit of the requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting in accordance with the Applicable Public Company Rules.
- 16.9 Member(s) holding more than 50% of the total issued and outstanding Shares for at least three consecutive months may themselves convene an extraordinary general meeting. The calculation of the holding period of Shares and the number of Shares held by a Member shall be determined based on the starting date of the book closed period of the Register of Members.

## **17 Notice of General Meetings**

- 17.1 At least thirty days' notice to each Member shall be given of any annual general meeting, and at least fifteen days' notice to each Member shall be given of any extraordinary general meeting. The Company may make a public announcement of a notice of general meeting to Members holding less than 1,000 Shares instead of delivering a written notice to such Members. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting, the manner in which the meeting shall be convened, the general nature of the business and other relevant matters and shall be given in the manner hereinafter mentioned, or be given via electronic means if agreed thereon by the Members, or be given in such other manner as may be prescribed by the Company, provided that a general meeting of the Company shall, before the Company has acquired public company status, whether or not the notice specified in this regulation has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed by all the Members (or their proxies) entitled to attend such general meeting.
- 17.2 Before the Company has acquired public company status, the accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any Member entitled to receive notice shall not invalidate the proceedings of that general meeting.

- 17.3 The Company shall, at least thirty days prior to any annual general meeting or at least fifteen days prior to any extraordinary general meeting (as the case may be), make public announcement of the notice of such general meeting, instrument of proxy, the businesses and their explanatory materials of any sanction, discussion, election or removal of Directors and transform such information into electronic format and transmitted the same to the Market Observation Post System in accordance with the Applicable Public Company Rules. If the voting power in any general meeting will be exercised by way of a written ballot, the written ballot and the aforementioned information of such general meeting shall together be delivered to each Member. The Directors shall prepare a meeting handbook of relevant general meeting and supplemental materials in accordance with the Applicable Public Company Rules at least twenty-one days prior to any annual general meeting (or at least fifteen days prior to any extraordinary general meeting), send to or make it available for the Members and transmitted the same to the Market Observation Post System. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or the total shareholding of foreign investors and the Mainland Area Investors reaches 30% or more as recorded in the Register of Members of the general meeting held in the immediately preceding year, transmission of these electronic documents shall be made by at least thirty days before the annual general meeting.
- 17.4 The Company shall prepare a meeting handbook of the relevant general meeting and supplemental materials available for inspection by the Members, which will be placed at the office of the Company and the Company's securities agent, distributed at the meeting venue, and transmitted to the Market Observation Post System within the period required by the Applicable Public Company Rules.
- 17.5 Matters pertaining to (a) election or discharge of Directors, (b) alteration of the Articles, (c) reduction of capital, (d) application to cease public offering, and (e) (i) dissolution, Merger (other than a Short-form Merger), Share Exchange (other than a Short-form Share Exchange) or Spin-off (other than a Short-form Spin-off), (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which has a material effect on the business operation of the Company, and (f) ratification of an action by Director(s) who engage(s) in business for him/her/itself or on behalf of another person that is within the scope of the Company's business, (g) distribution of the whole or a part of the surplus profit of the Company in the form of new Shares, (h) capitalization of the whole or a part of Legal Reserve and capital reserve derived from issuance of new shares at a premium or from gifts received by the Company,



and (i) the Private Placement of any equity-type securities issued by the Company, shall be indicated in the notice of general meeting, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion, and the material content may be placed on the website specified by the R.O.C. competent authorities of securities or by the Company, and the website address link shall be indicated in the notice.

17.6 The board of Directors shall keep the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the office of the Company's registrar (if applicable) and the Company's securities agent located in R.O.C. The Members may request, from time to time, by submitting document(s) evidencing his/her/its interests involved and indicating the designated scope of the inspection, access to inspect, review or make handwritten or mechanical copies of the foregoing documents, and the Company shall request its securities agent to provide the foregoing documents. If a general meeting is called by the board of Directors or any authorized person(s) other than the board of Directors, the person(s) who has called the meeting may request the Company or the securities agent to provide the Register of Members.

17.7 The Company shall make all statements and records prepared by the board of Directors and the report prepared by the Audit Committee, if any, available at the office of its registrar (if applicable) and its securities agent located in R.O.C. in accordance with the Statute and the 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 an inspection and review.

## **18 Proceedings at General Meetings**

18.1 No business shall be transacted at any general meeting unless a quorum is present. Unless otherwise provided in the Statute, the Articles and the Applicable Public Company Rules, Members present in person or by proxy, representing more than one-half of the total outstanding Shares, shall constitute a quorum for any general meeting.

18.2 The board of Directors shall submit business reports, financial statements and proposals for distribution of profits or covering of losses prepared by it for the purposes of annual general meetings of the Company for ratification or approval by the Members as required by the Applicable Public Company Rules. After ratification or approval by the Members as required by the Statute, the Articles and the Applicable Public Company Rules, and the board of Directors shall distribute or make publicly available on the Market Observation Post System the copies of the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or covering of loss, to each Member.

- 18.3 Subject to the Statute, the Articles, and the Applicable Public Company Rules, if a quorum is not present at the time appointed for the general meeting, the chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be no more than two and the total time postponed shall not exceed one hour. If the general meeting has been postponed for two times, but at the postponed general meeting a quorum is still not present, the chairman shall declare the general meeting is dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with the Articles.
- 18.4 If a general meeting is called by the board of Directors, the chairman of the board of Directors shall preside as the chair of such general meeting. In the event that the chairman is on a leave of absence, or is unable to exercise his powers and authorities, the vice chairman of the board of Directors shall act in lieu of the chairman. If there is no vice chairman of the board of Directors, or if the vice chairman of the board of Directors is also on leave of absence, or cannot exercise his powers and authorities, the chairman shall designate a Director to chair such general meeting. If the chairman does not designate a proxy or if such chairman's proxy cannot exercise his powers and authorities, the Directors who are present at the general meeting shall elect one from among themselves to act as the chair at such general meeting in lieu of the chairman. If a general meeting is called by any person(s) other than the board of Directors, the person(s) who has called the meeting shall preside as the chair of such general meeting; and if there is more than one person who has called a general meeting, such persons shall elect one from among themselves to act as the chair of such general meeting.
- 18.5 A resolution put to the vote of the meeting shall be decided on a poll. In computing the required majority when a poll is demanded regard should be had to the number of votes to which each Member is entitled by the Articles.
- 18.6 In the case of an equality of votes, the chairman shall not be entitled to a second or casting vote.
- 18.7 Nothing in the Articles shall prevent any Member from issuing proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution. The Taipei District Court, R.O.C., shall be the court of the first instance for adjudicating any disputes arising out of the foregoing.
- 18.8 Unless otherwise expressly required by the Statute, the Articles or the Applicable Public Company Rules, any matter which has been presented for resolution, approval, confirma-

tion or adoption by the Members at any general meeting may be passed by an Ordinary Resolution.

- 18.9 Subject to the Applicable Public Company Rules, Member(s) holding 1% or more of the total number of issued, allotted, outstanding Shares immediately prior to the relevant book closed period may propose to the Company proposal(s) for discussion at an annual general meeting in writing or by means of electronic transmission to the extent and in accordance with the rules and procedures of general meetings proposed by the Directors and approved by an Ordinary Resolution. Other than any of the following situation occurs, proposals proposed by Member(s) shall be included in the agenda where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) where the matter of such proposal may not be resolved by a general meeting, (c) the proposing Member has proposed more than one proposal, (d) such proposal contains more than 300 words, or (e) such proposal is submitted on a day beyond the deadline announced by the Company for accepting the Member's proposals. If the proposal(s) proposed by Member(s) is intended to improve the public interest or fulfil its social responsibilities of the Company, the board of Director may include such proposal(s) in the agenda in accordance with the Applicable Public Company Rules.
- 18.10 Unless the Company has acquired public company status in accordance with the Applicable Public Company Rules, a resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.

## **19 Votes of Members**

- 19.1 Subject to any rights or restrictions attached to any Shares, every Member who is present in person or by proxy shall have one vote for every Share of which he is the holder.
- 19.2 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 all calls or other monies then payable by him in respect of Shares have been paid.
- 19.3 Any objection raised to the qualification of any voter by a Member having voting rights shall be referred to the chairman who shall decide in accordance with the applicable laws.
- 19.4 Votes may be cast either personally or by proxy. A Member may appoint only one proxy under one instrument to attend and vote at a meeting.

- 19.5 A Member holding more than one Share is required to cast the votes in respect of his Shares in the same way on any resolution; provided that a Member who holds Shares for the benefit of others may, to the extent permissible by the provisions of the Statute, cast the votes of the Shares in different ways in accordance with the Applicable Public Company Rules.
- 19.6 Upon convening a general meeting of the Members, the Company shall include voting by way of an electronic transmission as one of the methods of exercising voting power as well as voting by written ballot. Where these methods of exercising voting power are to be available at a general meeting, they shall be described in the general meeting notice given to the Members in respect of the relevant general meeting, and the Member voting by written ballot or electronic transmission shall submit such vote to the Company two days prior to the date of the relevant general meeting. In case that there are duplicate submissions, the first received by the Company shall prevail. A Member exercising voting power by way of a written ballot or by way of an electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to exercise his or her voting right at such general meeting in accordance with the instructions stipulated in the written or electronic document; provided, however, that such appointment shall be deemed not to constitute the appointment of a proxy for the purposes of the Applicable Public Company Rules. The chairman, acting as proxy of a Member, shall not exercise the voting right of such Member in any way not stipulated in the written or electronic document, nor exercise any voting right in respect of any resolution revised at the meeting or any impromptu proposal at the meeting. A Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc resolution or amendment to the original agenda items to be resolved at the said general meeting. Should the chairman not observe the instructions of a Member in exercising such Member's voting right in respect of any resolution, the Shares held by such Member shall not be included in the calculation of votes in respect of such resolution but shall nevertheless be included in the calculation of quorum for the meeting.
- 19.7 A Member who has submitted a vote by written ballot or electronic transmission pursuant to Article 19.6 may, at least two days prior to the date of the relevant general meeting, revoke such vote in the same manner previously used in submitting the vote and such revocation shall constitute a revocation of the proxy deemed to be given to the chairman of the general meeting pursuant to Article 19.6. If a Member who has submitted a written ballot or electronic transmission pursuant to Article 19.6 does not submit such a revocation before the prescribed time, the proxy deemed to be given to the chairman of the general meeting pursuant to Article 19.6 shall not be revoked and the chairman of the general meeting shall exercise the voting right of such Member in accordance with that proxy.

- 19.8 If, subsequent to submitting a written ballot or electronic transmission pursuant to Article 19.6, a Member submits a proxy appointing a person of the general meeting as his proxy to attend the relevant general meeting on his behalf, then the subsequent appointment of that person as his proxy shall be deemed to be a revocation of such Member's deemed appointment of the chairman of the general meeting as his proxy pursuant to Article 19.6.

## **20 Proxies**

- 20.1 An instrument of proxy shall be in writing, and be personally signed or sealed under the hand of the appointor, or, if the appointor is a corporation under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
- 20.2 In addition to any restrictions provided by the Statute, the Articles and the Applicable Public Company Rules, obtaining an instrument of proxy for attendance of general meetings shall be subject to the following conditions:
- (a) the instrument of proxy shall not be obtained in exchange for money or any other interest, provided that this provision shall not apply to souvenirs for a general meeting distributed on behalf of the Company or reasonable fees paid by the Solicitor to any person mandated to handle proxy solicitation matters;
  - (b) the instrument of proxy shall not be obtained in the name of others; and
  - (c) an instrument of proxy obtained through solicitation shall not be used as a non-solicited instrument of proxy for attendance of a general meeting.
- 20.3 Except for the securities agent, a person shall not act as the proxy for more than thirty Members. Any person acting as proxy for three or more Members shall submit to the Company or its securities agent (a) a statement of declaration declaring that the instruments of proxy are not obtained for the purpose of soliciting on behalf of himself/herself/itself or others; (b) a schedule showing details of such instruments of proxy; and (c) the signed or sealed instruments of proxy, in each case, five days prior to the date of the general meeting.
- 20.4 The Company may mandate a securities agent to act as the proxy for the Members for any general meeting provided that no resolution in respect of the election of Directors is proposed to be voted upon at such meeting. Matters authorized under the mandate shall be stated in the instructions of the instruments of proxy for the general meeting concerned. A securities agent acting as the proxy shall not accept general authorisation from any Member, and shall, within five days after each general meeting of the Company, prepare a

compilation report of general meeting attendance by proxy comprising the details of proxy attendance at the general meeting, the status of exercise of voting rights under the instrument of proxy, a copy of the contract, and other matters as required by the R.O.C. securities competent authorities, and maintain the compilation report available at the offices of the securities agent.

- 20.5 Except for a Member appointing the chairman of a general meeting as his proxy through written ballot or electronic transmission in the exercise of voting power pursuant to Article 19.6, or for trust enterprises organized under the laws of the R.O.C. or a securities agent approved pursuant to the Applicable Public Company Rules, in the event a person acts as the proxy for two or more Members, the sum of Shares entitled to be voted as represented by such proxy shall be no more than 3% of the total outstanding voting Shares immediately prior to the relevant book closed period; any vote in respect of the portion in excess of such 3% threshold shall not be counted. For the avoidance of doubt, the number of the Shares to be represented by a securities agent mandated by the Company in accordance with Article 20.4 shall not be subject to the limit of 3% of the total number of the outstanding voting Shares set forth herein.
- 20.6 The Shares represented by a person acting as the non-solicited proxy for three or more Members shall not be more than four times of the number of Shares held by such person and shall not exceed 3% of the total number of the outstanding Shares.
- 20.7 In the event that a Member exercises his/her/its voting power by means of a written ballot or by means of electronic transmission and has also authorized a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he/she/it shall, at least two days prior to such general meeting, serve the Company with a separate notice revoking his/her/its previous appointment of 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.
- 20.8 Each Member is only entitled to execute one instrument of proxy to appoint one proxy. The instrument of proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the general meeting, or in any instrument of proxy sent out by the Company not less than five days before the time for holding the general meeting or adjourned general meeting at which the person named in the instrument proposes to vote. In case that there are duplicate instruments of proxy received from the same Member by the Company, the first instrument of proxy received by the Company shall prevail, unless an explicit written statement is made by the relevant

Member to revoke the previous instrument of proxy in the later-received instrument of proxy.

- 20.9 The instrument of proxy shall be in the form approved by the Company and be expressed to be for a particular general 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.
- 20.10 At a general meeting, each instrument of proxy for such meeting shall be tallied and verified by the Company's securities agent or any other mandated securities agent prior to the time for holding the general meeting. The following matters should be verified:
- (a) whether the instrument of proxy is printed under the authority of the Company;
  - (b) whether the instrument of proxy is signed or sealed by the appointing Member; and
  - (c) whether the Solicitor or proxy (as the case may be) is named in the instrument of proxy and whether the name is correct.
- 20.11 The material contents required to be stated in the instruments of proxy, the meeting handbook or other supplemental materials of such general meeting, the written documents and advertisement of the Solicitor for proxy solicitation, the schedule of the instruments of proxy, the proxy form and other documents printed and published under the authority of the Company shall not contain any false statement or omission.
- 20.12 Votes given in accordance with the terms of an instrument of proxy shall be valid unless notice in writing was received by the Company at the Registered Office or at such other place as is specified for that purpose in the notice convening the general meeting, or in any instrument of proxy sent out by the Company at least two days prior to the commencement of the general meeting, or adjourned general meeting at which it is sought to use the proxy. The notice must set out expressly the reason for the revocation of the proxy, whether due to the incapacity or the lack in authority of the principal at the time issuing the proxy or otherwise.
- 20.13 A Member who has appointed a proxy shall be entitled to make a request to the Company or its securities agent for examining the way in which his instrument of proxy has been used, within seven days after the relevant general meeting.

- 20.14 If a general meeting is to be held outside of the R.O.C., the Company shall engage a professional securities agent within the R.O.C. to handle the voting by the Members.

## **21 Proxy Solicitation**

Subject to the provisions of the Statute and the Articles, matters regarding the solicitation of proxies shall be handled in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies of the R.O.C.

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

- 22.1 Subject to the Statute, in the event any of the following resolutions is adopted at a general meeting, any Member who has expressed his/her/its objection therefor in writing or verbally with a record before or during the general meeting, and has casted a veto or forfeited his/her/its voting right during the general meeting may request the Company to buy back all of his/her/its Shares at the then prevailing fair price:

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

The voting right of the Member who has forfeited pursuant to this Article shall not be counted in the number of votes of Members present at the general meeting.

- 22.2 Unless otherwise provided by the Applicable Public Company Rules and the Statute, in the event of a Short-form Merger, a Short-form Spin-off or a Short-form Share Exchange where at least 90% of the voting power of the outstanding shares of the Company are held by other company participating in the such Merger, Spin-off or Share Exchange, the



Company shall deliver a notice to each of the Member immediately after the resolution of board of directors approving such Short-form Merger, Short-form Spin-off or Short-form Share Exchange, and such notice shall state that any Member who expressed his/her/its objection against the Short-form Merger, Short-form Spin-off, or the Short-form Share Exchange within the specified period may submit a written objection requesting the Company to buy back all of his/her/its Shares at the then prevailing fair price.

22.3 Subject to the Statute, the request prescribed in Articles 22.1 and 22.2 shall be delivered to the Company in writing, stating therein the types, numbers and the repurchase price of Shares requested to be repurchased, within twenty days after the date of the relevant resolutions. In the event the requesting Member and the Company have reached an agreement in regard to the repurchase price of the Shares held by such Member, the Company shall pay such price within ninety days after the date on which the resolution was adopted. In the event that no agreement is reached with the dissenting Member, the Company shall pay the fair price it has recognized to such dissenting Member within ninety days since the resolution was made. If the Company fails to pay, the Company shall be considered to be agreeable to the price requested by the dissenting Member.

22.4 Subject to the Statute, in the event that any Member requests the Company to buy back his/her/its Shares pursuant to Article 22.3, and the Company and the requesting Member fail to reach the agreement in regard to the repurchase price of the Shares held by such Member within sixty days after the resolution date, the Company shall apply to any competent R.O.C. court against all the dissenting Members as the opposing party within thirty days after the expiry of the sixty-day period for a ruling on the price of the repurchased Shares, and the Taipei District Court, R.O.C., may be the court of the first instance. Such ruling by such R.O.C. court shall be binding and conclusive as between the Company and the dissenting Members solely with respect to the price of the repurchased Shares.

22.5 Subject to the Statute, the payment of price of the repurchased Shares and the delivery of Share Certificates shall comply with the Applicable Public Company Rules.

## **23 Corporate Members**

A Member, who is a corporation, organization or non-natural person entity, may in accordance with its constitutional documents, or in the absence of relevant provision in its constitutional documents by resolution of its board of directors or other governing body, authorise a person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of such corporate Member which he represents as the corporation could exercise if it were an individual Member.

## **24 Shares that May Not be Voted**

- 24.1 Shares in the Company that are held by such Company (including held through such Company's Subsidiaries) shall not vote, directly or indirectly, at any general meeting and shall not be counted in determining the total number of outstanding Shares at any given time.
- 24.2 A Member who has a personal interest in any matter discussed at a general meeting, which interest may be in conflict with those of the Company, shall abstain from voting such Member's Shares in regard to such matter but such Shares shall be counted in for calculating 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.
- 24.3 If a Director creates or has created security over any Shares held by such Director, such Director shall notify the Company of such security. If at any time the number of the pledged Shares held by a Director exceeds half of the Shares held by such Director at the time of his appointment, then the voting rights attached to the Shares held by such Director at such time shall be reduced, such that the Shares over which security has been created which are in excess of half of the Shares held by such Director at the date of his appointment shall not carry voting rights and shall not be counted in the number of votes casted by the Member at a general meeting.

## **25 Directors**

- 25.1 There shall be a board of Directors consisting of no less than five (5) persons and no more than nine (9) persons, including Independent Directors, each of whom shall be appointed to a term of office of three (3) years and is eligible for re-election. The Company may from time to time by resolution of the board of Directors increase or reduce the number of Directors subject to the above number limitation provided that the requirements by relevant laws and regulations (including but not limited to any listing requirements) are met. In the event of any vacancy in the board of Directors or an increase in the number of Directors of the Company, the new Director elected at the general meeting shall fill the vacancy for the residual term of office. There shall be no less than a majority of the members of the board of Directors domiciled in the R.O.C. Where a corporate Member is elected as a Director, the domicile requirement shall apply to its beneficial owner.
- 25.2 Unless otherwise approved by the FSC, not more than half of the total number of Directors can have a spousal relationship or familial relationship within the second degree of kinship with any other Directors.

- 25.3 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 25.2 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 in Article 25.2 hereof. Any person who has already served as Director but is in violation of the aforementioned requirements shall be removed from the position of Director automatically.
- 25.4 Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors. To the extent required by the Applicable Public Company Rules, at least two of the Independent Directors shall be domiciled in the R.O.C. and at least one of the Independent Directors shall have accounting or financial expertise.
- 25.5 Independent Directors shall have professional knowledge and shall maintain independence in discharging 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 governed by the Applicable Public Company Rules.
- 25.6 Any Member(s) holding 1% or more of the Company's issued Shares for at least six consecutive months may in writing request any of the Independent Directors of the Audit Committee to bring action against the Directors on behalf of the Company in a court of competent jurisdiction as the court of first instance. If the Independent Directors fail to bring such action within thirty days after the request by the Member, such Member may bring the action in a court of competent jurisdiction as the court of first instance in the name of the Company.

## **26 Powers of Directors**

- 26.1 Subject to the provisions of the Statute, the Articles, the Applicable Public Company Rules and to any directions given by Ordinary Resolution, Special Resolution or Supermajority Resolution, the business of the Company shall be managed by the board of Directors who may exercise all the powers of the Company. No alteration of the Articles and no such direction shall invalidate any prior act of the board of Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of the board of Directors at which a quorum is present may exercise all powers exercisable by the board of Directors.
- 26.2 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, en-

dorsed or otherwise executed as the case may be in such manner as the board of Directors shall determine by resolution.

- 26.3 The board of Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
- 26.4 The Company may purchase liability insurance for Directors; the board of Directors shall determine the terms of such insurance by resolution, taking into account the standards of the industry in the R.O.C. and overseas.
- 26.5 The Directors shall faithfully carry out their duties with care, and may be held liable for the damages suffered by the Company for any violation of such duty. The Company may by Ordinary Resolution of any general meeting demand the Directors, who violate such duties, to disgorge any profit realised from such violation and regard the profits realised as the profits of the Company as if such violation was made for the benefit of the Company. The Directors shall indemnify the Company for any losses or damages incurred by the Company if such loss or damage is incurred as a result of a Director's breach of laws or regulations in the course of performing his duties. The Directors and the Company shall jointly and severally indemnify the third party for any losses or damages incurred by such third party if such loss or damage is incurred as a result of a Director's breach of laws or regulations in the course of performing his duties. The aforementioned duties of the Directors shall also apply to the managers of the Company.

## **27 Appointment and Removal of Directors**

- 27.1 The Company may by a majority or, if less than a majority, the most number of votes, at any general meeting elect a Director. The Company may by Supermajority Resolution remove any Director. Members present in person or by proxy, representing more than one-half of the total outstanding Shares shall constitute a quorum for any general meeting to elect Director(s).
- 27.2 Directors shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, the procedures for which has been approved and adopted by the board of Directors and also by an Ordinary Resolution, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors to be elected ("**Special Ballot Votes**"), and the total number of Special Ballot Votes casted by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as

specified by the Member pursuant to the poll vote ballot. There shall not be votes which are limited to class, party or sector, and any Member shall have the freedom to specify whether to consolidate all of its votes on one or any number of candidate(s) without restriction. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a Director elect, and where more than one Director is being elected, the top candidates to whom the votes cast represent a prevailing number of votes relative to the other candidates shall be deemed directors elect. The rule and procedures for such cumulative voting mechanism shall be in accordance with policies proposed by the board of Directors and approved by an Ordinary Resolution from time to time, which policies shall be in accordance with the Memorandum, the Articles and the Applicable Public Company Rules.

- 27.3 A candidate nomination mechanism shall be adopted for an election of the Directors (including Independent Directors). The rules and procedures for such candidate nomination shall be in accordance with policies proposed by the board of Directors and approved by an Ordinary Resolution from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules.
- 27.4 If a Member is judicial person, the authorised representative of such Member may be elected as Director. If such Member has more than one authorised representative, each of the authorised representatives of such Member may be elected as Directors respectively.
- 27.5 Notwithstanding anything to the contrary in Article 27.1 to 27.4, unless the Company has acquired public company status in accordance with Applicable Public Company Rules, the Company may by Ordinary Resolution appoint any person to be a Director or may by Ordinary Resolution remove any Director.

## **28 Vacation of Office of Director**

- 28.1 Notwithstanding anything in the Articles to the contrary, the Company may from time to time remove all Directors from office before the expiration of their term of office and may elect new Directors in accordance with Article 27.1 and unless a resolution of a shareholders' meeting provides otherwise, all the Directors shall be deemed to have been removed upon such election of new Directors prior to the expiration of such Director's applicable term of office.
- 28.2 In the event of any of the following events having occurred in relation to any Director, such Director shall be vacated automatically:
- (a) he/she/it gives notice in writing to the Company to resign the office of Director;

- (b) he/she/it dies, becomes bankrupt or makes any arrangement or composition with his/her/its creditors generally;
- (c) an order is made by any competent court or official on the grounds that he/she is or will be suffering from mental disorder or is otherwise incapable of managing his/her affairs, or his/her legal capacity is restricted according to the applicable laws;
- (d) he/she commits an offence as specified in the Statute for Prevention of Organizational Crimes of the R.O.C. and is subsequently adjudicated guilty by a final judgment, and the sentence has not been executed, the execution of the sentence has not been completed, or the time elapsed since he/she has served the full term of the sentence, the expiration of probation period, or the pardon of such punishment is less than five years;
- (e) he/she commits any criminal offence of fraud, breach of trust or misappropriation and is subsequently punished with imprisonment for a term of more than one year, and the sentence has not been executed, the execution of the sentence has not been completed, or the time elapsed since he/she has served the full term of such sentence, the expiration of probation period, or the pardon of such punishment is less than two years;
- (f) he/she commits an offence as specified in the Anti-Corruption Act of the R.O.C. and is subsequently adjudicated guilty by a final judgment, and the sentence has not been executed, the execution of the sentence has not been completed, or the time elapsed since he/she has served the full term of such sentence, the expiration of probation period, or the pardon of such punishment is less than two years;
- (g) he/she/it is dishonoured for use of credit instruments, and the term of such sanction has not expired yet;
- (h) he/she/it is declared bankrupt or is subject to liquidation procedure adjudicated by a court, and his/her/its rights have not been resumed yet;
- (i) he/she has limited legal capacity or is legally incompetent;
- (j) he/she is subject to the commencement of assistance by a court and a court order has not yet been revoked;
- (k) the Members resolve by a Supermajority Resolution that he/she/it should be removed as a Director;

- (l) during the term of office as a Director (excluding Independent Directors), he/she/it has transferred more than one half of the company's shares being held by him/her/it at the time he/she is elected; or
- (m) subject to the provisions of the Statute, and the Articles or the Applicable Public Company Rules, in the event that he/she/it has, in the course of performing his/her/its duties, committed any act resulting in material damage to the Company or in serious violation of applicable laws and/or regulations or the Memorandum and the Articles, but has not been removed by the Company pursuant to a Supermajority Resolution vote, then any Member(s) holding 3% or more of the total number of outstanding Shares shall have the right, within thirty days after that general meeting, to petition any competent court for the removal of such Director, at the Company's expense and such Director shall be removed upon the final judgement by such court. For clarification, if a relevant court has competent jurisdiction to adjudicate all of the foregoing matters in a single or a series of proceedings, then, for the purpose of this paragraph (i), final judgement shall be given by such competent court.

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

If any director (excluding Independent Directors) after having been elected and before his/her/its inauguration of the office of Director, has transferred more than one half of the total number of shares of the company he/she/it holds at the time of his/her/its election as such; or had transferred more than one half of the total number of shares he/she/it held within the book closed period prior to the convention of a shareholders' meeting, then his/her/its election as a Director shall become invalid.

## **29 Proceedings of Directors**

- 29.1 The quorum for the transaction of the business of the board of Directors may be fixed by the board of Directors and unless so fixed shall be over one half of the total number of Directors elected. If the number of Directors is less than five (5) persons due to the vacation of Director(s) for any reason, the Company shall hold an election of Director(s) to fill the vacancies at the next following general meeting. When the number of vacancies in the board of Directors of the Company is equal to one third of the total number of Directors elected, the board of Directors shall hold, within sixty days, a general meeting of Members to elect succeeding Directors to fill the vacancies.

- 29.2 Unless otherwise provided by the Statute, the Articles, or the Applicable Public Company Rules, if the number of Independent Directors is less than three due to the vacation of Independent Directors for any reason, the Company shall hold an election of Independent Directors to fill the vacancies at the next following general meeting. Unless otherwise permitted by the Applicable Public Company Rules, if all of the Independent Directors are vacated, the board of Directors shall hold, within sixty days, a general meeting to elect succeeding Independent Directors to fill the vacancies.
- 29.3 Subject to the provisions of the Statute, the Articles and the Applicable Public Company Rules, the Directors may regulate their proceedings as they think fit. Any motions shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall not have a second or casting vote.
- 29.4 A person may participate in a meeting of the board of Directors or committee of Directors by video conference. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. The time and place for a meeting of the Directors or committee of Directors shall be at the office of the Company and during business hours or at a place and time convenient to the Directors and suitable for holding such meeting.
- 29.5 Unless otherwise permitted by the Applicable Public Company Rules, the chairman of the board shall call a meeting of the board of Directors by at least seven days' notice in writing (which may be a notice delivered by facsimile transmission or electronic mail) to every Director. In the event of an urgent situation, a meeting of the board of Directors may be held at any time after notice has been given in accordance with the Applicable Public Company Rules.
- 29.6 The continuing Directors may act notwithstanding any vacancy in other Directors' office, but if and so long as the number of continuing Directors is below the minimum number of Directors fixed by or pursuant to the Articles, the continuing Directors or Director may act only for the purpose of summoning a general meeting of the Company, but for no other purpose.
- 29.7 The board of Directors shall, by a resolution, establish rules governing the procedure of meeting(s) of the board of Directors and report such rules to a meeting of Members, and such rules shall be in accordance with the Articles and the Applicable Public Company Rules.
- 29.8 Subject to the Statute, all acts done by any meeting of the board of Directors or of a committee of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were disquali-



fied, the effectiveness of the acts shall be determined in accordance with the applicable laws.

- 29.9 A Director may be represented at any meetings of the board of Directors by a proxy appointed the other director in writing by him/her/it. 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.

### **30 Directors' Interests**

- 30.1 A Director (except for Independent Directors) may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Compensation Committee (as defined in Article 32.10) shall present its recommendations to the board of Directors for discussion and approval.
- 30.2 The Directors may be paid remuneration only in cash. The amount of such remuneration shall be recommended by the Compensation Committee and determined by the board of Directors, and take into account the extent and value of the services provided for the management of the Company and the standards of the industry in the R.O.C. and overseas. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the board of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company, or to receive salaries in respect of their service as Directors as may be recommended by the Compensation Committee and determined by the board of Directors, or a combination partly of one such method and partly another, provided that any such determination shall be in accordance with the Applicable Public Company Rules.
- 30.3 Unless prohibited by the Statute, the Articles or by the Applicable Public Company Rules, a Director may act on behalf of the Company to the extent authorized by the Company. Such Director or his/her/its firm shall be entitled to such remuneration for professional services as if he were not a Director.
- 30.4 A Director who engages in conduct either for himself/herself/itself or on behalf of another person within the scope of the Company's business, shall disclose to Members, at a general meeting prior to such conduct, a summary of the major elements of such interest and obtain the ratification of the Members at such general meeting by a Supermajority Resolution vote. In case a Director engages in business conduct for himself/herself/itself or on behalf of another person in violation of this provision, the Members may, by an Ordinary

Resolution, require the disgorgement of any and all earnings derived from such act, except when at least one year has lapsed since the realization of such associated earnings.

- 30.5 A Director who has a personal interest in the matter under discussion at a meeting of the Directors, shall disclose to the meeting the material information of such interest; provided that in the event a Director's spouse or any relatives within the second degree of kinship with a Director, or company(s) which has controlling and subordinating relationship with a Director, has a personal interest in the matter under discussion at a meeting, the said Director shall be deemed to have a personal interest in such matter. A Director who has a conflict of interest which may impair the interest of the Company shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting. Where proposals are under consideration concerning a proposed M&A by the Company, a Director who has a personal interest in the proposed transaction shall disclose at the meeting of the board of Directors and the general meeting the nature of such director's personal interest and the reason(s) for the approval or objection to the proposed resolution. The Company shall specify the material content of the director's personal interest and the reason(s) for the approval or objection to the proposed resolution in the meeting notice of the general meeting and the content may be placed on the website specified by the R.O.C. competent authorities of securities or by the Company, and the website address link shall be indicated in the notice.

## **31 Minutes**

The Directors shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Directors, all proceedings at meetings of the Company or the holders of any class of Shares and of the Directors, and of committees of Directors including the names of the Directors present at each meeting.

## **32 Delegation of Directors' Powers**

- 32.1 Subject to the Applicable Public Company Rules, the Directors may delegate any of their powers to any committee consisting of one or more Directors. They may also delegate to any managing director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him/her/it provided that the appointment of a managing director shall be revoked forthwith if he/she/it ceases to be a Director. Any such delegation may be made subject to any conditions the Directors may impose and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Unless otherwise provided by the Statute or the Applicable Public

Company Rules, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

- 32.2 The Directors may establish any committees or appoint any person to be a general manager or agent for managing the affairs of the Company and may appoint any person to be a member of such committees. Any such appointment may be made subject to any conditions the Directors may impose and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Unless otherwise provided by the Statute or the Applicable Public Company Rules, the proceedings of any such committee shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
- 32.3 The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.
- 32.4 The Directors may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Directors may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.
- 32.5 The Directors shall appoint a chairman and when they consider necessary, elect a vice chairman in the same manner. The vice chairman shall assist the chairman with the Company's operation, management and other relevant matters.
- 32.6 Notwithstanding anything to the contrary contained in Articles 32.1 to 32.11, unless otherwise permitted by the Applicable Public Company Rules, the Directors shall establish an Audit Committee (the "**Audit Committee**") comprised of all of the Independent Directors, one of whom shall be the chairman, and at least one of whom shall have accounting or financial expertise. A resolution of the Audit Committee shall be passed by one-half or more of all members of such committee. The rules and procedures of the Audit Committee shall be in accordance with policies proposed by the members of the Audit Committee and passed by the Directors from time to time, which shall be in accordance with

the Statute, the Memorandum, the Articles and the Applicable Public Company Rules and the instruction of the FSC, or TWSE, if any. The Directors shall, by a resolution, adopt a charter for the Audit Committee in accordance with these Articles and the Applicable Public Company Rules.

32.7 Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the board of Directors for resolution:

- (a) Adoption or amendment of an internal control system of the Company;
- (b) Assessment of the effectiveness of the internal control system;
- (c) Adoption or amendment of handling procedures for significant financial or operational actions, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees on behalf of others;
- (d) A matter where a Director has a personal interest;
- (e) A material asset or derivatives transaction;
- (f) A material monetary loan, endorsement, or provision of guarantee;
- (g) The offering, issuance, or Private Placement of any equity-type securities;
- (h) The hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
- (i) The appointment or removal of a financial, accounting, or internal auditing officer;
- (j) Annual and semi-annual financial reports;
- (k) Any other matters so determined by the Company from time to time or required by any competent authority overseeing the Company; and
- (l) Any other matters in accordance with the Applicable Public Companies Rules.

Except for item (j) above, any matter under subparagraphs (a) through (k) of the preceding paragraph that has not been approved with the consent of one-half or more of the Audit Committee members may be undertaken only upon the approval of two-thirds or more of all Directors, without regard to the restrictions of the preceding paragraph, and the resolution of the Audit Committee shall be recorded in the minutes of the Directors meeting.

- 32.8 Prior to the commencement of the meeting of Board of Directors to adopt any resolution of M&A, the Company shall have the Audit Committee review the fairness and reasonableness of the plan and transaction of the M&A, and then report the results of the review to the Board of Directors and the general meeting unless the resolution by the general meeting is not required by the Statute. During the review, the Audit Committee shall seek opinions from an independent expert on the justification of the share exchange ratio or distribution of cash or other assets. The results of the review of Audit Committees and opinions of independent experts shall be sent to the Members together with the notice of the general meeting. In the event that the resolution by the general meeting is not required by the Statute, the Board of Directors shall report the foregoing at the next closest general meeting.
- 32.9 With respect to the documents that need to be sent to the Members as provided in the preceding Article, in the event that the Company posts the same documents on the website designated by the R.O.C. securities competent authorities, and also prepares and places such documents at the venue of the general meeting for the Members' review, then those documents shall be deemed as having been sent to the Members.
- 32.10 The Directors shall establish a compensation committee (the "**Compensation Committee**") in accordance with the Applicable Public Company Rules. The number of members of the Compensation Committee, professional qualifications, restrictions on shareholdings and position that a member of the Compensation Committee may concurrently hold, and assessment of independence with respect to the members of the Compensation Committee shall comply with the Applicable Public Company Rules. The Compensation Committee shall comprise of no less than three members, one of which shall be appointed as chairman of the Compensation Committee. The rules and procedures for convening any meeting of the Compensation Committee shall comply with policies proposed by the members of the Compensation Committee and approved by the Directors from time to time, provided that the rules and procedures approved by the Directors shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules and any directions of the FSC, or TWSE. The Directors shall, by a resolution, adopt a charter for the Compensation Committee in accordance with these Articles and the Applicable Public Company Rules.
- 32.11 The remuneration referred in the preceding Article shall include the compensation, salary, stock options and other incentive payment to the Directors and managers of the Company. Unless otherwise specified by the Applicable Public Company Rules, the managers of the Company for the purposes of this Article 32.11 shall mean executive officers as defined by the rules and procedures governing the Compensation Committee.

### **33 Seal**

- 33.1 The Company may, if the Directors so determine, have a Seal. The making and use of the Seal shall be in accordance with the Seal policy adopted by the Directors from time to time.
- 33.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals, each of which shall be a facsimile of the common Seal of the Company and kept under the custody in accordance with the Seal policy adopted by the Directors, and if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
- 33.3 A person authorized in accordance with the Seal policy adopted by the Directors may affix the Seal over his signature alone to any document of the Company required to be authenticated by him/her/it under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

### **34 Dividends, Distributions and Reserve**

- 34.1 The Company shall set aside between 5% to 10% of its annual profits as bonus to employees of the Company and set aside 3% (inclusive) or less of its annual profits as bonus to Directors, provided however that the Company shall first offset its losses in previous years that have not been previously offset. The distribution of bonus to employees may be made by way of cash or Shares, which may be distributed under an incentive programme approved pursuant to Article 11.1 above. The employees under Article 34.1 may include certain employees of the Subsidiaries who meet the conditions prescribed by the Company. The distribution of bonus to employees shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors and shall be reported to the Members at the general meeting. A Director who also serves as an executive officer of the Company and/or its Subsidiaries may receive a bonus in his capacity as a Director and a bonus in his capacity as an employee.
- 34.2 As the Company is in the growing stage, the dividend distribution may take the form of a cash dividend and/or stock dividends and shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure and funds requirement for sustainable development needs etc. The Company may distribute profits in accordance with a proposal for distribution of profits prepared by the Directors and approved by the Members by an Ordinary Resolution at any general meeting. The Directors shall prepare such proposal as follows: (a) the Company shall set aside all taxes that legally required to be paid; and (b) offset its losses in previous years that have not been previously offset; then (c) set aside a Legal Reserve in accordance with the Applicable Public

Company Rules, unless the accumulated amount of such Legal Reserve has reached the total paid-up capital of the Company; and (d) set aside a special capital reserve, if one is required, in accordance with the Applicable Public Company Rules or as requested by the authorities in charge. Except otherwise stipulated by the applicable laws and the Applicable Public Company Rules, the Company may take into consideration the circumstances and development stage of the Company, in response to any future funding requirement and long term financial planning, while satisfying the shareholders expectation in respect of cashflow, propose profit distribution plan in connection with the retained earnings available for distribution (i.e. the net profit after the deduction of the items (a) to (d) above plus the previously cumulative undistributed retained earnings), for approval at the meetings of the shareholders; the distribution of retained earnings may proceed by way of cash dividend or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rate to the Members, and the total amount of Dividends shall not be lower than 10% of the net profit of the then current year after deducting the items (a) to (d) above, and provided the total amount of cash dividend to be distributed shall be no lower than 10% of the aggregate dividend distributed to shareholders and no more than 100% of the aggregate dividend distributed to shareholders.

- 34.3 Subject to the Statute, the Articles and the Applicable Public Company Rules, the Directors may declare Dividends and distributions on Shares in issue and authorise payment of the Dividends or distributions out of the funds of the Company lawfully available therefor. No Dividend or distribution shall be paid except out of the realised or unrealised profits of the Company, or out of the share premium account or as otherwise permitted by the Statute.
- 34.4 Except as otherwise provided by the rights attached to Shares, all Dividends shall be declared and paid in proportion to the number of Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date that Share shall rank for Dividend accordingly.
- 34.5 Subject to the Statute, the Articles and the Applicable Public Company Rules, the Directors may deduct from any Dividend or distribution payable to any Member all sums of money (if any) then payable by him to the Company on any account.
- 34.6 Subject to the Statute, the Articles and the Applicable Public Company Rules, the Directors may, after obtaining an Ordinary Resolution, declare that any distribution other than a Dividend be paid wholly or partly by the distribution of specific assets and in particular of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and fix the value for distribution of such specific assets or

any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.

- 34.7 Any Dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or receipt sent through the post directed to the registered address of the holder. Every such cheque or receipt shall be made payable to the order of the person to whom it is sent.
- 34.8 No Dividend or distribution shall bear interest against the Company.
- 34.9 Subject to the Statute, the Articles and the Applicable Public Company Rules, any Dividend which cannot be paid to a Member and/or which remains unclaimed after six months from the date of declaration of such Dividend may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend shall remain as a debt due to the Member. Any Dividend which remains unclaimed after a period of six years from the date of declaration of such Dividend shall be forfeited and shall revert to the Company.
- 34.10 Subject to the Statute, the Company may distribute to the Members, in the form of cash, all or a portion of its dividends and bonuses, Legal Reserve and/or capital reserve derived from issuance of new shares at a premium or from gifts received by the Company by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, and shall subsequently report such distribution to a shareholders' meeting.

## **35 Capitalisation**

Subject to Article 14.2(d), the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of Dividend and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit such that Shares shall not become distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters



incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

### **36 Tender Offer**

After the receipt of the copy of a tender offer application form, prospectus and relevant documents by the Company or its litigation or non-litigation agent appointed, the board of the Directors shall handle the relevant matters pursuant to the Applicable Public Company Rules.

### **37 Books of Account**

- 37.1 The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
- 37.2 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by the Company in general meeting.
- 37.3 The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by the Statute, the Articles and the Applicable Public Company Rules.
- 37.4 Subject to applicable law, minutes and written records of all meetings of Directors, any committees of Directors, and any general meeting shall be made in the Chinese language and an English translation may be attached. In the event of any inconsistency between the Chinese language version and the relevant English translation, the Chinese language version shall prevail, except in the case where a resolution is required to be filed with the Registrar of Companies of Cayman Islands, in which case the English language version shall prevail.
- 37.5 Subject to the Statute, the instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with the Articles and relevant rules and regulations shall be kept for at least one year. However, if a Member initiates a lawsuit with respect to such instruments of proxy, documents, forms/statements and/or information

mentioned herein, they shall be kept until the conclusion of the litigation if longer than one year.

## **38 Notices**

- 38.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, or e-mail to him or to his address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, is to be sent by airmail.
- 38.2 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays) following the day on which the notice was posted. Where a notice is sent by cable, or telex, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.
- 38.3 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under the Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
- 38.4 Notice of every general meeting shall be given in any manner hereinbefore authorised to every person shown as a Member in the Register of Members on the record date for such meeting and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive

notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

## **39 Winding Up**

- 39.1 If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
- 39.2 If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute and in compliance with the Applicable Public Company Rules, divide amongst the Members in proportion to the number of Shares they hold the whole or any part of the assets of the Company in kind (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

## **40 Financial Year**

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

## **41 Transfer by way of Continuation**

If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

**42      Litigation and Non-Litigation Agent in the R.O.C.**

Subject to the provisions of the Statute, the Company shall, by a resolution of the Directors, appoint or remove a natural person domiciled or resident in the territory of the R.O.C. to be its litigation and non-litigation agent in the R.O.C., pursuant to the Applicable Public Company Rules, and under which the litigation and non-litigation agent shall be the responsible person of the Company in the R.O.C. The Company shall report such appointment and any change thereof to the competent authorities in the R.O.C. pursuant to the Applicable Public Company Rules.

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