



**Yeong Guan Energy Technology Group Company Limited**  
**永冠能源科技集團有限公司**

## **Meeting Agenda for the 2016 Annual General Meeting of Shareholders**

Meeting Time: 9:00 a.m. on Tuesday, June 7, 2016  
Meeting Place: No.777, Dagan Rd., Dayuan Dist., Taoyuan County, Taiwan  
(Taoyuan Hall on the Second floor of Hotel Orchard Park)

## Table of Contents

<b>I.</b>	<b>Meeting Procedure .....</b>	<b>2</b>
<b>II.</b>	<b>Meeting Agenda .....</b>	<b>3</b>
	1. Reporting Matters .....	4
	2. Recognition Matters .....	4
	3. Matters for Discussion and Election .....	6
	4. Ad Hoc Motions .....	12
	5. Adjournment.....	12
<b>III.</b>	<b>Exhibits.....</b>	<b>13</b>
	Exhibit 1: 2015 Business Report .....	13
	Exhibit 2: 2015 Audit Committee’s Review Report.....	15
	Exhibit 3: Status of the Company’s 1 <sup>st</sup> and 2 <sup>nd</sup> Issuances of Domestic Unsecured Convertible Bonds for Fiscal Year 2015.....	16
	Exhibit 4: Independent Auditors’ Report and Consolidated Financial Statements .....	18
	Exhibit 5: Profit Distribution Table for Year 2015.....	25
	Exhibit 6: Comparison table for the amendments of Memorandum and Articles of Association.....	26
	Exhibit 7: Indicative Issuing plan for GDRs .....	84
	Exhibit 8: Indicative Issuing plan for ECBs .....	89
<b>IV.</b>	<b>Appendices .....</b>	<b>97</b>
	Appendice 1: Rules of Procedure for Shareholders Meetings.....	97
	Appendice 2: Articles of Association.....	106
	Appendix 3: Table of Shareholding of All Directors.....	145
	Appendix 4: Adoption of the Proposal for Profit Distribution of Employees’ Bonus and Directors’ Remuneration .....	146
	Appendix 5: The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate .....	146

## **I. Meeting Procedure**

### **Yeong Guan Energy Technology Group Company Limited**

**永冠能源科技集團有限公司**

### **Procedure for the 2016 Annual General Meeting of Shareholders**

1. Call the Meeting to Order
2. Chairman Remarks
3. Reporting Matters
4. Recognition Matters
5. Matters for Discussion and Election
6. Ad Hoc Motions
7. Adjournment

## **II. Meeting Agenda**

### **Yeong Guan Energy Technology Group Company Limited**

### **永冠能源科技集團有限公司**

#### **Year 2016**

#### **Agenda of Annual General Meeting of Shareholders**

Time: 9:00 a.m. on Tuesday, June 7<sup>th</sup>, 2016

Place: No.777, Dagan Rd., Dayuan Dist., Taoyuan County, Taiwan  
(Taoyuan Hall on the Second floor of Hotel Orchard Park)

1. Call the Meeting to Order
2. Chairman Remarks
3. Reporting Matters
  - (1) Business Report for Fiscal Year 2015
  - (2) Audit Committee's Audit Report for Fiscal Year 2015
  - (3) Status of the Company's 1st and 2<sup>nd</sup> Issuance of Domestic Unsecured Convertible Bonds for Fiscal Year 2015
4. Recognition Matters
  - (1) Ratification of the Business Report and Consolidated Financial Statements for Fiscal Year 2015
  - (2) Ratification of the Proposal for Distribution of Profits for Fiscal Year 2015
5. Matters for Discussion and Election
  - (1) Proposal for the election of the Directors (including Independent Directors)
  - (2) Proposal to release the newly-elected Directors from non-competition restrictions
  - (3) Proposal to change the authorized capital of the Company.
  - (4) Proposal to amend the Memorandum and Articles of Association of the Company (to be resolved by special resolution)
  - (5) Proposal to issue global depositary receipts representing underlying ordinary shares to be issued for cash and to issue unsecured overseas convertible bonds
6. Ad Hoc Motions
7. Adjournment

## 1. Reporting Matters

Report No. 1:

Business Report for Fiscal Year 2015

Explanation:

The Business Report of the Company for Fiscal Year 2015 is attached hereto as Exhibit 1.

Please refer to pages 13~14.

Report No. 2

2015 Audit Committee's Audit Report

Explanation:

1. The Audit Committee has examined and approved the 2015 financial statements.
2. The 2015 Audit Committee's Audit Report is attached hereto as Exhibit 2. Please refer to page 15

Report No. 3:

Status of the Company's 1<sup>st</sup> and 2<sup>nd</sup> Issuances of Domestic Unsecured Convertible Bonds for Fiscal Year 2015

Explanation:

1. In order to repay bank loans and increase the working capital, the Company issued the First Domestic Unsecured Convertible Bonds in Taiwan and such project has been completed.
2. For the need of future business development, construction of factory in Taichung Harbor, purchase of machines and increase in working capital, the Company has issued the Second Domestic Unsecured Convertible Bonds in Taiwan and such project is ongoing.
3. The status of the Company's 1<sup>st</sup> and 2<sup>nd</sup> Issuance of Domestic Unsecured Convertible Bonds in Taiwan is attached hereto as Exhibit 3. Please refer to page 16~17.

## 2. Recognition Matters

Proposal No. 1:

Proposed by the Board of Directors

Ratification of the Business Report and Consolidated Financial Statements for Fiscal Year 2015

Explanation:

1. The Company's Consolidated Financial Statements for the Fiscal Year 2015 have been certified and audited by certified public accountants

(CPAs), Dongfeng Lee and Zeli Gong of Deloitte & Touche Tohmatsu Limited, approved by the meeting of the Board of Directors on March 11, 2016, and examined and approved by the Audit Committee. The Audit Committee has issued its Audit Report.

2. The Business Report for the Fiscal year 2015, CPAs' Audit Report, and Consolidated Financial Statements are attached hereto as Exhibit 1 and Exhibit 4. Please refer to pages 13~14(Exhibit 1) and pages 18~24 (Exhibit 4).

Resolution:

Proposal No. 2:

Proposed by the Board of Directors

Ratification of the proposal for Distribution of Profits for Fiscal Year 2015

Explanation:

1. The Company's 2015 net profit after tax is NT\$1,350,717,044. After setting aside statutory reserve of NT\$135,071,704 (10% of the net profit) in accordance with the applicable laws and regulations and Articles of Association, and then adding beginning retained earnings of NT\$1,415,357,113, the distributable earnings are NTD\$2,631,002,453.
2. It is proposed to set aside NT\$1,004,188,198 from the distributable net profit of 2015 to distribute NT\$8.5 per share to shareholders as cash dividend and also NT\$ 27,700,000 as employee bonus. The distribution of cash dividend will be calculated by the method of "rounding down the digits below dollar", and the amount of less than one dollar will be counted as the other income of the Company. After the ratification of this annual general meeting, it is proposed that the Board be authorized with full power to take any actions that may be required in connection with the related issues of dividend distribution.
3. It is proposed not to pay remuneration to the Directors. The amount of employee bonus has been approved by the meeting of the Board of Directors on March 11, 2016.
4. It is proposed to authorize the Chairman to set the record date, distribution date and to handle other relevant matters after the proposal is approved in this annual general meeting. It is further proposed to authorize the Chairman with full power to handle relevant matters if the distribution ratio needs to be adjusted due to purchase of the Company's shares by the Company, transfer, cancellation of the treasury shares, conversion of convertible bonds, or exercise of employee stock options
5. 2015 Profit Distribution Table is attached hereto as Appendix 5. Please refer to page 25.

### 3. Matters for Discussion and Elections

Proposal 1: Proposed by the Board of Directors  
Election of Directors (including Independent Directors)

Explanation:

1. The term of office of current Directors will end on June 16, 2016. It is proposed to elect 11 directors (including 3 Independent Directors) according to the Articles of Association of the Company. The term of office of each Director shall be three (3) years and Directors may be eligible for re-election. The election of the Independent Directors shall adopt the candidate nomination system.

2. The term of office shall commence from June 7, 2016 and end on June 6, 2019. The current Directors will be discharged when this annual general meeting ends.

3. The Board of Directors has reviewed the qualification of the Independent Directors at the meeting held on April 14, 2016. The list of qualified Independent Directors candidates complete with the names, educational background, experience and shareholding status is as follows:

Name	Educational Background	Experience	Shareholding
Chang, Cheng-Lung	BA in Commerce, Tamkang University Mini MBA, Stanford University MS. Manage and Science	1. Lecturer of Tamkang University (淡江大學) 2. Director of President Securities (統一證券) 3. Financial advisor to Taipei Rapid Transit Corporation (台北捷運公 司)	0
Chen, Ching-Hung	EMBA, NCCU NTU Department of Law	1. General manager of Radium Life Technology Co., LTD (日勝生活科 技(股)公司) 2. General manager of XINYI DEVELOPMENT CO., LTD (信義 開發(股)公司) 3. General manager of Dajia Construction (大家建設(股)公司) 4. General manager of Shanghai Shang Tuo Investment	0

		Management Consultants Ltd (上海商拓投資管理顧問有限公司) 5.General manager of Sinyi Real Estate (Shanghai) Limited (信義置業(上海)有限公司)	
Wei, Chia-Min	PhD, Graduate Institute of Resource Engineering, National Cheng Kung University	1.Managing director of Taiwan Wind Turbine Industry Association (台灣風力發電產業協會) 2.Director of SAE International Taipei Section (中華民國自動機工程學會) 3. Vice chairman of Taiwan Foundry Society (台灣鑄造學會) 4. Vice chairman of Taiwan Steel & Iron Industries Association Technology & Standards Research Council (台灣鋼鐵工業同業公會技術暨標準研究委員會) 5. Director of Taiwan Wind Energy Association (台灣風能協會) 6.Deputy executive officer of Metal Industries R&D Center (金屬工業研究發展中心)	0

4. It is proposed to elect all of the Directors.

Proposal 2: Proposed by the Board of Directors  
Release the newly-elected Directors from non-competition restrictions.

Explanation:

1. According to the Articles of Association, A Director who is engaged in anything on his own account or on behalf of another person, which is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek their approval by supermajority resolution.
2. It is proposed to release the non-competition restriction on newly-elected directors in consideration of the Company's business needs.



Proposal 3: Proposed by the Board of Directors  
Change in authorized capital of the Company.

Explanation:

1. It is proposed to amend and restate the Company's Memorandum and Articles of Association to increase the current authorized capital from NT\$1,500,000,000, divided into 150,000,000 shares of NT\$10 each to NT\$3,000,000,000, divided into 300,000,000 shares of NT\$10 each.
2. It is proposed to authorise the Chairman, Hsien Ming Chang, or Director, Wen Lung Chang to take any necessary or required action for new authorized capital to take effect.
3. It is proposed to instruct and authorise the Registered Agent of the Company to make necessary filings accordingly to the Registry of Companies of Cayman Islands.

Resolution:

Discussion No.4: Proposed by the Board of Directors  
Amendments to the Memorandum and Articles of Association of the Company.

Explanation:

1. In order to meet the needs of the company and pursuant to the amendment to the Checklist for Shareholder's Rights Protection Measures at Foreign Issuer's Domicile (for foreign issuers) of Letter No. Taiwan-Stock-Listing-I-1040020898 published by the Taiwan Stock Exchange Corporation on October 15, 2015, it is proposed to amend the Memorandum and Articles of Association of the Company.
2. It is proposed that the current Memorandum and Articles of Incorporation be amended and restated by the deletion in its entirety and the substitution in its place of the amended and restated Memorandum and Articles of Association.
3. The amended Memorandum and Articles of Association and the comparison table for the amendments are attached hereto as Appendix 6. Please refer to page 26~84.
4. It is proposed to instruct and authorise the Registered Agent of the Company to make necessary filings accordingly to the Registry of Companies of Cayman Islands.
5. It is proposed to be approved by special resolution at the shareholders meeting.

Resolution:

Discussion No.5:

Proposed by the Board of Directors

The Company proposes to issue global depositary receipts ("GDRs") representing underlying common shares to be issued for cash and to issue unsecured overseas Euro-convertible bonds ("ECBs"). Please discuss.

Explanation:

1. To meet the future operating needs of the Company, the Company proposes to issue up to 25,000,000 common shares for cash as underlying shares of GDRs or issue ECBs of up to US\$200,000,000. It is proposed that the shareholders authorize the board of directors (the "Board") to decide to issue either GDRs or ECBs or both, depending on market conditions and the funding needs of the Company.

(1) Details of proposed issuance of GDRs are as follows:

- a) It is proposed that the shareholders authorize the Board to issue up to 25,000,000 common shares for cash at once as underlying shares of GDRs and the Board may adjust the issue size, depending on market conditions. 10% of the newly issued common shares will be reserved for subscription by the Company's employees pursuant to Article 2.3 of the Articles of Association of the Company. The remaining 90% will be publicly offered pursuant to Article 28-1 of the Securities and Exchange Act of Taiwan and Article 2.3 of the Articles of Association of the Company. Any common shares reserved for, but not subscribed by the Company's employees, or insufficient for subscription will be included as the underlying common shares of the GDRs.
- b) The base for determination of issuing price and its reasonableness: The issuing price shall not be less than 90% of the closing price of the Company's common shares traded on the Taiwan Stock Exchange ("TWSE") on the pricing date or the simple average of the closing price of the Company's common shares traded on the TWSE for a period of either 1, 3 or 5 consecutive trading days prior to the pricing date after adjustment for stock and cash dividends (or capital decrease). Notwithstanding the above, if there is any change to Taiwan laws and regulations, the aforementioned price may be adjusted in accordance with applicable Taiwan laws and regulations. The method for determining the issuing price complies with relevant laws and regulations set forth by the competent authority and the base for determining the issuing price is reasonable. In light of drastic fluctuation of the share price in Taiwan securities market in the short term, it is proposed that the shareholders authorize the Chairman of the Company to determine the actual issuing price within the abovementioned limit and with reference to international capital market, domestic market price and book-building, in order to increase the acceptability

to overseas investors. In addition, the method for determination of the issue price for GDRs is based on the fair market price of the common shares traded on the domestic stock exchange. The existing shareholders may still purchase the common shares on the domestic stock exchange for a price close to the issuing price for GDRs without bearing the risks of exchange rate and liquidity. The Company proposes to issue common shares for cash with an upper limit of 25,000,000 shares, equivalent to 21% of the current outstanding shares of the Company. Although this new issuance will dilute the shareholders' equity, the new issuance will boost the competitiveness of the Company and will have positive effect on the shareholders' rights and interest overall.

- c) Proceeds from the issuance of GDRs will be used to increase operating capital and/or repay the outstanding loans from the bank and/or make domestic or overseas investment in order to meet the long-term funding needs of the Company and strengthen the financial structure of the Company and decrease the funding costs, as well as boost the industry status of the Company and increase the long-term competitiveness of the Company. All of the above will be beneficial to the shareholders.
- d) It is proposed the shareholders authorize the Board to adjust, determine and handle the main content of the proposed GDR issuing plan includes but not limited to the actual issuing price, issuing terms and conditions of the GDRs, pricing date, number of shares to be issued, issuing plan, items of the plan, source of funds, issuing amount, expected schedule and expected benefits derived from the issuance and all relevant matters based on the market conditions. It is also propose to authorize the Board with full power and authority to handle the matter if, in the future, the competent authority instructs to amend the issuing plan or any change is required based on the operation assessment or objective conditions. Please refer to pages 84~88 (Exhibit 7) for the indicative issuing plan for GDRs.
- e) It is proposed that the Chairman of the Company, or any person designated by the Chairman, be authorized to sign any and all relevant contracts and documents in connection with the issuance of GDRs and handle the relevant matters on behalf of the Company.

(2) The details of proposed ECBs issuance are as follows:

- a) The Company proposes to issue ECBs of up to US\$200,000,000.
- b) Proceeds from the proposed ECB issuance will be used to increase operating

capital and/or repay the outstanding loans from the bank and/or make domestic or overseas investment in order to meet the long-term funding needs of the Company and it is expected that the ECB issuance can strengthen the financial structure of the Company and decrease the funding costs, as well as boost the industry status of the Company and increase the long-term competitiveness of the Company. All of the above will be beneficial to the shareholders.

- c) It is proposed the shareholders authorize the Chairman of the Company to adjust, plan and handle the main content of the proposed ECB issuance, including but not limited to the actual issuing price/conversion price, issuing terms and conditions, pricing date, issue size, issuing and conversion plan, items of the plan, source of funds, issue amount, expected schedule and expected benefits derived from the issuance and all relevant matters based on the market conditions. The Chairman of the Company is authorized with the full power and authority to handle the matter if, in the future, the competent authority instructs to amend the issuing plan or any change is required based on the operation assessment or objective conditions. Please refer to pages 89~96 (Exhibit 8) for the indicative offering plan for ECBs.
  - d) It is proposed that the Chairman of the Company or any person designated by the Chairman, be authorized to sign any and all relevant contracts or documents in connection with the ECB issuance and handle all relevant matters on behalf of the Company.
2. If there is any unaccomplished matter about the proposed GDR issuance and the proposed ECB issuance, the Board is authorized with full power and authority to handle the matter.

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

#### **4. Ad Hoc Motions**

#### **5. Adjournment**

### **III. Exhibits**

#### **Exhibit 1: 2015 Business Report**

##### **Business Report**

#### 1. Operating Performance in 2015

##### (1) Implementation of Business Plan:

##### (a) Business plan implementation results:

The total consolidated revenue of Yeong Guan Group for 2015 amounted to 8.122 billion NT dollars, an increase by 12.71% compared to the same period of the previous year. The output volume reached 152,362 tons, marking a growth by 13.3% compared to the same period of the preceding year. The revenue ratios of energy, injection molding machinery, industrial machinery, and medical equipment were 58.6%, 22.0%, 15.0%, and 4.4%, respectively. As far as profits are concerned, the gross profit rate rose from 31.3% to 32.9% (an increase by 1.6%) as a result of lower raw material prices, economies of scale, and exchange rate developments. Earnings per share reached a record high of 12.24 NT dollars, marking a 25% increase over the figure for the same period of the preceding year (9.78 NT dollars). To sum up, the company was able to meet growth target of 10+ percent in the field of annual output volume which exceeded 150,000 tons in 2015, while the revenues and profits reached a new peak.

##### (b) Budget implementation:

The projected net income after tax for 2015 was 1,127,435,000 NT dollars and the actual net income amounted to 1,350,717,000 NT dollars, which represents a budget achievement rate of 119.8%.

##### (c) Analysis of revenues and expenditures and profitability: Please refer to the Consolidated Comprehensive Income Statement

##### (d) Research and development status:

R&D investments in 2015 accounted for 1.1% of the net operating revenue. We will continue our efforts in the research and upgrade of manufacturing technologies, the shortening of product development periods, and the reduction of rejection rates in this field with the goal of a gradual enhancement of product development capabilities and technologies.

## 2. Overview of the 2016 Business Plan:

Yeong Guan is the principal global castings supplier for major manufacturers of wind turbines, injection molding machines, and industrial machinery. The company possesses advanced process technologies and has a firm grasp of metallurgy and engineering technologies with high-tech content. Due to its supreme product quality and stable delivery times, the company has earned the loyalty and trust of its clients. Our core competitive edge lies in our industry-leading production scope, casting techniques with meticulous attention to detail, and vertical integration capability. At the same time, we are firmly committed to pursuing revenue and profit growth superior to our competitors and the whole industry.

Looking ahead to 2016, the company will benefit from the continued growth in demand for offshore wind turbines. In response to the projected growth in order volume, Yeong Guan acquired Shanghai No.1 Machine Tool Foundry (Suzhou) Co., Ltd. in January. This plant is expected to contribute an annual output volume of over 10,000 tons upon adjustment of facilities and production lines. In 2016, the company aims to achieve its production goal of 175,000 tons through an enhanced production efficiency and newly added production capacity of the group itself. Castings and energy are expected to account for 70% of the total output volume. The company continues its commitment to the expansion project of Taichung Harbor and the production base in Thailand with a view to achieving the target of a 100% increase of its output volume within the next five years.

In the face of a projected growth of high-end products, Yeong Guan will continue to expand its customer base, strive to access new markets, develop new process facilities, and enhance its competitiveness. The company also aims to gain a firm grasp of long-term trends of gradually growing proportions of outsourcing with the goal of securing a leadership position in pursuit of stable growth in the ductile iron industry which is still characterized by a decentralized market structure.

Chairman:

President:

Chief Accountant:

## **Exhibit 2: 2015 Audit Report of the Audit Committee**

**Yeong Guan Energy Technology Group Company Limited**

**永冠能源科技集團有限公司**

**Audit Report of the Audit Committee**

To: Annual General Meeting for Year 2016

The Board of Directors has prepared and submitted to the Audit Committee the Business Report, Consolidated Financial Statements and Profits Distribution proposal. The above Business Report, Consolidated Financial Statements and Profits Distribution proposal have been examined and determined to be correct and accurate. This Report is duly submitted in accordance with applicable laws.

Yeong Guan Energy Technology Group Company Limited 永冠能源科技  
集團有限公司

The Convener of the Audit Committee:

March 11, 2016



This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

**Exhibit 3: Status of the Company's 1st and 2nd Issuances of Domestic Unsecured Convertible Bonds in Taiwan for Fiscal Year of 2015**  
**Current Status of Corporate Bonds**

Type of Corporate Bond	1 <sup>st</sup> Issuance of Domestic Unsecured Convertible Bonds in Taiwan	2nd Issuance of Domestic Unsecured Convertible Bonds in Taiwan
Issue (offer) Date	June 3, 2014	August 18, 2015
Denomination	NT\$100,000 each	NT\$100,000 each
Issuing and Traction Place	Taipei Exchange	Taipei Exchange
Issue Price	fully issued at par value	fully issued at par value
Total Amount	NT\$1,500,000,000	NT\$2,500,000,000
Interest Rate	0%	0%
Maturity	five years; Due Date: June 3, 2019	five years; Due Date: August 18, 2020
Guarantee Agency	None	None
Trustee	Trusts Department of Land Bank of Taiwan	Trusts Department of Land Bank of Taiwan
Underwriter	KGI Securities Co. LTD.	KGI Securities Co. LTD.
Attesting Lawyer	Attorney Abe Song from Lee and Li, Attorneys-at-Law	Attorney Grace Wang from Lee and Li, Attorneys-at-Law
CPA	Deloitte Touche Tohmatsu Accountants Dong-fong Lee and Zhe-li Gong	Deloitte Touche Tohmatsu Accountants Dong-fong Lee and Zhe-li Gong
Repayment method	Except for redemption by the company or the exercise of put option or conversion by the bondholders, the sum to be repaid at maturity will include the face amount of the bonds plus coupon payment at 105.10% of the par value (annual yield is about 1%) in a one-off cash payment.	Except for redemption by the company or or the exercise of put option or conversion by the bondholders, the sum to be repaid at maturity will include the face amount of the bonds plus coupon payment at 102.53.% of the par value (annual yield is about 0.5%) in a one-off cash payment.
Outstanding Principal	NT\$151,800,000	NT\$2,500,000,000
Redemption or Early Repayment clause	Please refer to the issuance and conversion plans.	Please refer to the issuance and conversion plan.
Restrictions	None	None
Credit rating agency, credit rating date, and corporate bond rating results	None	None
Other Rights	Converted (exchanged or subscribed) common shares, global depository receipts, or amount of other securities	As of April 9, 2016, a total of NT\$1,348,200,000 have been converted into 8,881,931 common shares of a par value of NT\$10 each.
	Issuance and conversion (exchange or subscription) procedures	Bondholders may exercise the conversion right from November 19, 2015. No conversion has occurred as of today.
Issuance and conversion,	Please refer to the market observation post system for bond issuance information	Please refer to the market observation post system for bond issuance information
	According to the current conversion price of	According to the current conversion price

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

exchange and subscription, possible dilution of and impact on shareholder's equity under the terms and conditions of the issuance	NT\$148.6, if all bonds are converted into common shares, 1,021,534 shares need to be issued. The impact on shareholder's equity is limited so far.	of NT\$216.5, if all bonds are converted into common shares, 11,547,344 shares need to be issued. The impact on shareholder's equity is limited so far.
Name of Custodian for Property to be Exchanged	Not applicable	Not applicable

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

## **Exhibit 4: Independent Auditors' Report and Consolidated Financial Statements**

### **INDEPENDENT AUDITORS' REPORT**

Yeong Guan Energy Technology Group Co., Ltd.

We have audited the accompanying consolidated balance sheets of Yeong Guan Energy Technology Group Co., Ltd. and its subsidiaries as of December 31st of 2015 and 2014, and the related consolidated income statements, consolidated statements for changes in equities and consolidated statements for cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yeong Guan Energy Technology Group Co., Ltd. and subsidiaries as of December 31, 2015 and 2014, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standard ("IFRS"), International Accounting Standard ("IAS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and Standing Interpretations Committee ("SIC") interpretations recognized by the Financial Supervisory Commission .

Deloitte & Touche  
CPA      Lee, Dong-Fong

CPA      Gong, Ze-Li

Securities & Futures Committee,  
Ministry of Finance  
Approval Document No.  
Tai-Cai-Zheng-Liu-Tze  
No. 0930128050

Financial Supervisory Commission  
Executive Yuan  
Approval Document No.  
Gin-Guan-Zheng-Shen-Tze  
No. 1000028068

March 16th, 2015

Yeong Guan Energy Technology Group Co., Ltd. & Subsidiaries  
Consolidated Balance Sheets  
2015 and December 31st, 2014

Unit: in thousands of NTD

Codes	Assets	December 31 <sup>st</sup> , 2015		December 31 <sup>st</sup> , 2014	
		Amounts	%	Amounts	%
	<b>CURRENT ASSETS</b>				
1100	Cash & cash equivalent(Notes 4 and 6)	\$ 5,407,809	35	\$ 2,942,384	25
1110	Financial assets at fair value through profit and loss – net (Notes 4, 5 and 7)	1,024	-	1,762	-
1150	Notes receivable(Notes 4 and 26)	282,319	2	183,066	2
1170	Account receivables, net(Notes 4, 5, 8 and 26)	2,200,256	14	1,810,772	16
130X	Inventories, net(Notes 4, 5 and 9)	1,304,494	8	1,411,235	12
1419	Prepayments	157,219	1	135,208	1
1479	Other current assets(Notes 4, 14, 21 and 27)	204,169	1	242,572	2
11XX	Total Current Assets	<u>9,557,290</u>	<u>61</u>	<u>6,726,999</u>	<u>58</u>
	<b>NON-CURRENT ASSETS</b>				
1600	Property, plant & equipment(Notes 4, 5, 11 and 27)	5,251,823	34	4,310,151	37
1760	Investment property, net(Notes 4, 12, 23 and 27)	8,993	-	13,558	-
1805	Goodwill(Notes 4, 5 and 13)	133,214	1	134,386	1
1840	Deferred income tax assets(Notes 4, 5 and 21)	12,879	-	17,286	-
1915	Equipment prepayments	252,360	2	168,006	1
1985	Long-term prepaid rents(Notes 4, 14 and 27)	341,295	2	290,510	3
1990	Other non-current assets(Notes 4, 26 and 27)	31,902	-	17,747	-
15XX	Total Non-Current Assets	<u>6,032,466</u>	<u>39</u>	<u>4,951,644</u>	<u>42</u>
1XXX	<b>TOTAL ASSETS</b>	<u>\$ 15,589,756</u>	<u>100</u>	<u>\$ 11,678,643</u>	<u>100</u>
	<b>LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term debts(Notes 15 and 27)	\$ 401,885	3	\$ 316,700	3
2120	Financial liabilities at fair value through profit and loss – net (Notes 4, 5 and 7)	-	-	383	-
2150	Notes payable(Note 26)	394,530	2	493,503	4
2170	Accounts payable (Note 26)	739,640	5	706,663	6
2219	Other accounts payable(Notes 17 and 26)	501,510	3	405,439	3
2230	Current income tax liabilities(Notes 4, 5 and 21)	132,756	1	88,647	1
2320	Bonds payable that mature within one year (Notes 4 and 16)	264,581	2	-	-
2399	Other current liabilities	39,005	-	56,544	1
21XX	Total Current Liabilities	<u>2,473,907</u>	<u>16</u>	<u>2,067,879</u>	<u>18</u>
	<b>NON-CURRENT LIABILITIES</b>				
2500	Financial debts at fair value through profit and loss – non-current(Notes 4, 5 , 7 and 16)	3,000	-	900	-
2530	Bonds payable (Notes 4 and 16)	2,347,777	15	1,444,295	12
2540	Long-term debts payable (Notes 15 and 27)	98,490	1	95,010	1
2570	Deferred income tax debts(Notes 4, 5 and 21)	12,140	-	13,507	-
25XX	Total Non-Current Liabilities	<u>2,461,407</u>	<u>16</u>	<u>1,553,712</u>	<u>13</u>
2XXX	<b>TOTAL LIABILITIES</b>	<u>4,935,314</u>	<u>32</u>	<u>3,621,591</u>	<u>31</u>
	<b>TOTAL SHAREHOLDER'S EQUITY</b>				
	Shareholder's Equity				
3110	Common stock capital	1,179,796	7	1,048,890	9
3200	Additional paid-in capital	6,091,651	39	4,045,959	35
	Retained earnings				
3310	Legal reserve	224,123	1	123,907	1
3320	Special reserve	8,214	-	8,214	-
3350	Unappropriated retained earnings	2,766,074	18	2,182,667	19
3300	Total Retained Earnings	<u>2,998,411</u>	<u>19</u>	<u>2,314,788</u>	<u>20</u>
	Other Shareholder's Equity				
3410	Exchange difference on translation of foreign financial statements	272,809	2	527,397	4
31XX	The Company's Total Shareholder's Equity	<u>10,542,667</u>	<u>67</u>	<u>7,937,034</u>	<u>68</u>
36XX	Non-controlling interest	111,775	1	120,018	1
3XXX	<b>TOTAL SHAREHOLDER'S EQUITY</b>	<u>10,654,442</u>	<u>68</u>	<u>8,057,052</u>	<u>69</u>
	<b>TOTAL LIABILITIS &amp; SHAREHOLDER'S EQUITY</b>	<u>\$ 15,589,756</u>	<u>100</u>	<u>\$ 11,678,643</u>	<u>100</u>

The accompanying notes constitute an integral part of this consolidated financial statement.

Chairman: Chang, Hsien-Ming

General Manager: Chang, Hsien-Ming

Chief Accountant: Lin, Yu-Yi

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

Consolidated Income Statement

2015 and December 31st, 2014

Unit: in thousands of NTD,  
except revenue per share

Codes		2015		2014	
		Amount	%	Amount	%
4000	OPERATING REVENUE(Notes 4 and 26)	\$ 8,122,470	100	\$ 7,206,294	100
5000	OPERATING COSTS(Notes 4, 9, 20 and 26)	<u>5,454,367</u>	<u>67</u>	<u>4,948,583</u>	<u>69</u>
5900	OPERATING GROSS PROFIT	<u>2,668,103</u>	<u>33</u>	<u>2,257,711</u>	<u>31</u>
	OPERATING EXPENSES(Note 20)				
6100	Marketing expenses	537,168	7	389,526	5
6200	General & administrative expenses	526,430	6	429,299	6
6300	Research & development expenses	<u>88,597</u>	<u>1</u>	<u>90,027</u>	<u>1</u>
6000	Total Operating Expenses	<u>1,152,195</u>	<u>14</u>	<u>908,852</u>	<u>12</u>
6900	OPERATING NET PROFIT	<u>1,515,908</u>	<u>19</u>	<u>1,348,859</u>	<u>19</u>
	NON-OPERATING INCOME & EXPENSES				
7100	Interest income	56,784	1	45,441	1
7110	Rent income(Note 26)	1,232	-	4,579	-
7190	Other income & losses(Note 20)	70,026	1	8,170	-
7235	Financial product net profit (loss) at fair value through profit & loss(Notes 4, 5, 7 and 16)	25,781	-	( 2,486)	-
7630	Foreign currency exchange net loss (Note 20 and 29)	162,742	2	( 28,638)	( 1)
7510	Interest expenses(Note 16)	( <u>43,960</u> )	( <u>1</u> )	( <u>54,848</u> )	( <u>1</u> )
7000	Total Non-Operating Income & Expenses	<u>272,605</u>	<u>3</u>	( <u>27,782</u> )	( <u>1</u> )

(to be continued)

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

(brought forward)

<u>Codes</u>		2015		2014	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
7900	Pretax net profit	\$ 1,788,513	22	\$ 1,321,077	18
7950	Income tax(Notes 4 and 21)	<u>439,390</u>	<u>6</u>	<u>319,260</u>	<u>4</u>
8200	Current net profit	1,349,123	16	1,001,817	14
	Other Comprehensive Income				
8361	Exchange Differences on Translation of Foreign Financial Statements	( <u>261,237</u> )	( <u>3</u> )	<u>455,109</u>	<u>6</u>
8500	Current Total Comprehensive Income	<u>\$ 1,087,886</u>	<u>13</u>	<u>\$ 1,456,926</u>	<u>20</u>
	Net Profit Attributed to:				
8610	Shareholders	\$ 1,350,717	16	\$ 1,002,164	14
8620	Non-Controlling Interest	( <u>1,594</u> )	<u>-</u>	( <u>347</u> )	<u>-</u>
8600		<u>\$ 1,349,123</u>	<u>16</u>	<u>\$ 1,001,817</u>	<u>14</u>
	Comprehensive Income Attributed to:				
8710	Shareholders	\$ 1,096,129	13	\$ 1,453,033	20
8720	Non-Controlling Interest	( <u>8,243</u> )	<u>-</u>	<u>3,893</u>	<u>-</u>
8700		<u>\$ 1,087,886</u>	<u>13</u>	<u>\$ 1,456,926</u>	<u>20</u>
	Earnings Per Share(Note 22)				
9750	Basic	<u>\$ 12.24</u>		<u>\$ 9.78</u>	
9850	Diluted	<u>\$ 11.63</u>		<u>\$ 9.62</u>	

The accompanying notes constitute an integral part of this consolidated financial statement.

Chairman: Chang, Hsien-Ming

General Manager: Chang, Hsien-Ming

Chief Accountant: Lin, Yu-Yi

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries  
Consolidated Statement of Changes in Equity  
From January 1<sup>st</sup> to December 31<sup>st</sup> for 2015 & 2014

Unit: in thousands of NTD

		EQUITY ATTRIBUTED TO SHAREHOLDERS(Notes 4, 16 and 19)											
		Capital Surplus			Retained Earnings				Exchange Differences on Translation of Foreign Financial Statements	The Company's Total Shareholder's Equity	Non-Controlling Interests (Notes 4 & 19)	Total Shareholder's Equity	
Codes		Common Share	Additional Paid-In Capital	Stock Option	TOTAL	Legal Reserve	Special Reserve	Retained Earnings	TOTAL				
A1	BALANCE, JANUARY 1 <sup>ST</sup> , 2014	\$ 1,008,890	\$ 3,548,276	\$ -	\$ 3,548,276	\$ 69,795	\$ 92,616	\$ 1,503,325	\$ 1,665,736	\$ 76,528	\$ 6,299,430	\$ -	\$ 6,299,430
	Appropriation & Distribution of 2012 Earnings:												
B1	Legal Reserve	-	-	-	-	54,112	-	( 54,112)	-	-	-	-	-
B3	Special Reserve	-	-	-	-	-	( 84,402)	84,402	-	-	-	-	-
B5	Cash Dividend	-	-	-	-	-	-	( 353,112)	( 353,112)	-	( 353,112)	-	( 353,112)
	Sub-Total	-	-	-	-	54,112	( 84,402)	( 322,822)	( 353,112)	-	( 353,112)	-	( 353,112)
D1	2014 Net profit	-	-	-	-	-	-	1,002,164	1,002,164	-	1,002,164	( 347)	1,001,817
D3	2014 Other consolidated income	-	-	-	-	-	-	-	-	450,869	450,869	4,240	455,109
D5	2014 Total consolidated income	-	-	-	-	-	-	1,002,164	1,002,164	450,869	1,453,033	3,893	1,456,926
E1	Cash capital increase	40,000	428,854	-	428,854	-	-	-	-	-	468,854	-	468,854
I1	Amount incurred from issuance of convertible corporate bond recognized equity component – recognized equity	-	-	68,829	68,829	-	-	-	-	-	68,829	-	68,829
O1	Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	116,125	116,125
Z1	BALANCE, DECEMBER 31 <sup>ST</sup> , 2014	1,048,890	3,977,130	68,829	4,045,959	123,907	8,214	2,182,667	2,314,788	527,397	7,937,034	120,018	8,057,052
	2014 Earnings appropriation and distribution:												
B1	Legal reserve	-	-	-	-	100,216	-	( 100,216)	-	-	-	-	-
B5	Cash dividend	-	-	-	-	-	-	( 667,094)	( 667,094)	-	( 667,094)	-	( 667,094)
	Sub-Total	-	-	-	-	100,216	-	( 767,310)	( 667,094)	-	( 667,094)	-	( 667,094)
D1	2015 Net profit	-	-	-	-	-	-	1,350,717	1,350,717	-	1,350,717	( 1,594)	1,349,123
D3	2014 Other consolidated income	-	-	-	-	-	-	-	-	( 254,588)	( 254,588)	( 6,649)	( 261,237)
D5	2014 Total consolidated income	-	-	-	-	-	-	1,350,717	1,350,717	( 254,588)	1,096,129	( 8,243)	1,087,886
E1	Cash capital increase	50,000	786,494	-	786,494	-	-	-	-	-	836,494	-	836,494
I1	Convertible bonds conversion	80,906	1,165,310	( 56,467)	1,108,843	-	-	-	-	-	1,189,749	-	1,189,749
I1	Amount incurred from issuance of convertible corporate bond recognized equity component – recognized equity	-	-	150,355	150,355	-	-	-	-	-	150,355	-	150,355
Z1	Balance on December 31 <sup>st</sup> , 2015	\$ 1,179,796	\$ 5,928,934	\$ 162,717	\$ 6,091,651	\$ 224,123	\$ 8,214	\$ 2,766,074	\$ 2,998,411	\$ 272,809	\$ 10,542,667	\$ 111,775	\$ 10,654,442

The accompanying notes constitute an integral part of this consolidated financial statement.

Chairman: Chang, Hsien-Ming    General Manager: Chang, Hsien-Ming    Chief Accountant: Lin, Yu-Yi

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Yeong Guan Energy Technology Group Co., Ltd. & Subsidiaries  
Consolidated Statement of Cash Flows  
From January 1st to December 31st for 2015 & 2014

Unit: in thousands of NTD

Codes		2015	2014
	Cash Flows from Operating Activities		
A10000	Pre-tax net profit	\$ 1,788,513	\$ 1,321,077
A20010	Income/Expense item not affecting cash flows		
A20100	Depreciation expense	465,564	428,078
A20200	Amortization expense	2,925	2,298
A20300	Gain on reversal of bad debts	( 949 )	( 66,501 )
A20400	Financial instrument net profit at fair value through profit and loss	( 15,752 )	( 329 )
A20900	Interest expense	43,960	54,848
A21200	Interest income	( 56,784 )	( 45,441 )
A22500	Net loss from disposal & abolishment of property, factory and equipment	22,690	261
A23800	Inventory devaluation & obsolescence loss (price recovery gain)	( 12,478 )	5,717
A24100	Unrealized foreign currency exchange net profit	( 26,020 )	( 16,670 )
A29900	Amortization of prepaid lease payment	8,103	6,869
A30000	Net change on operating assets and liabilities		
A31130	Notes receivable	( 104,671 )	( 25,630 )
A31150	Account receivable	( 404,756 )	160,156
A31200	Inventory	95,696	( 235,836 )
A31230	Advance payments	( 25,571 )	5,684
A31240	Other current assets	32,086	( 16,743 )
A32110	Financial instrument at fair value through profit and loss	479	1,943
A32130	Notes payable	( 87,523 )	72,680
A32150	Account payable	50,736	86,667
A32180	Other payables	130,866	99,293
A32230	Other Current Liabilities	( <u>16,280</u> )	( <u>5,050</u> )
A33000	Operating net cash inflows	1,890,834	1,833,371
A33300	Interest paid	( 11,299 )	( 39,299 )
A33500	Income tax paid	( <u>389,719</u> )	( <u>298,759</u> )
AAAA	Operating Activity Net Cash Inflows	<u>1,489,816</u>	<u>1,495,313</u>

(to be continued)



This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

(brought forward)

Codes		2015	2014
	Investment Activity Cash Flows		
B00700	Proceeds from disposal of bond investment without active market	\$ -	\$ 24,671
B02700	Payment for property, factory and equipment	( 895,353 )	( 268,270 )
B02800	Proceeds from disposal of property, factory and equipment	1,087	868
B04500	Payment for intangible assets	( 2,758 )	( 1,009 )
B06700	Increase in other non-current assets	( 12,175 )	( 6,601 )
B07100	Increase in equipment prepayments	( 757,871 )	( 341,440 )
B07300	Long term lease prepayments	( 67,161 )	-
B07500	Interests collected	<u>57,385</u>	<u>43,763</u>
BBBB	Investment Activity Net Cash Outflow	<u>( 1,676,846 )</u>	<u>( 548,018 )</u>
	Financing Activity Cash Flows		
C00200	Increase (Decrease) in short term loan	89,144	( 689,836 )
C01200	Issuance of corporate bond	2,493,454	1,496,286
C01600	Long-term borrowing	4,382	-
C01700	Long term loan repayment	-	( 719,190 )
C04400	Decrease in other non-current liabilities	-	( 23 )
C04500	Cash dividend disbursement	( 667,094 )	( 353,112 )
C04600	Capital increase by cash	836,494	468,854
C05800	Non-controlling interest changes	<u>-</u>	<u>116,125</u>
CCCC	Financing Activity Net Cash Inflow	<u>2,756,380</u>	<u>319,104</u>
DDDD	Exchange rate change effects on cash & cash equivalents	<u>( 103,925 )</u>	<u>119,274</u>
EEEE	Cash & cash equivalents increase	2,465,425	1,385,673
E00100	Cash & cash equivalents, beginning of the period	<u>2,942,384</u>	<u>1,556,711</u>
E00200	Cash & cash equivalents, end of the period	<u>\$ 5,407,809</u>	<u>\$ 2,942,384</u>

The accompanying notes constitute an integral part of  
this consolidated financial statement.

Chairman: Chang, Hsien-Ming  
General Manager: Chang, Hsien-Ming  
Chief Accountant: Lin, Yu-Yi

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

## Exhibit 5 : Profit Distribution Table for Year 2015

### PROFIT DISTRIBUTION TABLE Year 2015

Yeong Guan Energy Technology Group Co., Ltd.

Unit: NT\$	
Items	Total
Beginning retained earnings	1,415,357,113
Add: net profit after tax	1,350,717,044
Less: 10% legal reserve	<span style="color: red;">(135,071,704)</span>
Net distributable profit for the period	2,631,002,453
Distributable items:	
Cash dividend—NT\$8.5 per share	1,004,188,198
Unappropriated retained earnings	<u>1,626,814,255</u>
Notes: Employee bonus sharing NT\$27,700,000.	

Chairman:

General Manager:

Chief Accountant:

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

**Exhibit 6: Comparison table for the amendments of “Memorandum” and “Articles of Association”**

**Comparison table for the amendments of “Memorandum”**

<b>BEFORE AMENDMENTS</b>	<b>AFTER AMENDMENTS</b>	<b>EXPLANATIONS</b>
8. The share capital of the Company is NT\$ <u>1,500,000,000</u> divided into <u>150,000,000</u> shares of a par value of New Taiwan Dollar 10.00 each.	8. The share capital of the Company is NT\$ <u>3,000,000,000</u> divided into <u>300,000,000</u> shares of a par value of New Taiwan Dollar 10.00 each.	Based on its actual needs, the Company increased its authorized capital.

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

## **Amended Memorandum of the Company**

THE COMPANIES LAW

EXEMPTED COMPANY LIMITED BY SHARES

THIRD AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION

OF

Yeong Guan Energy Technology Group Company Limited

永冠能源科技集團有限公司

(Adopted by a special resolution passed by the members of the company on [-], 2016)

1. The name of the Company is Yeong Guan Energy Technology Group Company Limited 永冠能源科技集團有限公司.
2. The Registered Office of the Company shall be at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box. 2681, Grand Cayman, KY1- 1111, Cayman Islands.
3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted.
4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of The Companies Law.
5. Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.
6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
8. The share capital of the Company is NT\$3,000,000,000 divided into 300,000,000 Shares of par value of NT\$10 each.
9. The Company may exercise the power contained in the Companies Law to deregister the Cayman Islands and be registered by way of continuation in another jurisdiction.

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

### Comparison table for the amendments of “Article of Association”

BEFORE AMENDMENTS	AFTER AMENDMENTS	EXPLANATIONS
<p>1.1 In these <u>ninth</u> Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:</p>	<p>1.1 In these <u>eighth</u> Amended and Restated Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:</p>	<p>This Article is amended due to the change of the version of the Articles of Association.</p>
<p>13.4 <u>Upon the final settlement of the Company's accounts, if there is "surplus profit" (as defined below), the Company shall set aside between two per cent (2%) and fifteen per cent (15%) as compensation to employees ("Employees' Compensations") and Employees' Compensations may be distributed to employees of the Company and its Subsidiaries, who meet certain qualifications. The Company shall, from the surplus profit, set aside no more than three per cent (3%) thereof as remuneration for the Directors ("Directors' Remuneration"). The distribution proposals in respect of Employees' Compensation and Directors' Remuneration shall be approved by a majority of the</u></p>	<p>(New Article)</p>	<p>This Article is added to reflect the newly-added Taiwan Company Act 235-1.</p>

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

<p><u>Directors at a meeting attended by two-thirds or more of the total number of the Directors and submitted to the shareholders' meeting for report. However, if the Company has accumulated losses, the Company shall reserve an amount thereof for making up the losses before proceeding with the abovementioned distributions and allocation. The "surplus profit" referred to above means the net profit before tax of the Company and for the avoidance of doubt, such amount is before any payment of compensation to employees and remuneration for the Directors.</u></p>		
<p><b>13.5</b> In determining the Company's dividend policy, the Board recognises that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the dividend or other distribution it recommends to Members for approval in any financial year, the Board:</p> <p>(a) may take into consideration the earnings of the</p>	<p><b>13.4</b> In determining the Company's dividend policy, the Board recognises that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the dividend or other distribution it recommends to Members for approval in any financial year, the Board:</p> <p>(a) may take into consideration the earnings of the Company, overall</p>	<p>These amendments are made to reflect the newly-added Article 13.4.</p>

<p>Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests; and</p> <p>(b) shall set aside out of the current year profits of the Company, <u>in addition to the provision in Article 13.4:</u> (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses; (iii) ten per cent (10%) as a general reserve, and (iv) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules or a reserve as determined by the Board pursuant to Article 14.1.</p>	<p>development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests; and</p> <p>(b) shall set aside out of the current year profits of the Company: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses; (iii) ten per cent (10%) as a general reserve, and (iv) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules or a reserve as determined by the Board pursuant to Article 14.1.</p>	
<p><b>13.6</b> Subject to compliance with the Law and after setting aside <u>the amounts for Employees' Compensations and Directors'</u></p>	<p><b>13.5</b> Subject to compliance with the Law and after setting aside such amounts as the Board deems fit in accordance with the distribution</p>	<p>These amendments are made to reflect the newly-added Article 13.4.</p>

Remuneration in accordance with Article 13.4 and such amounts as the Board deems fit in accordance with the distribution policy set out in Article 13.5, the Board shall recommend to Members for approval to distribute no less than twenty per cent (20%) of the distributable amount as dividend to the Members and the allocation will be made upon the passing of the resolution by the Members.

**13.7** Dividends to the Members and the Employees' Compensation may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares or a combination of both for allocation and distribution to employees or the Members, provided that, in the case of a distribution to Members, no less than ten per cent (10%) of the total amount of such dividend shall be paid in cash. No unpaid dividend and compensation shall bear interest as against the Company.

policy set out in Article 13.4, the Board shall recommend to Members for approval in any financial year the amount of the dividend or other distribution to be allocated in the following manner and order and the allocation will be made upon approval by the Members:

- (a) between two per cent (2%) and fifteen per cent (15%) of the distributable amount as bonus to employees, including employees of the Company's Subsidiaries ("Employees' Bonus");
- (b) up to three per cent (3%) of the distributable amount as remuneration to the Directors ("Directors' Remuneration"); and
- (c) no less than fifty per cent (50%) of the distributable amount as dividend to the Members.

The Board shall determine how much of the amount shall be allocated to the Employees' Bonus, Directors' Remuneration and dividend, provided that the Board shall comply with the principles set out in (a) to (c) above and such allocation shall be recommended to the Members for approval. Dividends to the Members and the Employees' Bonus may be distributed, in the discretion of the



This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

	<p>Board, by way of cash or by way of applying such sum in paying up in full unissued shares or a combination of both for allocation and distribution to employees or the Members, provided that, in the case of a distribution to Members, no less than ten per cent (10%) of the total amount of such dividend shall be paid in cash. No unpaid dividend and bonus shall bear interest as against the Company.</p>	
<p><b>13.8</b> The Board shall fix any date as the record date for determining the Members entitled to receive any dividend or other distribution.</p>	<p><b>13.6</b> The Board shall fix any date as the record date for determining the Members entitled to receive any dividend or other distribution.</p>	<p>The article number is changed due to the newly-added Article 13.4.</p>
<p><b>13.9</b> For the purpose of determining Members entitled to receive payment of any dividend or other distributions, the Directors may provide that the Register of Members be closed for transfers for five (5) days before the relevant record date or such other period consistent with the Applicable Public Company Rules subject to compliance with the Law.</p>	<p><b>13.7</b> For the purpose of determining Members entitled to receive payment of any dividend or other distributions, the Directors may provide that the Register of Members be closed for transfers for five (5) days before the relevant record date or such other period consistent with the Applicable Public Company Rules subject to compliance with the Law.</p>	<p>The article number is changed due to the newly-added Article 13.4.</p>
<p><b>51. Quorum at Board Meetings</b> The quorum for a meeting of the Board shall be more than one-half of the total number of</p>	<p><b>51. Quorum at Board Meetings</b> The quorum for a meeting of the Board shall be more than one-half of the total number of the Directors.</p>	<p>Based on the Company's actual needs, the Directors are</p>

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

<p><u>the Directors. Any of the Directors may appoint another Director as proxy to represent him at any meeting of the Board if such Director is unable to do so in person for any reason. If a Director appoints a proxy then for all purposes the presence or vote of the proxy shall be deemed to be that of the appointing Director. The appointed Director may only act as the proxy of one Director only.</u></p>		<p>permitted to appoint other Directors as his/her proxy to attend the board meeting.</p>
---	--	---

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

## **Amended ARTICLES OF ASSOCIATION**

### **NINTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF**

**Yeong Guan Energy Technology Group Company Limited**  
**永冠能源科技集團有限公司**

**(Adopted by a special resolution passed by the members of the company on [-], 2016)**

## TABLE OF CONTENTS

<p style="text-align: center;"><b>Table A</b></p> <p style="text-align: center;"><b>INTERPRETATION</b></p> <p>1. Definitions</p> <p style="text-align: center;"><b>SHARES</b></p> <p>2. Power to Issue Shares</p> <p>3. Redemption and Purchase of Shares</p> <p>4. Rights Attaching to Shares</p> <p>5. Share Certificates</p> <p>6. Preferred Shares</p> <p style="text-align: center;"><b>REGISTRATION OF SHARES</b></p> <p>7. Register of Members</p> <p>8. Registered Holder Absolute Owner</p> <p>9. Transfer of Registered Shares</p> <p>10. Transmission of Shares</p> <p style="text-align: center;"><b>ALTERATION OF SHARE CAPITAL</b></p> <p>11. Power to Alter Capital</p> <p>12. Variation of Rights Attaching to Shares</p> <p style="text-align: center;"><b>DIVIDENDS AND CAPITALISATION</b></p> <p>13. Dividends</p> <p>14. Capital Reserve and Power to Set Aside Profits</p> <p>15. Method of Payment</p> <p>16. Capitalisation</p> <p style="text-align: center;"><b>MEETINGS OF MEMBERS</b></p> <p>17. Annual General Meetings</p> <p>18. Extraordinary General Meetings</p> <p>19. Notice</p> <p>20. Giving Notice</p> <p>21. Postponement of General Meeting</p>	<p>22. Quorum and Proceedings at General Meetings</p> <p>23. Chairman to Preside</p> <p>24. Voting on Resolutions</p> <p>25. Proxies</p> <p>26. Proxy Solicitation</p> <p>27. Dissenting Member's Appraisal Right</p> <p>28. Shares that May Not be Voted</p> <p>29. Voting by Joint Holders of Shares</p> <p>30. Representation of Corporate Member</p> <p>31. Adjournment of General Meeting</p> <p>32. Directors Attendance at General Meetings</p> <p style="text-align: center;"><b>DIRECTORS AND OFFICERS</b></p> <p>33. Number and Term of Office of Directors</p> <p>34. Election of Directors</p> <p>35. Removal of Directors</p> <p>36. Vacancy in the Office of Director</p> <p>37. Compensation of Director</p> <p>38. Defect in Election of Director</p> <p>39. Directors to Manage Business</p> <p>40. Powers of the Board of Directors</p> <p>41. Register of Directors and Officers</p> <p>42. Officers</p> <p>43. Appointment of Officers</p> <p>44. Duties of Officers</p> <p>45. Compensation of Officers</p> <p>46. Conflicts of Interest</p> <p>47. Indemnification and Exculpation of Directors and Officers</p>	<p style="text-align: center;"><b>MEETINGS OF THE BOARD OF DIRECTORS</b></p> <p>48. Board Meetings</p> <p>49. Notice of Board Meetings</p> <p>50. Participation in Meetings by Video Conference</p> <p>51. Quorum at Board Meetings</p> <p>52. Board to Continue in the Event of Vacancy</p> <p>53. Chairman to Preside</p> <p>54. Validity of Prior Acts of the Board</p> <p style="text-align: center;"><b>CORPORATE RECORDS</b></p> <p>55. Minutes</p> <p>56. Register of Mortgages and Charges</p> <p>57. Form and Use of Seal</p> <p style="text-align: center;"><b>TENDER OFFER AND ACCOUNTS</b></p> <p>58. Tender Offer</p> <p>59. Books of Account</p> <p>60. Financial Year End</p> <p style="text-align: center;"><b>AUDIT COMMITTEE</b></p> <p>61. Number of Committee Members</p> <p>62. Powers of Audit Committee</p> <p style="text-align: center;"><b>VOLUNTARY WINDING-UP AND DISSOLUTION</b></p> <p>63. Winding-Up</p> <p style="text-align: center;"><b>CHANGES TO CONSTITUTION</b></p> <p>64. Changes to Articles</p> <p>65. Discontinuance</p>
---	--	--

**NINTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION  
OF**

**Yeong Guan Energy Technology Group Company Limited**

**永冠能源科技集團有限公司**

**(Adopted by a special resolution passed by the members of the company on [-],  
2016)**

**Table A**

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

**INTERPRETATION**

**1. Definitions**

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

Applicable Law	the Applicable Public Company Rules, the Law or such other rules or legislation applicable to the Company;
Applicable Public Company Rules	the ROC laws, rules and regulations (including, without limitation, the Company Law, the Securities and Exchange Law, the rules and regulations promulgated by the FSC and the rules and regulations promulgated by the TSE, as amended from time to time) affecting public reporting companies or companies listed on any ROC stock exchange or securities market that from time to time are required by the relevant regulator as applicable to the Company;
Articles	these Articles of Association as altered from time to time;

Audit Committee	the audit committee under the Board, which shall comprise solely of Independent Directors of the Company;
Board	the board of directors appointed or elected pursuant to these Articles and acting at a meeting of directors at which there is a quorum in accordance with these Articles;
Capital Reserve	for the purpose of these Articles only, comprises of the premium (meaning such amount above par value of the shares) paid on the issuance of any share under the Law and income from endowments received by the Company;
Chairman	the Director elected by and amongst all the Directors as the chairman of the Board;
Company	Yeong Guan Energy Technology Group Company Limited 永冠能源科技集團有限公司;
Compensation Committee	a committee established by the Board, which shall be comprised of professional individuals appointed by the Board and having the functions, in each case, prescribed by the Applicable Public Company Rules;
Cumulative Voting	the voting mechanism for an election of Directors as described in Article 34.2;
Directors	the directors for the time being of the Company and shall include any and all Independent Director(s);
Electronic Record	has the same meaning as in the Electronic Transactions Law;
Electronic Transactions Law	the Electronic Transactions Law (2003 Revision) of the Cayman Islands;
Family Relationship within Second Degree of Kinship	in respect of a person, means another person who is related to the first person either by blood or by marriage of a member of the family and within the second degree to include the parents, siblings, grandparents, children and grandchildren of the person as well as spouse's parents, siblings and grandparents;
FSC	The Financial Supervisory Commission of the Republic of China;

Independent Directors	the Directors who are elected as "Independent Directors" for the purpose of Applicable Public Company Rules;
Joint Operation Contract	a contract between the Company and one or more person(s) or entit(ies) where the parties to the contract agree to pursue the same business venture and jointly bear losses and enjoy profits arising out of such business venture in accordance with the terms of such contract;
Law	The Companies Law of the Cayman Islands and every modification, reenactment or revision thereof for the time being in force;
Lease Contract	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) lease or rent from the Company the necessary means and assets to operate the whole business of the Company in the name of such person, and as consideration, the Company receives a pre-determined compensation from such person;
Management Contract	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) manage and operate the business of the Company in the name of the Company and for the benefits of the Company, and as consideration, such person(s) receive a pre-determined compensation while the Company continues to be entitled to the profits (or losses) of such business;
Market Observation Post System	the public company reporting system maintained by the Taiwan Stock Exchange Corporation, via <a href="http://mops.twse.com.tw/">http://mops.twse.com.tw/</a> ;
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
Memorandum	the memorandum of association of the Company;
Notice	written notice as further provided in these Articles unless otherwise specifically stated;

Merger	<p>a transaction whereby:</p> <p>(a) (i) all of the companies participating in such transaction are combined into a new company, which new company generally assumes all rights and obligations of the combined companies; or (ii) all of the companies participating in such transaction are merged into one of such companies as the surviving company, and the surviving company generally assumes all rights and obligations of the merged companies, and in each case the consideration for the transaction being the shares of the surviving or new company or any other company, cash or other assets; or</p> <p>(b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Applicable Public Company Rules;</p>
month	calendar month;
Officer	any person appointed by the Board to hold an office in the Company;
ordinary resolution	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by not less than a simple majority of the votes cast;
Private Placement	has the meaning given thereto in Article 11.6;
Preferred Shares	has the meaning given thereto in Article 6;
Register of Directors and Officers	the register of directors and officers referred to in these Articles;
Register of Members	the register of members of the Company maintained in accordance with the Law and (as long as the Company is listed on the TSE) the Applicable Public Company Rules;
Registered Office	the registered office for the time being of the Company;
Related Person(s)	the persons as defined in Article 33.2;
ROC	Taiwan, the Republic of China;
Seal	the common seal or any official or duplicate seal of the Company;



Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
share(s)	share(s) of par value NT\$10 each in the Company and includes fraction of a share;
special resolution	a resolution passed by a majority of at least two-thirds (or such greater number as may be specified in these Articles, if any) of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given;
Subsidiary	with respect to any company, (1) the entity, one half or more of whose total number of the issued voting shares or the total amount of the share capital are directly or indirectly held by such company; (2) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (3) the entity, one half or more of whose shareholders involved in management or board of directors are concurrently acting as the shareholders involved in management or board of directors of such company; and (4) the entity, one half or more of whose total number of the issued voting shares or the total amount of the share capital are held by the same shareholder(s) of such company;
supermajority resolution	a resolution passed by Members (present in person, by proxy or corporate representative) who represent a majority of the outstanding issued shares of the Company as, being entitled to do so, vote in person or, in the case of such Members as are corporations, by their respective duly representative or, where proxies are allowed, by proxy at a duly convened general meeting attended by Members (present in person, by proxy or corporate representative) who represent two-thirds or more of the total outstanding shares of the

Company entitled to vote thereon or, if the total number of shares represented by the Members (present in person, by proxy or corporate representative) at the general meeting is less than two-thirds of the total outstanding shares of the Company entitled to vote thereon, but more than one half of the total outstanding shares of the Company entitled to vote thereon, means instead, a resolution adopted at such general meeting by the Members (present in person, by proxy or corporate representative) who represent two-thirds or more of the total number of shares entitled to vote on such resolution at such general meeting;

TDCC	means the Taiwan Depository & Clearing Corporation;
Treasury Shares	has the meaning given thereto in Article 3.11;
Threshold	means the spousal relationship and/or Family Relationship within Second Degree of Kinship threshold for members of the Board as defined in Article 33.2;
TSE	The Taiwan Stock Exchange Corporation; and
Year	calendar year.

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

- (a) words denoting the plural number include the singular number and vice versa;
- (b) words denoting the masculine gender include the feminine and neuter genders;
- (c) words importing persons include companies, associations or bodies of persons whether corporate or not;
- (d) the words:
  - (i) "may" shall be construed as permissive; and
  - (ii) "shall" shall be construed as imperative;
- (e) "written" and "in writing" include all modes of representing or reproducing words in visible form, including the form of an Electronic Record;
- (f) a reference to statutory provision shall be deemed to include any amendment or reenactment thereof;
- (g) unless otherwise provided herein, words or expressions defined

in the Law shall bear the same meaning in these Articles; and

- (h) Section 8 of the Electronic Transactions Law shall not apply to the extent that it imposes obligations or requirements in addition to those set out.
- 1.3** In these Articles expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.
- 1.4** Headings used in these Articles are for convenience only and are not to be used or relied upon in the construction hereof.

## **SHARES**

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

- 2.1** Subject to these Articles and any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares of the Company on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the Members prescribe, provided that no share shall be issued at a discount except in accordance with the Law.
- 2.2** Unless otherwise provided in these Articles, the issue of new shares of the Company shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new shares shall at all times be subject to the sufficiency of the authorized capital of the Company.
- 2.3** Where the Company increases its issued share capital by issuing new shares for cash consideration in the ROC the Company shall allocate 10% of the total amount of the new shares to be issued, for offering in the ROC to the public ("Public Offering Portion") unless it is not necessary or appropriate, as determined by the FSC or TSE, for the Company to conduct the aforementioned public offering. However, if a percentage higher than the aforementioned 10% is resolved by the Members in a general meeting by ordinary resolution to be offered, the percentage determined by such resolution shall prevail and shares corresponding to such percentage shall be reserved as Public Offering

Portion. The Company may also reserve up to 15% of such new shares for subscription by its employees (the "Employee Subscription Portion").

- 2.4 Unless otherwise resolved by the Members in general meeting by ordinary resolution, where the Company increases its issued share capital by issuing new shares for cash consideration, after allocation of the Public Offering Portion and the Employee Subscription Portion pursuant to Article 2.3 hereof, the Company shall make a public announcement and notify each Member that he is entitled to exercise a pre-emptive right to purchase his pro rata portion of the remaining new shares, to be issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members the procedures for exercising such pre-emptive rights and that if any Member fails to purchase his pro rata portion of such remaining newly-issued shares within the prescribed period, such Member shall be deemed to forfeit his pre-emptive right to purchase such newly-issued shares. Where an exercise of the pre-emptive right may result in fractional entitlement of a Member, the entitlements (including fractional entitlements) of two or more Members may be combined to jointly subscribe for one or more whole new shares in the name of a single Member, subject to compliance with such directions and terms and conditions as determined by the Board and the Applicable Public Company Rules. If the total number of the new shares to be issued has not been fully subscribed for by the Members within the prescribed period, the Company may consolidate such shares into the public offering tranche or offer any un-subscribed new shares to a specific person or persons in such manner as is consistent with the Applicable Public Company Rules.
- 2.5 Subject to the provisions of the Law, the Company may issue new shares subject to restrictions and conditions ("**Restricted Shares**") to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution provided that Article 2.3 hereof shall not apply in respect of the issue of such shares. For so long as the shares are listed on the TSE, the terms of issue of the Restricted Shares, including but not limited to the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.
- 2.6 The Public Offering Portion and the Employee Subscription Portion under Article 2.3 and the pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes:
- (a) in connection with a Merger, spin-off, or pursuant to any

reorganization of the Company;

- (b) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof;
  - (c) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;
  - (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
  - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; or
  - (f) in connection with a Private Placement of the securities issued by the Company.
- 2.7** The Company shall not issue any unpaid shares or partly paid-up shares.
- 2.8** Notwithstanding Article 2.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more employee incentive programmes and may issue shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries, and for the avoidance of doubt, approval by the Members is not required.
- 2.9** Options, warrants or other similar instruments issued in accordance with Article 2.8 above are not transferable save by inheritance.
- 2.10** The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 2.8 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 not be less favorable than the terms specified in the applicable incentive programme.

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

- 3.1** Subject to the Law, the Company is authorised to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member.
- 3.2** The Company is authorised to make payments in respect of the redemption of its shares out of capital or out of any other account or fund authorised for this purpose in accordance with the Law.

- 3.3** The redemption price of a redeemable share, or the method of calculation thereof, shall be fixed by the Board at or before the time of issue.
- 3.4** Every share certificate relating to redeemable share shall indicate that the share is redeemable.
- 3.5** Subject to the provisions of the Applicable Law and these Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own shares (including any redeemable shares) on such terms and in such manner as the Directors may determine and hold them as treasury shares of the Company in accordance with the Law (“**Treasury Shares**”). If any purchase of the Company’s own shares involves any immediate cancellation of shares of the Company, such repurchase of shares is subject to approval by the Members by way of an ordinary resolution and the number of shares of the Company to be cancelled shall be allocated among all the Members as of the date of such cancellation on a pro rata basis (as rounded up or down to the nearest whole number as determined by the Directors) based on the then prevailing percentage of shareholding of the Members, unless otherwise provided for in the Law or the Applicable Public Company Rules.
- Upon approval by Members by way of an ordinary resolution to repurchase and cancel shares of the Company, the repurchase price may be paid in cash or in kind, provided that where any repurchase price is to be paid in kind, the monetary equivalent value of such payment in kind shall be (a) assessed by an ROC certified public accountant before being submitted by the Board to the Members for approval as part of the ordinary resolution authorising the repurchase and cancellation of shares of the Company; and (b) agreed to individually by each Member who will be receiving the repurchase price in kind.
- 3.6** In the event that the Company proposes to purchase any share listed on the TSE pursuant to the preceding Article and hold them as Treasury Shares of the Company, the resolution of the Board approving such proposal and the implementation thereof should be reported to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase its shares listed on the TSE for any reason.
- 3.7** Subject to Article 3.5, the redemption or repurchase price may be paid in any manner permissible under the Law as determined by the Directors, including out of capital.
- 3.8** A delay in payment of the redemption price shall not affect the

redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due enquiry, estimate to be representative of the rates being offered by banks holding "A" licenses (as defined in the Banks and Trust Companies Law (Revised) of the Cayman Islands) in the Cayman Islands for thirty day deposits in the same currency.

- 3.9** Subject to Article 3.5, the Directors may exercise as they think fit the powers conferred on the Company by Section 37(5) of the Law (payment out of capital).
- 3.10** Subject as aforesaid and to Article 3.5, the Directors may determine, as they think fit all questions that may arise concerning the manner in which the redemption of the shares shall or may be effected.
- 3.11** No share may be redeemed unless it is fully paid-up.
- 3.12** Subject to Article 3.5, shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or be held as Treasury Shares .
- 3.13** No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up of the Company) may be made to the Company in respect of a Treasury Share.
- 3.14** The Company shall be entered in the Register of Members as the holder of the Treasury Shares provided that:
- (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
  - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Law.
- 3.15** After the Company purchases its shares listed on the TSE, any proposal to transfer the Treasury Shares to the employees of the Company and its Subsidiaries at a price below the average actual repurchase price must be approved by special resolution in the next general meeting and the items required by the Applicable Public Company Rules shall be specified in the notice of the general meeting and may not be proposed as an extemporary motion. The aggregate number of Treasury Shares resolved at all general meetings and transferred to the employees of the Company and its Subsidiaries shall not exceed 5% of the total number of issued shares, and each employee may not subscribe for more than 0.5% of the total number of issued shares in aggregate. The Company

may prohibit such employees from transferring such Treasury Shares within a certain period; provided, however, that such a period cannot be more than two years from the date that such employees became the registered holders of the relevant Treasury Shares.

**3.16** Subject to Article 3.15, Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

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

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

- (a) be entitled to one vote per share;
- (b) be entitled to such dividends as recommended by the Board and approved by the Members at general meeting may from time to time declare;
- (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- (d) generally be entitled to enjoy all of the rights attaching to shares.

#### **5. Share Certificates**

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

**5.2** If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.

**5.3** Share may not be issued in bearer form.



- 5.4 When the Company issue share certificates pursuant to Article 5.1 hereof, the Company shall deliver the share certificates to the allottees of such shares within thirty (30) days from the date such share certificates may be issued pursuant to the Law, the Memorandum, the Articles, and the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules.
- 5.5 Where the Company shall issue the shares in uncertificated/scripless form, the Company shall upon the issue of such shares cause the name of the subscriber and other particulars to be entered onto the Register of Members in accordance with the Law and the Applicable Public Company Rules.

## **6. Preferred Shares**

- 6.1 Notwithstanding any provisions of these Articles, the Company may by special resolution designate one or more classes of shares with preferred or other special rights as the Company, by special resolution, may determine (shares with such preferred or other special rights, the "Preferred Shares"), and cause to be set forth in these Articles.
- 6.2 The rights and obligations of Preferred Shares may include (but not limited to) the following terms and shall be consistent with the Applicable Public Company Rules:
- (a) the order of priority and fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
  - (b) the order of priority and fixed amount or fixed ratio of allocation of surplus assets of the Company;
  - (c) the order of priority for or restriction on the voting right(s) (including declaring no voting rights whatsoever) of the Members holding the Preferred Shares;
  - (d) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
  - (e) other matters concerning rights and obligations incidental to Preferred Shares.

## **REGISTRATION OF SHARES**

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

- (a) For so long as shares are listed on the TSE, the Board shall cause to be kept a Register of Members which may be kept outside the Cayman Islands at such place as the Directors shall appoint and which shall be

maintained in accordance with the Law and the Applicable Public Company Rules.

- (b) In the event that the Company has shares that are not listed on the TSE, the Company shall also cause to be kept a register of such shares in accordance with Section 40 of the Law.

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

Except as required by Law:

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

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

- 9.1** Title to shares listed on the TSE may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules (including through the book-entry system of the TDCC) that are applicable to shares listed on the TSE.
- 9.2** All transfers of shares which are in certificated form may be effected by an instrument of transfer in writing in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and, if the Board so requires, by or on behalf of the transferee. Without prejudice to the foregoing, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers.
- 9.3** The Board may refuse to recognise any instrument of transfer in respect of shares in certificated form unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- 9.4** The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.
- 9.5** The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share in certificated form in the event such registration of transfer would (i) conflict with the Applicable Law; or (ii) conflict with the Memorandum and/or these Articles. If the Board refuses to register a transfer of any share, the Secretary shall, within three months after the date on which the transfer

was lodged with the Company, send to the transferor and transferee notice of the refusal.

- 9.6** Nothing in these Articles shall preclude the Board from recognizing a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect of it.

## **10. Transmission of Shares**

- 10.1** In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.
- 10.2** Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any way other than by transfer) may, upon such evidence being produced as may from time to time be required by the Board, elect, by a notice in writing sent by him to the Company, either to become the holder of such share or to have some person nominated by him registered as the holder of such share. If he elects to have another person registered as the holder of such share, he shall sign an instrument of transfer of that share to that person.
- 10.3** A person becoming entitled to a share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any case other than by transfer) shall be entitled to the same dividend, other distributions and other advantages to which he would be entitled if he were the registered holder of such share. However, he shall not, before becoming a Member in respect of a share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company. Notwithstanding the aforesaid, the Board may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the share. If the notice is not

complied with within ninety days of being received or deemed to be received (as determined pursuant to the Articles), the Board may thereafter withhold payment of all dividend, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

- 10.4** Notwithstanding the above, for as long as the shares are listed on the TSE, the transmission of the shares may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules (including through the book-entry system of the TDCC) that are applicable to shares listed on the TSE.

## **ALTERATION OF SHARE CAPITAL**

### **11. Power to Alter Capital**

- 11.1** Subject to the Law, the Company may from time to time by ordinary resolution alter the conditions of its Memorandum to increase its authorized share capital by such amount as it thinks expedient.

- 11.2** Subject to the Law, the Company may from time to time by ordinary resolution alter the conditions of its Memorandum to:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares in such manner as permitted by Applicable Law; or
- (b) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled in such manner as permitted by Applicable Law.

- 11.3** Subject to the Law and the Articles, the Company may from time to time by special resolution:

- (a) change its name;
- (b) alter or add to the Articles;
- (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; or
- (d) reduce its share capital and any capital redemption reserve fund in any manner authorised by the Law and the Applicable Public Company Rules.

- 11.4** Subject to the Law and Article 11.5, the following actions by the Company shall require the approval of the Members by a supermajority resolution:

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

- (a) effecting any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 16 hereof;
- (b) effecting any Merger (except for any Merger which falls within the definition of "merger" and/or "consolidation" under the Law, which requires the approval of the Company by special resolution only) or spin-off or Private Placement of the securities issued by the Company;
- (c) entering into, amend, or terminate any Lease Contract, Management Contract or Joint Operation Contract;
- (d) the transferring of the whole or any essential part of the business or assets of the Company; or
- (e) acquiring or assuming the whole business or assets of another person, which has a material effect on the Company's operation.

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

- (a) if the Company resolves by supermajority resolution that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
- (b) if the Company resolves by special resolution that it be wound up voluntarily for reasons other than set out in Article 11.5(a) above.

**11.6** Subject to the Law and in addition to approval by the Board in accordance with Article 2.2, the Company may, with a resolution approved by at least two-thirds of the votes of the Members present at a general meeting attended by Members representing a majority of the total number of issued shares, issue securities to the following persons by way of private placement within the territory of the ROC in accordance with Applicable Public Company Rules ("**Private Placement**"):

- (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other legal entities or institutions approved by the FSC;
- (b) natural person, legal entities or funds meeting the qualifications set forth by the FSC; and
- (c) directors, supervisors (if any) or managers of the Company or its Subsidiaries.

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

If, at any time, the share capital is divided into different classes of shares, the

rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the sanction of a special resolution passed at a general meeting of the holders of the shares of the class with a quorum of such number of holders holding more than one-half of the total outstanding shares of such class being present in person, by proxy or corporate representatives. 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. 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.

## **DIVIDENDS AND CAPITALISATION**

### **13. Dividends**

- 13.1** The Board may, subject to approval by the Members by way of ordinary resolution or, in the case of Article 11.4(a), supermajority resolution and subject to these Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members in proportion to the number of shares held by them, and such dividend may be paid in cash, shares or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. No unpaid dividend shall bear interest as against the Company.
- 13.2** The Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the foregoing generality, the Directors may fix the value of such specific assets, may determine that cash payments shall be made to some Members in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.
- 13.3** Subject to the Law, Article 11.4(a) and these Articles and except as otherwise provided by the rights attached to any shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an ordinary resolution, in annual general meetings. No dividends or other distribution shall be paid except out of profits of the Company, realised or unrealised, out of share premium account or any reserve, fund or account as otherwise permitted by the Law. Except as

otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the number of the shares that a Member holds and the amount paid up on such shares. If any share is issued on terms providing that it shall be entitled to dividends as from a particular date only, such shares shall be entitled to dividends accordingly.

- 13.4** Upon the final settlement of the Company's accounts, if there is "surplus profit" (as defined below), the Company shall set aside between two per cent (2%) and fifteen per cent (15%) as compensation to employees ("**Employees' Compensations**") and Employees' Compensations may be distributed to employees of the Company and its Subsidiaries, who meet certain qualifications. The Company shall, from the surplus profit, set aside no more than three per cent (3%) thereof as remuneration for the Directors ("**Directors' Remuneration**"). The distribution proposals in respect of Employees' Compensation and Directors' Remuneration shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and submitted to the shareholders' meeting for report. However, if the Company has accumulated losses, the Company shall reserve an amount thereof for making up the losses before proceeding with the abovementioned distributions and allocation. The "surplus profit" referred to above means the net profit before tax of the Company and for the avoidance of doubt, such amount is before any payment of compensation to employees and remuneration for the Directors.
- 13.5** In determining the Company's dividend policy, the Board recognises that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the dividend or other distribution it recommends to Members for approval in any financial year, the Board:
- (a) may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests; and
  - (b) shall set aside out of the current year profits of the Company, in addition to the provision in Article 13.4: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses; (iii) ten per cent (10%) as a general reserve, and (iv) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules or a reserve as determined by the Board pursuant to Article 14.1.

- 13.6** Subject to compliance with the Law and after setting aside the amounts for Employees' Compensations and Directors' Remuneration in accordance with Article 13.4 and such amounts as the Board deems fit in accordance with the distribution policy set out in Article 13.5, the Board shall recommend to Members for approval to distribute no less than twenty per cent (20%) of the distributable amount as dividend to the Members and the allocation will be made upon the passing of the resolution by the Members.
- 13.7** Dividends to the Members and the Employees' Compensation may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares or a combination of both for allocation and distribution to employees or the Members, provided that, in the case of a distribution to Members, no less than ten per cent (10%) of the total amount of such dividend shall be paid in cash. No unpaid dividend and compensation shall bear interest as against the Company.
- 13.8** The Board shall fix any date as the record date for determining the Members entitled to receive any dividend or other distribution.
- 13.9** For the purpose of determining Members entitled to receive payment of any dividend or other distributions, the Directors may provide that the Register of Members be closed for transfers for five (5) days before the relevant record date or such other period consistent with the Applicable Public Company Rules subject to compliance with the Law.

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

- 14.1** The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such sum as it thinks proper as a reserve to be used to meet contingencies or for meeting the deficiencies for implementing dividend distribution plans or for any other purpose to which those funds may be properly applied. Pending application, such sums may be in the absolute discretion of the Directors either be employed in the business of the Company or invested in such investment as Directors may from time to time think fit, and need not be kept separate from other assets of the Company. The Directors may also, without placing the same to reserve, carry forward any profit which they decide not to distribute.
- 14.2** Subject to any direction from the Company in general meeting, the Directors may on behalf of the Company exercise all the powers and options conferred on the Company by the Law in regard to the Capital Reserve. Subject to compliance with the Law, the Directors may on behalf of the Company set off accumulated losses against credits standing in the Capital Reserve and make distributions out of the



Capital Reserve.

**15. Method of Payment**

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

**15.2** In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder first named in the Register of Members to such holder's designated account or by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

**16. Capitalisation**

Subject to Article 11.4(a), the Board may capitalise any sum for the time being standing to the credit of any of the Company's Capital Reserve or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

**MEETINGS OF MEMBERS**

**17. Annual General Meetings**

**17.1** The Company shall hold a general meeting as its annual general meeting within six months following the end of each fiscal year. The Board shall convene all annual general meetings.

**17.2** The general meetings (including annual general meetings and extraordinary general meetings) shall be held at such time and place as the Chairman or any two Directors or any Director and the Secretary or the Board shall appoint provided that unless otherwise provided by the Law, the general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall apply for the approval of the TSE thereof within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members).

**18. Extraordinary General Meetings**

- 18.1** General meetings other than annual general meetings shall be called extraordinary general meetings.
- 18.2** The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or upon requisition in accordance with Article 18.3.
- 18.3** One or more 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 of the Company continuously for a period of one year or more may make a requisition that contains the details set out in Article 18.4 below to request the Board to convene an extraordinary general meeting of the Company.
- 18.4** 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 deposited at the Registered Office and the Company's stock affairs agent located in the ROC, and may consist of several documents in like form each signed by one or more requisitionists.
- 18.5** If the Board does 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, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the TSE for its prior approval.

## **19. Notice**

- 19.1** At least thirty days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of business to be conducted at the meeting.
- 19.2** At least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of the business to be considered at the meeting.
- 19.3** The Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly in accordance with Applicable Public Company Rules.
- 19.4** Subject to Article 22.4, the accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the

proceedings at that meeting.

**19.5** For so long as the shares are listed on the TSE, the Company shall announce to the public by via the Market Observation Post System in accordance with Applicable Public Company Rules the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the general meetings, including but not limited to, election or discharge of Directors, in accordance with Articles 19.1 and 19.2 hereof. If the voting power of a Member at a general meeting shall be exercised by way of a written instrument, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Articles 19.1 and 19.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in a manner consistent with the Applicable Public Company Rules.

**19.6** The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:

- (a) election or discharge of Directors,
- (b) alteration of the Memorandum or Articles,
- (c) (i) dissolution, Merger, any scheme or arrangement involving a transfer of all issued shares of the Company to a corporate acquirer in exchange for the issuance of shares by that corporate acquirer to the Members as consideration or spin-off, (ii) entering into, amending, or terminating any Lease Contract, Management Contract or Joint Operation Contract, (iii) transfer of the whole or any essential part of the business or assets of the Company, and (iv) acquisition or assumption of the whole of the business or assets of another person, which has a material effect on the operations of the Company,
- (d) ratification of an action by Director(s) who engage(s) in business for himself or on behalf of another person that is within the scope of the Company's business,
- (e) distribution of the whole or part of the surplus profit of the Company in the form of new shares, capitalization of Capital Reserve and any other amount in accordance with Article 16, and
- (f) Private Placement of any equity-related securities to be issued by the Company.

**19.7** For so long as the shares are listed on the TSE and unless the Law provides otherwise, the Board shall keep the Memorandum and 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 stock affairs agent located in the ROC. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.

**19.8** The Company shall make available all the statements and records prepared by the Board and the report prepared by the Audit Committee which will be submitted to the Members at the annual general meeting at the Registered Office (if applicable) and its stock affairs agent located in the ROC ten (10) days prior to such annual general meeting in accordance with Applicable Public Company Rules. Members may inspect and review the foregoing documents from time to time and may be accompanied by their lawyers or certified public accountants for the purpose of such inspection and review.

## **20. Giving Notice**

**20.1** Any Notice or document, whether or not to be given or issued under these Articles from the Company to a Member, shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication, and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register of Members or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the Notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or to the extent permitted by Applicable Law, may also be served by advertisement in appropriate newspapers. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

Any Notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent;
- (c) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and
- (d) may be given to a Member either in the English language or the Chinese language, subject to due compliance with all Applicable Law, rules and regulations.

This Article 20.1 shall apply mutatis mutandis to the service of any document by a Member on the Company under these Articles.

## **21. Postponement of General Meeting**

The Board may postpone any general meeting called in accordance with the provisions of these Articles provided that notice of postponement is given to each Member before the time for such meeting. A notice stating the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Articles.

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

**22.1** No resolutions shall be adopted unless a quorum is present. Unless otherwise provided for in the Articles, Members present in person or by proxy or in the case of a corporate Member, by corporate representative, representing more than one-half of the total issued shares of the

Company entitled to vote, shall constitute a quorum for any general meeting.

- 22.2** For so long as the shares are listed on the TSE and unless the Law provides otherwise, the Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for confirmation and adoption by the Members in a manner consistent with the Applicable Public Company Rules. After confirmation and adoption at the general meeting, the Board shall send or announce to the public via the Market Observation Post System in accordance with Applicable Public Company Rules copies of the adopted financial statements and the minutes of the general meeting containing the resolutions passed on the distribution of profits or allocation of losses, to each Member or otherwise make the same available to the Members in accordance with the Applicable Public Company Rules.
- 22.3** Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll. No resolution put to the vote of the meeting shall be decided by a show of hands.
- 22.4** Nothing in these Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the convening of any general meeting or the passage of any resolution in violation of applicable laws or regulations or these Articles within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court of the first instance for adjudicating any disputes arising out of the foregoing.
- 22.5** Unless otherwise expressly required by the Law, the Memorandum or the Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Members at any general meeting may be passed by an ordinary resolution.
- 22.6** Member(s) holding one per cent (1%) or more of the Company's total number of issued shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing one matter for discussion at an annual general meeting. The Company shall give a public notice in such manner as permitted by Applicable Law at such time deemed appropriate by the Board specifying the place and a period of not less than ten (10) days for Members to submit proposals. Proposals submitted for discussion at an annual general meeting shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than one cent (1%) of the Company's

total issued shares, (b) the matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).

### **23. Chairman to Preside**

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman, shall act as chairman at all meetings of the Members at which such person is present. In his absence a chairman shall be appointed or elected in accordance with the Applicable Public Company Rules.

### **24. Voting on Resolutions**

**24.1** Subject to any rights, privileges or restrictions attached to any share, every Member who (being an individual) is present in person or by proxy (or in the case of a corporation or other non-natural person by duly authorized representative(s) or by proxy) shall have one vote for every share of which he is the holder. A Member holding more than one share shall cast the votes in respect of his/her/its shares in the same way on a resolution proposed at a general meeting unless otherwise provided by the Applicable Public Company Rules, in which circumstance, the qualifications, application, manners for the exercise of such respective voting rights, procedures and other related matters thereof shall comply with the Applicable Public Company Rules, these Articles and the Law.

**24.2** 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.

**24.3** Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.

**24.4** To the extent permitted by Applicable Law and notwithstanding any provisions provided in these Articles, the Board may resolve to allow Members not attending and voting at a general meeting in person, by proxy or by duly authorized representatives (where a Member is a corporation or other non-natural person), to exercise their voting power and cast their votes by a written instrument approved by the Board or by way of electronic transmission (as provided under the ROC Electronic Signatures Act) prior to commencement of the general meeting, provided that (1) the Board shall allow the voting rights in respect of shares held by a Member to be exercised by way of electronic

transmission if the Company meets the requirements set forth in the Applicable Public Company Rules; and (2) the relevant methods and procedures are specified in the notice of that meeting and complied with by such Member(s). However, if a general meeting is convened outside the territory of the ROC, to the extent permitted by Applicable Law, the Company must allow the Members to exercise their voting rights and cast their votes by way of a written instrument approved by the Board or by way of electronic transmission in the manner referred to in the foregoing. Any Member who intends to exercise his voting power by a written instrument or by way of electronic transmission shall serve the Company with his/her/its voting decision at least two (2) calendar days prior to the date of such general meeting. Where more than one voting instrument is received from the same Member by the Company, the first voting instrument shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting instrument in the later-received voting instrument. For the avoidance of doubt, those Members voted in the manner mentioned in the foregoing shall, for purposes of these Articles and the Law, be deemed to have appointed the chairman of the general meeting as their proxy to vote their shares at the general meeting only in the manner directed by their written instrument or electronic document. The chairman as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the general meeting, and the Members shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.

- 24.5** In the event any Member who has served the Company with his/her/its declaration of intention to exercise his/her/its voting power by means of a written instrument or by means of electronic transmission pursuant to Article 24.4 hereof later intends to attend general meetings in person, he/she/it shall, at least two (2) calendar days prior to the date of the general meeting, serve a separate declaration of intention to revoke his/her/its previous votes casted by written instrument or electronic transmission in the same manner previously used in exercising his/her/its voting power, failing which, the Member shall be deemed to have waived his right to attend and vote at the relevant general meeting in person, the deemed appointment by the Member of the chairman as proxy shall remain valid and the Company shall not count any votes cast by such Member physically at the relevant general meeting.
- 24.6** A Member who is deemed to have appointed the chairman as proxy



pursuant to Article 24.4 for purposes of casting his vote by written instrument approved by the Board or by way of electronic transmission shall have the right to appoint another person as its proxy to attend the meeting in accordance with these Articles, in which case the express appointment of another proxy shall be deemed to have revoked the deemed appointment of the chairman as proxy under Article 24.4 and the Company shall only count the vote(s) casted by such expressly appointed proxy at the meeting.

## **25. Proxies**

- 25.1** The instrument of proxy shall be in the form approved by the Board and be expressed to be for a particular meeting only. The form of proxy shall include at least the following information: (a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Member, proxy and the solicitor for proxy solicitation (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.
- 25.2** An instrument of proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorised in writing, 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.
- 25.3** In the event that a Member exercises his voting power by way of a written instrument or electronic transmission and is deemed to have appointed the chairman of the meeting as his/her/its proxy pursuant to Article 24.4, and has also validly authorised another proxy to attend a general meeting by completing and returning the requisite proxy form, then the voting power exercised by the proxy (rather than the chairman of the meeting) at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting (excluding the deemed appointment of the chairman of the meeting pursuant to Article 24.4) later intends to attend the general meeting in person or to exercise his voting power by way of a written instrument or electronic transmission, he shall, at least two (2) days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.
- 25.4** Subject to the Applicable Public Company Rules, except for an ROC trust enterprise or stock agencies approved by the ROC competent

authority, save with respect to the chairman being deemed appointed as proxy under Article 24.4, when a person acts as the proxy for two or more Members, the total number of voting shares that the proxy may vote shall not exceed three percent (3%) of the total number of voting shares of the Company; otherwise, such number of voting shares in excess of the aforesaid threshold shall not be counted towards the number of votes cast for or against the relevant resolution or the number of voting shares entitled to vote on such resolution but shall be included in the quorum. Upon such exclusion, the number of voting shares being excluded and attributed to each Member represented by the same proxy shall be determined on a pro-rata basis based on the total number of voting shares being excluded and the number of voting shares that such Members have appointed the proxy to vote for.

- 25.5** The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company not less than five days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default, save with respect to the deemed appointment of the chairman as proxy under Article 24.4, the instrument of proxy shall not be treated as valid PROVIDED that the chairman of the meeting may in his discretion accept an instrument of proxy sent by telex or telefax upon receipt of telex or telefax confirmation that the signed original thereof has been sent. Where multiple instruments of proxy are received by the Company from the same Member, the first written duly executed and valid instrument of proxy received by the Company shall prevail, unless an explicit written statement revoking the previous instrument(s) appointing a proxy is made in the subsequent duly executed and valid instrument of proxy received by the Company. The chairman of the meeting shall have the discretion to determine which instrument of proxy shall be accepted where there is any dispute. Unless otherwise provided in these Articles, delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

## **26. Proxy Solicitation**

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

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

**27.1** Subject to compliance with the Law, in the event any of the following resolutions is passed at general meetings, any Member who has notified the Company in writing of his objection to such matter prior to the meeting and has raised again his objection at the meeting, may request the Company to purchase all of his shares at the then prevailing fair price:

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

**27.2** In the event any part of the Company's business is spun off or involved in any Merger, any Member, who has abstained from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting approving such spin off or Merger, may request the Company to purchase all of his shares at the then prevailing fair price.

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

**28.1** Shares held:

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

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

**28.2** A Member who has a personal interest in any motion discussed at a general meeting, which interest may be in conflict with and impair

those of the Company, shall abstain from voting such Member's shares in regard to such motion and such shares shall not be counted in determining the number of votes of the Members present at the said meeting. However, such shares may be counted in determining the number of shares of the Members present at such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member. To the extent that the Company has knowledge, any votes cast by or on behalf of such Member in contravention of the foregoing shall not be counted by the Company.

- 28.3** For so long as the shares are listed on the TSE, in the event that a Director creates or has created security, charge, encumbrance, mortgage or lien over any shares held by him, then he shall notify the Company of such security, charge, encumbrance, mortgage or lien. If at any time the security, charge, encumbrance, mortgage or lien created by a Director is in respect of more than half of the shares held by him at the time of his appointment, then the voting rights attaching to the shares held by such Director at such time shall be reduced, such that the shares over which security, charge, encumbrance, mortgage or lien has been created which are in excess of half of the shares held by the Director at the date of his appointment shall not carry voting rights and shall not be counted in the number of votes casted by the Members at a general meeting but shall be counted towards the quorum of the general meeting.

**29. Voting by Joint Holders of Shares**

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

**30. Representation of Corporate Member**

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

- 30.2** Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend

and vote at general meetings on behalf of a corporation or non-natural person which is a Member.

**31. Adjournment of General Meeting**

The chairman of a general meeting may, with the consent of a majority in number of the Members present at any general meeting at which a quorum is present, and shall if so directed, adjourn the meeting. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, a notice stating the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with the provisions of these Articles.

**32. Directors Attendance at General Meetings**

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

**DIRECTORS AND OFFICERS**

**33. Number and Term of Office of Directors**

**33.1** There shall be a board of Directors consisting of no less than eleven (11) persons, each of whom shall be appointed to a term of office of three (3) years. Directors may be eligible for re-election. The Company may from time to time by special resolution increase or reduce the number of Directors subject to the above number limitation provided that the requirements under the Applicable Law are met. The Directors shall elect a vice chairman ("Vice Chairman") amongst all the Directors. In case the Chairman is on leave or absent or can not exercise his/her power and authority for any cause, the Vice Chairman shall act on his/her behalf.

**33.2** A spousal relationship and/or a Family Relationship within the Second Degree of Kinship may not exist among more than half (1/2) of the members of the Board (the "Threshold"), unless with prior approval by the ROC competent authority. Where any person among the persons elected for appointment as a Director has a spousal relationship and/or a Family Relationship within the Second Degree of Kinship with any existing member of the Board or with any other person(s) also elected for appointment as a director (collectively, the "Related Persons" and each a "Related Person"), in respect of the Related Person who was elected by way of Cumulative Voting and who received the lowest number of votes from the Members for its appointment among all such elected Related Persons, with the intent that the Threshold will not be breached as a result of his/her appointment: (i) if his/her appointment is already effective, shall automatically cease to be a director of the

Company on and from the date that the Company has actual knowledge of a breach of the Threshold; (ii) if his/her appointment has not yet taken effect, his/her appointment shall not take effect if the Company has actual knowledge of a possible breach of the Threshold if his/her appointment takes effect.

- 33.3** Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors accounting for not less than one-fifth of the total number of Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the ROC and at least one of them shall have accounting or financial expertise.
- 33.4** The Independent Directors shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules. Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be consistent with the Applicable Public Company Rules.
- 33.5** Unless provided otherwise in these Articles, the qualifications, composition, appointment, removal, exercise of power in performing duties and other matters with respect to the Directors, Independent Directors, Compensation Committee and Audit Committee, shall comply with the provisions under ROC Securities and Exchange Act and the regulations issued pursuant to the ROC Securities and Exchange Act applicable to the Company.

#### **34. Election of Directors**

- 34.1** The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 34.2 below. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to elect one or more Directors.
- 34.2** The Director(s) shall be elected by Members upon a poll vote by way of cumulative voting (the manner of voting described in this Article to be referred to as “Cumulative Voting”) in the following manner:
- (i) on an election of Directors, the numbers of votes attached to each voting share held by a Member shall be cumulative and correspond to the number of Directors nominated for appointment at the general meeting provided that such votes shall only cumulate in respect of such number of Directors

nominated within the same category (namely, independent or non-independent) of Directors to be appointed;

- (ii) the Member(s) may vote all or part of their cumulated votes in respect of one or more Director candidates within the same category of Directors to be elected;
- (iii) such number of Director candidates receiving the highest number of votes in the same category of Directors to be elected shall be appointed; and
- (iv) where two or more Director candidates receive the same number of votes and as a result the total number of new Directors intended to be appointed is exceeded, there shall be a draw by such Director candidates receiving the same number of votes to determine who shall be appointed; the chairman of the meeting shall draw for a Director nominated for appointment who is not present at the general meeting.

**34.3** If the number of Independent Directors is less than three (3) persons due to the resignation or removal of such Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the Board shall hold, within sixty (60) days from the date of resignation or removal of last Independent Director, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.

**34.4** If the number of Directors is less than five (5) persons due to the vacancy of Director(s) for any reason, the Company shall call an election of Director(s) at the next following general meeting to fill the vacancies. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty (60) days from the date of the occurrence of vacancies, a general meeting of Members to elect succeeding Directors to fill the vacancies.

## **35. Removal and Re-election of Directors**

**35.1** The Company may from time to time by supermajority resolution remove any Director from office, whether or not appointing another in his stead.

**35.2** In case a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or is in serious violation of applicable laws, regulations and/or these Articles, but has not been removed by a supermajority resolution, the Member(s) holding three per cent (3%) or more of the total number of issued shares of the

Company may, within thirty (30) days after such general meeting, to the extent permissible under Applicable Law, institute a lawsuit to remove such Director. The Taiwan Taipei District Court, ROC, may be the court of the first instance for this matter.

- 35.3** Prior to the expiration of the term of office of the current Directors, the Members may at a general meeting elect or re-elect all Directors, which vote shall be calculated in accordance with Article 34.2 above. If no resolution is passed to approve that the existing Director(s) who is/are not re-elected at the general meeting that such Director(s) shall remain in office until expiry of his/her original term of office, such non-re-elected Directors shall vacate their office with effect from the date the other Directors elected or re-elected at the same general meeting commence their office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors. If the term of office of all Directors expires at the same time and no general meeting was held before such expiry for re-election, their term of office shall continue and be extended to such time when new Directors are elected or re-elected in the next general meeting and they commence their office.

## **36. Vacancy in the Office of Director**

**36.1** The office of Director shall be vacated if the Director:

- (a) is removed from office pursuant to these Articles;
- (b) dies or becomes bankrupt, or makes any arrangement or composition with his creditors generally;
- (c) is automatically discharged from his office in accordance with Article 33.2;
- (d) resigns his office by notice in writing to the Company;
- (e) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to Applicable Law;
- (f) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of the sentence is less than five years;
- (g) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;



- (h) having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years;
- (i) having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- (j) subject to Article 35.3, upon expiry of term of office (if any) of the relevant Director;
- (k) is automatically removed in accordance with Article 36.2; or
- (l) ceases to be a Director in accordance with Article 36.3.

In the event that the foregoing events described in clauses (b), (e), (f), (g), (h) or (i) has occurred in relation to a candidate for election of Director, such person shall be disqualified from being elected as a Director.

**36.2** In case a Director that has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required.

**36.3** If any Director has, after having been elected and before his/her inauguration of the office of Director, transferred more than one half of the Company's shares being held by him/her at the time of his/her election as a Director, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him/her within the share transfer prohibition period prior to the convention of a shareholders' meeting according to the Applicable Public Company Rules, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required.

## **37. Compensation of Directors**

**37.1** The Board may establish a Compensation Committee comprised of at least three members appointed by the Board, one of whom shall be an Independent Director. The professional qualifications of the members of the Compensation Committee, the exercise by the members of the Compensation Committee of its responsibilities, powers and other related matters of the Compensation Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Compensation Committee, the Board shall, by a resolution, adopt a charter for the Compensation Committee the provisions of which shall

be consistent with the Applicable Public Company Rules.

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

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

**38. Defect in Election of Director**

All acts done in good faith by the Board or by a committee of the Board or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly elected and was qualified to be a Director, subject to and upon ratification by the Members of such acts in a general meeting.

**39. Directors to Manage Business**

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

**40. Powers of the Board of Directors**

Without limiting the generality of Article 39, the Board may subject to Article 11.4:

- (a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their compensation and determine their duties;
- (b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may

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

Company.

**41. Register of Directors and Officers**

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

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

**41.2** The Board shall, within the period of thirty days from the occurrence of:-

- (a) any change among its Directors and Officers; or
- (b) any change in the particulars contained in the Register of Directors and Officers,

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

**42. Officers**

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

**43. Appointment of Officers**

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

**44. Duties of Officers**

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

**45. Compensation of Officers**

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

**46. Conflicts of Interest**

**46.1** Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to compensation as if such Director were not a Director; provided that this Article 46.1 shall not apply to Independent Directors.

- 46.2** A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by the Applicable Law.
- 46.3** Notwithstanding anything to the contrary contained in these Articles, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall disclose and explain material contents of such personal interest at the meeting of the Board. Notwithstanding anything to the contrary contained in this Article 46, a Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.
- 46.4** Notwithstanding anything to the contrary contained in this Article 46, a Director who is engaged in anything on his own account or on behalf of another person, which is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek their approval by supermajority resolution.

**47. Indemnification and Exculpation of Directors and Officers**

- 47.1** Unless otherwise provided in these Articles, The Directors and Officers of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, officer or trustee and their respective heirs, executors, administrators, and personal representatives (each of which persons being referred to in this Article as an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any breach of duties, fraud or dishonesty which may attach to any of the said persons.

- 47.2** Without prejudice and subject to the general directors' duties that a Director owes to the Company and its shareholders under common law principals and the laws of the Cayman Islands, a Director shall perform his/her fiduciary duties of loyalty and due care of a good administrator in the course of conducting the Company's business, and shall indemnify the Company, to the maximum extent legally permissible, from any loss incurred or suffered by the Company arising from breach of his/her fiduciary duties. If a Director has made any profit for the benefit of himself/herself or any third party as a result of any breach of his/her fiduciary duties, the Company shall, if so resolved by the Members by way of an ordinary resolution, take all such actions and steps as may be appropriate and to the maximum extent legally permissible to seek to recover such profit from such relevant Director. If a Director has, in the course of conducting the Company's business, violated any laws or regulations that causes the Company to become liable for any compensation or damages to any person, such Director shall become jointly and severally liable for such compensation or damages with the Company and if for any reason such Director is not made jointly and severally liable with the Company, such Director shall indemnify the Company for any loss incurred or suffered by the Company caused by a breach of duties by such Director.
- 47.3** The Officers, in the course of performing their duties to the Company, shall assume such duties and obligations to indemnify the Company in the same manner as if they are Directors.
- 47.4** The Company may purchase and maintain insurance for the benefit of any Director or Officer of the Company against any liability incurred by him in his capacity as a Director or Officer of the Company or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any Subsidiary thereof.
- 47.5** To the extent permitted under the laws of the Cayman Islands and there is a cause of action under applicable laws by the Company against such relevant Director(s), a Member or Members collectively continuously holding three per cent (3%) or more of the total issued shares of the Company for a year or longer may:
- (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or

- (b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors with the approval of the Board;

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

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

### **48. Board Meetings**

Subject to the Applicable Public Company Rules, the Chairman may call a meeting of the Board and the Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. Regular meetings of the Board shall be held at least on a quarterly basis to review the Company's performance during the previous fiscal quarter and to decide on matters customarily requiring approval of the Board as stipulated herein. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

### **49. Notice of Board Meetings**

The Chairman may, and the Secretary on the requisition of the Chairman shall, at any time summon a meeting of the Board. To convene a meeting of the Board, a notice setting forth therein the matters to be considered and if appropriate, approved at the meeting shall be given to each Director no later than seven (7) days prior to the scheduled meeting date. However, in the case of emergency as agreed by a majority of the Directors, the meeting may be convened with a shorter notice period in a manner consistent with the Applicable Public Company Rules. Notice of a meeting of the Board shall be deemed to be duly given to a Director if, to the extent permitted by Applicable Law, it is given to such Director verbally (in person or by telephone) or otherwise communicated or sent to such Director by post, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given

by such Director to the Company for this purpose.

**50. Participation in Meetings by Video Conference**

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

**51. Quorum at Board Meetings**

The quorum for a meeting of the Board shall be more than one-half of the total number of the Directors. Any of the Directors may appoint another Director as proxy to represent him at any meeting of the Board if such Director is unable to do so in person for any reason. If a Director appoints a proxy then for all purposes the presence or vote of the proxy shall be deemed to be that of the appointing Director. The appointed Director may only act as the proxy of one Director only.

**52. Board to Continue in the Event of Vacancy**

The Board may act notwithstanding any vacancy in its number.

**53. Chairman to Preside**

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

**54. Validity of Prior Acts of the Board**

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

## **CORPORATE RECORDS**

**55. Minutes**

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

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



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

**56.1** The Directors shall cause to be kept the Register of Mortgages and Charges required by the Law.

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

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

**57.1** The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf; and, until otherwise determined by the Directors, the Seal shall be affixed in the presence of a Director or the Secretary or an assistant secretary or some other person authorised for this purpose by the Directors or the committee of Directors.

**57.2** Notwithstanding the foregoing, the Seal may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.

**57.3** The Company may have one or more duplicate Seals, as permitted by the Law; and, if the Directors think fit, a duplicate Seal may bear on its face of the name of the country, territory, district or place where it is to be issued.

## **TENDER OFFER AND ACCOUNTS**

### **58. Tender Offer**

Within seven (7) days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigious and non-litigious agent ( 訴訟及非訴訟代理人, which term shall be construed under the laws of ROC ) appointed by the Company pursuant to the Applicable Public Company Rules, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:

- (a) the types and number of the shares held by the Directors and the Members holding more than ten per cent (10%) of the total issued shares in their own names or in the names of other persons.
- (b) recommendations to the Members on the tender offer, which shall set

forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefor.

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

## **59. Books of Account**

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

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

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

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

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

## **60. Financial Year End**

The financial year end of the Company shall be 31st December in each year but, subject to any direction of the Company in general meeting, the Board may from time to time prescribe some other period to be the financial year, provided that the Board may not without the sanction of an ordinary resolution prescribe or allow any financial year longer than eighteen months.

## **AUDIT COMMITTEE**

## **61. Number of Committee Members**

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

## **62. Powers of Audit Committee**

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

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

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

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

### **63. Winding-Up**

**63.1** The Company may be voluntarily wound-up in accordance with Article 11.5.

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

## **CHANGES TO CONSTITUTION**

### **64. Changes to Articles**

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

### **65. Discontinuance**

The Board may exercise all the powers of the Company to transfer by way of continuation the Company to a named country or jurisdiction outside the Cayman Islands pursuant to the Law.

## **Exhibit 7:**

### **Yeong Guan Energy Technology Group Company Limited**

**永冠能源科技集團有限公司**

## **Global Depositary Receipts ("GDRs") Indicative Issuing Plan**

### **1. Purpose of GDR Issuing**

Yeong Guan Energy Technology Group Company Limited 永冠能源科技集團有限公司 (the "Company" or the "Issuer") plans to raise funds by issuing global depositary receipts (the "GDRs") representing underlying common shares to be issued for cash. The main purpose of the GDR issuing is to increase operating capital, purchase raw materials overseas, repay outstanding loans from the bank, purchase machinery and equipment and make domestic and overseas investment.

### **2. Proposed Date of Issuance**

The GDR issuance is expected to be carried out within 3 months after obtaining the notice of deemed approval from the Financial Supervisory Commission (the "FSC"). An application to the FSC for an extension may be made if necessary.

### **3. Terms and Conditions of the GDR Issuing**

#### **(1) Proposed Issue Size:**

The total issuing amount is tentatively set to be US\$200,000,000 (calculated based on the exchange rate of NT\$33.0=US\$1.0). The total issuing amount for GDRs represented by newly issued common shares is US\$[ ] (tentatively calculated based on new common shares to be issued at the estimated price of NT\$217 per common share and the exchange rate of NT\$33.0=US\$1.0). The actual issuing amount will be calculated based on the actual number of GDRs issued, the issuing price and the then exchange rate between NTD and USD.

#### **(2) Proposed Number of GDRs to be Offered**

The upper limit of number of GDRs to be offered is 12,500,000 GDRs. The actual number may be adjusted by the Company in accordance with the market conditions.

#### **(3) Number of Common Shares Represented by each GDR**

It is proposed that each GDR shall represent 2 common shares of the Company.

#### **(4) Method of Determining the Issuing Price**

The issuing price of the GDRs will tentatively be determined by reference to the closing price of the Company' common shares traded on the Taiwan Stock

Exchange ("TWSE") on the pricing date or the simple average of the closing price of the Company's common shares for a period of either 1, 3 or 5 consecutive trading days prior to the pricing date (the "Reference Price"). The actual issue price per GDR will be determined by multiplying the Reference Price by the number of common shares represented by each GDR and then converting into US\$ based on the foreign exchange rate on the pricing date, provided that the share issue price converted from the actual GDR issue price shall not be less than 90% of the Reference Price after adjusted for stock and cash dividends (or capital decrease). Notwithstanding the above, if there is any change to Taiwan laws and regulations, the aforementioned price may be adjusted in accordance with applicable Taiwan laws and regulations. The actual GDR issue price will be decided by the Chairman of the Company based on the then-prevailing market conditions.

#### **4. Sale and Withdrawal of Deposited Shares Represented by the GDRs**

It is expected that on the fourth business day after the issuance of the GDRs, the certificates of payment will be permitted by TWSE to be listed and be available for sale or withdrawal by the GDR holders. It is expected that within 60 to 80 calendar days after the issuance of the GDRs, such certificates of payment will be delisted and the Company's newly issued common shares in exchange for the certificates of payment will be listed. A holder of the GDRs, subject to applicable laws and regulations of Taiwan and of the Cayman Islands, and the provisions of the Deposit Agreement, shall be entitled to withdraw the relevant deposited common shares represented by GDRs from the Depositary and request the Depositary to deliver the underlying common shares to the withdrawing GDR holder. Holders of the GDRs may also request the Depositary to sell, for and on behalf of such GDR holder, the underlying common shares represented by the GDRs and distribute the sale proceeds, after deduction or upon payment of the fees, expenses and taxes, to the GDR holder in accordance with Taiwan laws and regulations and the Deposit Agreement.

A holder of the GDRs, subject to applicable laws and regulations of Taiwan and of the Cayman Islands, and the provisions of the Deposit Agreement, shall be entitled to withdraw the relevant deposited common shares represented by the GDRs from the Depositary and request the Depositary to deliver the underlying common shares to the withdrawing GDR holder.

According to current laws and regulations of Taiwan, if a GDR holder is a PRC person, subject to the restrictions or limitations thereunder, only a qualified domestic institutional investor ("QDII") is permitted to withdraw the underlying common shares of the Company within the investment limit prescribed or approved by the relevant regulatory authorities and in accordance with the procedure set forth in relevant laws and regulations. In case any amendments are made to the aforesaid laws and regulations relating to PRC person's investment in Taiwan, the withdrawal by PRC persons shall be made in accordance with the then prevailing laws and regulations.

#### **5. Increase in the total amount of the GDR issuance and re-issuance of new GDRs within the previously approved amount**

It is stipulated by existing Taiwan laws and regulations that without approval by the FSC, the Depositary shall not increase the size of the GDR programme after the completion of GDR issuance with the exception of (1) a rights issue where the GDR holders exercise their preemptive rights to purchase additional shares, and (2) the distribution of stock dividends or other free distribution of stocks. However, if permitted under the Deposit Agreement and the Custody Agreement, to the extent that the common shares represented by the GDRs are withdrawn, the investors may, in accordance with the provisions of the Deposit Agreement, directly purchase or request the Depositary to purchase on their behalf the common shares to be deposited with the Custodian, or submit such common shares held by themselves to the Custodian for the Depositary to re-issue additional GDRs representing such deposited common shares, provided that the outstanding GDRs after the re-issue should not exceed the original amount (as adjusted pursuant to above (1) and (2)).

## **6. Rights and Obligations of Holders of GDRs**

The rights and obligations of GDR holders will be governed by the Deposit Agreement and be subject to Taiwan and the Cayman Islands laws and regulations. The main terms of the Deposit Agreement include:

### **(1) Voting right:**

Unless otherwise provided for in applicable laws and regulations, holders of GDRs shall be entitled, in accordance with the Deposit Agreement and applicable provisions of Taiwan and the Cayman Islands laws and regulations, to exercise the voting rights of the Company's common shares represented by the GDRs.

### **(2) Eligibility for dividends distribution, pre-emptive rights for new common shares and other rights:**

Unless otherwise provided in the Deposit Agreement, the holder of GDRs, in principle, shall be entitled to the same rights enjoyed by holders of common shares in a distribution of dividends and others. In the event that Company shall distribute dividends in the form of common shares, the Depositary shall, in accordance with relevant applicable laws and regulations and the Deposit Agreement, issue new GDRs in proportion to their respective GDR holdings to holders of GDRs, or increase the number of common shares represented by each GDR, or sell, for and on behalf of the holder of GDRs such stock dividends and distribute the proceeds (after deducting the applicable taxes and expenses) in proportion to their respective GDR holdings to the holder of the GDRs.

In the event of a rights offering or other similar offering by the Company, subject to compliance with Taiwan and the Cayman Islands applicable laws and regulations, holders of GDRs shall also be entitled to the same pre-emptive rights as those enjoyed by holders of common shares. The Depositary shall, to the extent permitted by Taiwan and the Cayman Islands laws and regulations and pursuant to the Deposit Agreement, provide such pre-emptive rights to GDR holders, or sell such rights for and on behalf of the GDR holders and thereafter

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

distribute the sale proceeds (after deducting the applicable taxes and expenses) to the GDR holders pro-rata to their original holding.

## **7. Source of Securities Underlying the GDRs**

The securities underlying the GDRs are new common shares not exceeding 25,000,000 common shares to be issued by the Company by way of cash capital increase.

## **8. GDR Offering Process**

(1) The GDRs are to be fully issued and offered publicly outside Taiwan pursuant to the applicable local laws and regulations.

(2) Issuance and Trading Location

The GDRs are expected to be listed on the Luxembourg (or London or Singapore) Stock Exchange and sold by the Lead Underwriters pursuant to the laws and regulations applicable to respective overseas jurisdictions.

## **9. Plans for Use of Proceeds and Expected Benefits**

All of the proceeds from the GDR issuance will be used to increase the Company's operating capital, purchase overseas materials, repay outstanding loans from the bank, purchase machinery and equipment and make domestic and overseas investment. The GDR issuance is expected to be completed in the second quarter of 2017.

## **10. The Sharing of Fees and Expenses Relating to the GDR Issuance and Duration**

(1) Fees and expenses related to the issuance of GDRs

Unless otherwise provided by laws and regulations, all fees and expenses related to the issuance of GDRs, including but not limited to legal fees, financial advisor fees and other fees and expenses related to the issuance of GDRs shall be borne by the Company.

(2) Fees and expenses related to the period of GDR facility

Unless otherwise provided for by laws and regulations, all costs incurred under the duration of the GDRs, including maintenance fees for listing on the stock exchange, fees and expenses related to the information disclosure and other expenses shall be borne by the Company.

## **11. Taxation**

According to current laws of Taiwan, a 0.3% Taiwan securities transaction tax shall be levied upon the sale of common shares represented by the GDRs, and no capital gains tax shall be levied on the proceeds acquired in the buying and selling of



This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

common shares represented by GDRs. In case any amendments are made to the aforesaid Taiwan or the Cayman Islands tax laws and regulations, tax shall be levied in accordance with the then prevailing laws and regulations.

## **12. Restriction on the Sale of GDRs**

The GDRs may not be offered, sold, or delivered, directly or indirectly, in Taiwan.

## **13. Amendments**

The terms and conditions set hereunder are subject to changes and amendments as may be mutually agreed by the Company and the Lead Underwriters based on the market conditions.

## **14. Governing Laws**

The Underwriting Agreement and Deposit Agreement of the proposed issuance of GDRs shall be governed by the laws of the State of New York, U.S.A. (or English law) The effective filing for the issuance of GDRs, however, shall be in accordance with and subject to the applicable laws of Taiwan.

## **15. Issue Related Parties**

Lead Underwriters: [TBD]  
Local Lead Underwriter: [TBD]  
The Depositary: [TBD]  
The Custodian: [TBD]

## **Exhibit 8:**

**Yeong Guan Energy Technology Group Company Limited**  
**永冠能源科技集團有限公司**  
**Indicative Offering Plan for an Issue of**  
**First Unsecured Overseas Zero Coupon Convertible Bonds ("the Bonds")**

### **1. Issuer**

Yeong Guan Energy Technology Group Company Limited 永冠能源科技集團有限公司 (the "Issuer" or the "Company").

### **2. Use of Proceeds**

Increasing operating capital, purchase of raw materials overseas, repayment of outstanding loans from the bank, purchase of machinery and equipment and domestic and overseas investment.

### **3. Issue Amount**

Up to US\$ 200 million (including the green-shoe option). The actual issuing amount will be determined by the market demand on the pricing date.

### **4. The Offering**

The Bonds will be offered outside the Republic of China ("ROC") pursuant to applicable local laws and regulations and international market practice. All of the Bonds are to be offered publicly through book building process.

### **5. Form, Denomination and Issue Price**

The Bonds are unsecured bonds in registered form. The Bonds will be issued at 100% of par value in denominations of US\$100,000 or in any integral multiples thereof.

### **6. Issue Date ("Issue Date")**

Expected to be issued within three months after obtaining the notice of deemed approval from the Financial Supervisory Commission (the "FSC"), or an application for extension may be filed with the FSC, if necessary.

### **7. Maturity Date ("Maturity Date")**

The Maturity Date commences on the Issue Date for a certain period and the period shall not exceed five years.

### **8. Coupon Interest Rate**

The coupon interest rate is -1.0~1.0% per annum.

### **9. Redemption on the Maturity Date**

The payment obligations of the Issuer for the Bonds are direct and unconditional.

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Unless previously redeemed, repurchased and cancelled or converted, the Bonds will be redeemed in US dollars at their principal amount plus a yield of -1.0% to 1.0% per annum on the Maturity Date. The actual yield shall be determined by the Issuer based on the market conditions on the pricing date.

## **10. Redemption at the Option of the Issuer**

The issuer may redeem the Bonds in accordance with the following conditions:

- (1) The Issuer may redeem the Bonds in whole or in part at any time after 1 year or 3 years (depending on the term to maturity) from the Issue Date at the principal amount plus a yield of -1.0% to 1.0% per annum of the Bonds (the "Early Redemption Price"), if the closing price on each of the 20 consecutive trading day (in the event of ex-rights or ex-dividend, the closing price on each applicable trading days during the period from the ex-rights or ex-dividend trading day to the ex-rights or ex-dividend record date, as the case may be, shall be adjusted to the price taking into account the impact of the ex-rights or ex-dividend) of the Issuer's common shares on the Taiwan Stock Exchange ("TWSE") is at least 130% of the Conversion Price; or
- (2) The Issuer may redeem the Bonds, in whole but not in part, at their Early Redemption Price in the event that more than 90% of the Bonds have been previously redeemed, repurchased and cancelled or converted; or
- (3) The Issuer may redeem the Bonds, in whole but not in part, at their Early Redemption Price in the event of changes in ROC taxation resulting in increase in tax obligation or the necessity to pay additional interest expense or increase of additional costs to the Issuer. The bondholders (the "Bondholder(s)") may choose not to redeem their Bonds with the Issuer and such bondholders are not allowed to be indemnified with any additional amount or tax obligation.

The actual yield shall be determined by the Issuer based on the market conditions on the pricing date.

## **11. Redemption at the Option of the Bondholders**

The Bondholders shall not request the Issuer to redeem the Bonds in whole or in part prior to maturity except for the following conditions:

- (1) In the event that the Issuer's common shares cease to be listed on the TWSE (a "Delisting Event"), each Bondholder shall have the right to require the Issuer to redeem the Bonds, in whole but not in part, at a redemption price of the principal amount of the Bonds plus a premium of -1.0% to 1.0% per annum (the "Put Price").
- (2) Upon the occurrence of any Change of Control event as defined in the Indenture, each Bondholder may request the Issuer to redeem the Bonds, in whole but not in part, at their Put Price.
- (3) In the event that the term to maturity exceeds three years, unless previously redeemed, repurchased and cancelled or converted, each Bondholder shall have the right to require the Issuer to redeem the Bonds, in whole or in part, on the third anniversary of the Issue Date at the Put Price.

The actual premium shall be jointly determined by the Issuer and the Lead Underwriters based on the market conditions on the pricing date.

## 12. Conversion

### (1) Converted Securities:

Each Bondholder will have the right to convert the Bonds into the newly-issued common shares ("Common Shares") of the Issuer during the Conversion Period (as defined below) at the then Conversion Price (as defined below).

### (2) Conversion Procedure:

The converting Bondholders shall, in accordance with the Indenture, deposit with Conversion Agent (as defined at the end of this Offering Plan) outside the ROC a notice of conversion pursuant to the provisions of Indenture together with the relevant documents or certificates as may be required by the laws of the ROC or the Cayman Islands and request the Issuer to convert the Bonds into Common Shares through Conversion Agent.

In accordance with current laws and regulations of the ROC, the Issuer shall issue the Common Shares to the Bondholders who exercise their conversion rights through the book-entry system of Taiwan Depository & Clearing Corporation ("TDCC") within 5 business days upon receipt of the conversion notice. If the converting Bondholder does not open a qualified account with TDCC, the Issuer will deliver the Common Shares to such converting Bondholder through book-entry system of TDCC after such account is opened. In case any amendments are made to the aforesaid laws and regulations, the conversion shall be made in accordance with the then prevailing laws and regulations.

The business day referred in the preceding paragraph shall mean the trading day of TWSE.

### (3) Conversion Period:

Unless previously redeemed, repurchased and cancelled or converted and except during the Closed Period (as defined below) as agreed in the Indenture or otherwise required by the laws or regulations, the Bonds may be converted at any time starting from the 31<sup>st</sup> day after the Issue Date to (i) the 10<sup>th</sup> day prior to the Maturity Date or (ii) the 5<sup>th</sup> trading day prior to the applicable purchase date on which a Bondholder exercises its put rights or the applicable date (other than the Maturity Date) on which the Issuer exercises its redemption right, into Common Shares (the "Conversion Period"). Under current ROC laws and regulations, the Closed Period is defined as follows:

- (a) The period commencing from 60 days prior to the date of the annual general shareholders' meeting of the Issuer, from 30 days prior to a special shareholders' meeting of the Issuer, or other book closure period as prescribed by law;
- (b) In the event when the Issuer is engaged in distribution of stock dividends, cash dividends or for subscription of new shares in a capital increase for cash, the period from 15 trading days prior to the commencement of the period during which the Issuer has to close its shareholders register for distribution of stock dividends, cash dividends or for subscription of new

shares in a capital increase for cash, to the record date for the distribution of the relevant dividends, rights or benefits;

- (c) The period from the record date of capital decrease to one day prior to the trading of shares reissued after the capital decrease; and
- (d) Other closed period as required by ROC or Cayman Islands laws and regulations or by the TWSE.

Where any ROC or Cayman Islands laws and regulations governing closed period as above-mentioned have been changed or amended, such changed or amended laws and regulations shall prevail and govern.

(4) Conversion Price:

The Conversion Price will be determined on the pricing date. The initial Conversion Price is tentatively expected to be 105% - 125% of the Reference Price (as defined below). The actual initial Conversion Price will be jointly determined by the Issuer and the Lead Underwriters based on the market conditions on the pricing date. The calculation of the Conversion Price shall be rounded up to the nearest cent of a dollar. The Reference Price means the closing price of Issuer's Common Shares on the TWSE on the pricing date or the simple average of the closing prices of the Issuer's Common Shares on the TWSE on the 1, 3 or 5 consecutive trading days immediately preceding the pricing date.

(5) Number of Common Shares to be Delivered:

The number of Common Shares to be delivered upon conversion of any Bond will be determined by dividing the principal amount of the Bonds (translated into NT dollars at the fixed exchange rate as determined on the pricing date) by the Conversion Price per share (in NT dollars) in effect on the date of conversion. The Issuer will compensate in cash for the amount of less than one Common Share. The calculation of the cash amount shall be rounded up to the nearest NT dollar.

(6) Adjustment of the Conversion Price:

After the issuance of the Bonds, the Conversion Price shall be adjusted in accordance with the following anti-dilution formula and the relevant anti-dilution provision of the Indenture:

- (a) After the issuance of the Bonds, except for issuance of Common Shares pursuant to any warrants or convertible securities or employee bonus, upon the occurrence of any event which will cause the outstanding shares (including the shares issued by way of private placement) of the Issuer to increase (including but not limited to: rights issue, recapitalization of retained earnings or capital surplus, stock splits, issuing shares in exchange for shares of other companies, issuing shares as consideration for a merger, and rights issue for sponsoring issue of global depositary receipts), and the subscription or the issue price of new shares is lower than the market price per Common Share (as defined in the Indenture), the Conversion Price shall be adjusted downward, not upward, in accordance with the following formula (the "Adjusted Conversion Price"). The calculation of the Adjusted

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Conversion Price shall be rounded up to the nearest cent of a dollar and the adjustment shall become effective on the record date for determining the shareholders who are entitled to subscribe for the new shares (Note 1), or, if subscription payment is required to be made, the date on which the subscription payment has been paid in full.

In the event of the rights issue, if the original issuing price is changed after the record date for determining the shareholders who are entitled to subscribe for the new shares, the Adjusted Conversion Price shall be recalculated based on the new offering price. If the recalculated Adjusted Conversion Price is lower than the publicly announced Adjusted Conversion Price calculated based on the original issuing price, the Issuer shall make a public announcement again with respect to the change in the Adjusted Conversion Price.

$$\text{Adjusted Conversion Price} = \text{Then Conversion Price} \times \frac{[\text{ENS} + (\text{NNS} \times \text{PNI}) / \text{P}]}{[\text{ENS} + \text{NNS}]}$$

ENS = Number of outstanding shares before issue (Note 2)

NNS = Number of new shares

PNI = Offering price of new shares (Note 3)

P = Market price per share on relevant record date (as defined in the Indenture)

Note 1: In the event of merger, the adjustment shall become effective on the record date of the merger; in the event of share exchange, the adjustment shall become effective on the record date of the share exchange; in the event of private placement of new common shares, the adjustment will become effective on the delivery date of the new shares; in the event of the rights issue or rights issue for sponsoring issuance of global depositary receipts by way of book-building, because there will be no record date for determining the shareholders who are entitled to subscribe for the new shares, the adjustment will become effective on the issue date of the new shares or global depositary receipts, as the case may be.

Note 2: ENS means the number of total issued and outstanding common shares (including the common shares issued by way of private placement), minus the number of treasury shares which have been repurchased by the Issuer but have not been cancelled or transferred.

Note 3: In the event of free distribution of shares or stock splits, PNI shall be zero. In the event of issuance of new shares pursuant to a merger or share exchange, PNI shall be : (1) in the case of a listed company, the closing price of the common share of the dissolved company on the date on which the share swap ratio was approved by the shareholder's meeting; or (2) in the case of a private company, the share price falling into the fair value of the dissolved company as determined by an independent expert in its fairness opinion times the share swap ratio.

- (b) After the issuance of the Bonds, if the Company shall issue or privately place securities convertible into Common Shares or granting the holders of such securities warrants to subscribe or purchase Common Shares

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

and where the conversion or subscription price is less than the Market Value per Common Share (as defined in the Indenture), the Conversion Price shall be adjusted downward, not upward, in accordance with the following formula. The calculation of the Conversion Price shall be made to the nearest cent of a dollar and the adjustment shall become effective on the date for issuance of securities or warrants or the delivery of the privately placed securities.

Adjusted Conversion Price =  
Then Conversion Price X [ENS+( CPNI X NNSC)/P]/[ENS+NNSC]

ENS=Number of outstanding shares before issuance (Note 1 and Note 2)

CPNI=Conversion price or subscription price of the convertible securities or warrants mentioned above

NNSC=Number of new shares to be converted, subscribed or purchased from the convertible securities or warrants mentioned above

P=Market Price per share on relevant record date (as defined in the Indenture)

Note 1: ENS means the number of total issued common shares (including the common shares issued by way of private placement), minus the number of treasury shares which have been repurchased by the Issuer but have not been cancelled or transferred

Note 2: In the event that treasury shares are served as underlying shares for the publicly issued or privately placed convertible securities or warrants mentioned above, number of new shares to be converted or subscribed from such securities or warrants should be deducted from the ENS.

- (c) The Conversion Price shall not be adjusted in the event of capital reduction for cancellation of treasury shares of the Issuer.

After the issuance of the Bonds, upon the occurrence of capital reduction (except for capital reduction for cancellation of treasury shares) which will cause the outstanding shares of the Issuer to decrease, the Conversion Price shall be adjusted in accordance with the following formula and the adjustment shall become effective on the record date for capital reduction:

$$\text{Adjusted Conversion Price} = \frac{\text{Then Conversion Price} \times \text{Number of outstanding shares before capital reduction}}{\text{Number of outstanding shares after capital reduction}}$$

- (d) After the issuance of the Bonds, if the Issuer shall distribute any cash dividends or other form of cash to its shareholders, subject to the criteria in the Indenture, the Conversion Price shall be adjusted downward, not upward, in accordance with the following formula (adjustment manner should be subject to detailed terms in the Indenture). The calculation of the Conversion Price shall be rounded up to the nearest cent of a dollar.

$$\text{Adjusted Conversion Price} = \text{Then Conversion Price} \times [1 - (C/P)]$$

C = Amount of cash dividend per share

P = Market price per share

The market price per share shall be as defined in the Indenture.

(7) Dividends:

(a) Cash dividends

1. In each year, during the period from January 1 to the 15<sup>th</sup> trading day prior to the commencement of the period during which the Issuer has to close its shareholders register for determination of shareholders entitled to receive cash dividends (exclusive), if a Bondholder applies to convert the Bonds into Common Shares, the converting Bondholder shall be entitled to any annual cash dividend distributions for the previous year as approved in the current year's shareholders' meeting.
2. In each year, the Bonds may not be converted during the period from the 15<sup>th</sup> trading day prior to the commencement of the period during which the Issuer has to close its shareholders register for determination of shareholders entitled to receive cash dividends (inclusive) to the record date (inclusive).
3. In each year, during the period from the day after the record date to December 31, if a Bondholder applies to convert the Bonds into Common Shares, the converting Bondholder shall only be entitled to any annual cash dividend distributions for the next year as approved in the next year's shareholders' meeting.

(b) Stock dividends

1. In each year, during the period from January 1 to the 15<sup>th</sup> trading day prior to the commencement of the period during which the Issuer has to close its shareholders register for determination of shareholders entitled to receive stock dividends (exclusive), if a Bondholder applies to convert the Bonds into Common Shares, the converting Bondholder shall be entitled to any annual stock dividend distributions for the previous year as approved in the current year's shareholders' meeting.
2. In each year, the Bonds shall not be converted during the period from the 15<sup>th</sup> trading day prior to the commencement of the period during which the Issuer has to close its shareholders register for determination of shareholders entitled to receive dividends (inclusive) to the record date (inclusive).
3. In each year, during the period from the day after the record date to December 31, if a Bondholder applies to convert the Bonds into Common Shares, the converting Bondholder shall only be entitled to any annual stock dividend distributions for the next year as approved in the next year's shareholders' meeting.

(8) Converting Restrictions:

In accordance with current laws and regulations of the ROC, a PRC person is



This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

not permitted to convert the Bonds or to register as the Company's shareholders unless such PRC person is a qualified domestic institutional investor (QDII) approved by the securities regulator of the PRC within the investment limits prescribed by the relevant regulatory authorities. In case any amendments are made to the aforesaid laws and regulations, the conversion shall be made in accordance with the then prevailing laws and regulations.

### **13. Cancellations**

The Bonds which are repurchased (including the repurchase by the Issuer from secondary market), redeemed, matured and repaid in full, converted or put will be cancelled and will not be re-issued.

### **14. Issuance and Trading Location**

Unless otherwise expressly permitted by the laws of the ROC, the Bonds will not be directly or indirectly offered, sold and delivered within the territories of the ROC. The Bonds are expected to be listed and traded on the Luxembourg (or London or Singapore) Stock Exchange and sold by the Lead Underwriters in overseas areas pursuant to relevant laws and regulations.

### **15. Taxation**

(1) Securities Transaction Tax:

Under the current laws and regulations of the ROC, the securities transaction tax, which is payable by the seller, is levied on the selling of the Common Shares at the rate of 0.3%.

(2) In case of any amendment to relevant tax law or regulations of the ROC or the Cayman Islands, all tax matters shall be construed in accordance with the then prevailing laws or regulations.

### **16. Governing Law**

The offering and issue, management and disposal of the Bonds shall be subject to the laws and regulations of the jurisdiction agreed between the Issuer and the Lead Underwriters. The approval for issuance of the Bonds and the exercise of the conversion rights will be subject to the ROC laws and regulations and restrictions or limitations provided thereunder.

### **17. Amendment**

The terms and conditions hereof are subject to such changes and amendments as may be approved by FSC and agreed to by the Issuer and the Lead Underwriters taking into account future changes in market conditions and applicable local laws and regulations.

### **18. Underwriting Syndicate and Other Advisors:**

Lead Underwriters: [TBD]  
Domestic Financial Advisor: [TBD]  
Trustee: [TBD]  
Paying and Conversion Agent: [TBD]

## IV. Appendices

### Appendix 1: Rules of Procedure for Shareholders Meetings

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the rules provided by rules and regulations established by the competent securities authority.
- Article 2 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by applicable laws (Cayman Islands laws and Taiwan Stock Exchange Corporation regulations) or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date; while a public notice shall be given to holders who hold less than 1,000 registered share certificates no later than 30 days prior to the scheduled meeting date by means of a public announcement made through the MOPS; A notice to convene a special meeting of shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date; while a public notice shall be given to holders who hold less than 1,000 registered share certificates no later than 15 days prior to the scheduled meeting date by means of a public announcement made through the MOPS. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation 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 this Corporation and its shareholder services agent as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of

the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, 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, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation 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 this Corporation 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 this Corporation, 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 this Corporation 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.

Article 5 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting.

Shareholders meetings shall be convened in Taiwan if shares of this company are already traded on the Taiwan Stock Exchange. If the board of directors resolves to convene a shareholders meeting in areas other than Taiwan, the company shall apply for permission by the Taiwan Stock Exchange within three days upon adoption of said resolution by the board of directors.

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.

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

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation 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.

This Corporation 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.

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of

the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

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

It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors.

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

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

Article 8 This Corporation, 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 1 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.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. 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.

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

Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

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

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

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

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

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

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

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

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

- Article 12      Voting at a shareholders meeting shall be calculated based the number of shares.  
With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.  
When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder. In case a director whose shares has created a pledge on the company's shares more than half of the company's shares being held by him/her/it at the time he/she/it is elected, the voting power of the excessive portion of shares shall not be exercised. The number of shares for which voting rights may not be exercised under the preceding 2 paragraphs 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.
- Article 13      A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.  
When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means; 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.  
A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 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, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, 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 this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders.

A proposal shall be considered adopted if no objections are raised by the attending shareholders upon inquiry of the chair. This procedure shall have the same legal validity as a vote. If objections are raised, a vote shall be held in accordance with the aforementioned regulations. Except for proposals listed in the agenda, other motions submitted by shareholders or revisions of original proposals or substitute proposals must be seconded by another shareholder. The shares held by the proposer and seconder shall be equivalent to at least 1% of the voting rights for all issued shares.

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 this Corporation.

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

Article 14 The election of directors (including independent directors) at a shareholders meeting shall be held in accordance with the applicable "Election and Appointment rules of Directors" adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors (including independent directors) and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.



- Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. This Corporation 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 results, and shall be retained for the duration of the existence of this Corporation.
- The aforementioned resolution method requires the solicitation of opinions by the chair. If no objections are raised by the attending shareholders, it shall be recorded that "upon inquiry by the chair, the proposal was adopted unanimously by all attending shareholders". If shareholders raise objections, the adopted voting method, the number of votes in favor, and vote ratios shall be stated clearly.
- Article 16 On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.
- 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, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.
- Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.
- When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

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.

Article 19 If the regulations set forth in these rules conflict with the articles of incorporation of this company, the regulations set forth in the articles of incorporation shall prevail.

If these rules conflict with applicable laws (applicable regulations set forth in the laws of the Cayman Islands and the Taiwan Stock Exchange). The relevant provisions that conflict with said laws shall be invalid and matters governed by these provisions shall be handled pursuant to relevant applicable laws

Article 20 These regulations and all amendments hereof shall come into effect upon approval by a shareholders meeting and the date of listing of the stocks of this company on the Taiwan Stock Exchange.

These rules were formulated on May 5, 2010

These rules were amended for the first time on June 17, 2013.

These rules were amended for the second time on June 6, 2014.

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

## **Appendix 2: Articles of Association**

### **EIGHTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF**

**Yeong Guan Energy Technology Group Company Limited**

**永冠能源科技集團有限公司**

**(Adopted by a special resolution passed by the members of the company on June  
2, 2015)**

## TABLE OF CONTENTS

<p style="text-align: center;"><b>Table A</b></p> <p style="text-align: center;"><b>INTERPRETATION</b></p> <p>1. Definitions</p> <p style="text-align: center;"><b>SHARES</b></p> <p>2. Power to Issue Shares</p> <p>3. Redemption and Purchase of Shares</p> <p>4. Rights Attaching to Shares</p> <p>5. Share Certificates</p> <p>6. Preferred Shares</p> <p style="text-align: center;"><b>REGISTRATION OF SHARES</b></p> <p>7. Register of Members</p> <p>8. Registered Holder Absolute Owner</p> <p>9. Transfer of Registered Shares</p> <p>10. Transmission of Shares</p> <p style="text-align: center;"><b>ALTERATION OF SHARE CAPITAL</b></p> <p>11. Power to Alter Capital</p> <p>12. Variation of Rights Attaching to Shares</p> <p style="text-align: center;"><b>DIVIDENDS AND CAPITALISATION</b></p> <p>13. Dividends</p> <p>14. Capital Reserve and Power to Set Aside Profits</p> <p>15. Method of Payment</p> <p>16. Capitalisation</p> <p style="text-align: center;"><b>MEETINGS OF MEMBERS</b></p> <p>17. Annual General Meetings</p> <p>18. Extraordinary General Meetings</p> <p>19. Notice</p> <p>20. Giving Notice</p> <p>21. Postponement of General Meeting</p>	<p>22. Quorum and Proceedings at General Meetings</p> <p>23. Chairman to Preside</p> <p>24. Voting on Resolutions</p> <p>25. Proxies</p> <p>26. Proxy Solicitation</p> <p>27. Dissenting Member's Appraisal Right</p> <p>28. Shares that May Not be Voted</p> <p>29. Voting by Joint Holders of Shares</p> <p>30. Representation of Corporate Member</p> <p>31. Adjournment of General Meeting</p> <p>32. Directors Attendance at General Meetings</p> <p style="text-align: center;"><b>DIRECTORS AND OFFICERS</b></p> <p>33. Number and Term of Office of Directors</p> <p>34. Election of Directors</p> <p>35. Removal of Directors</p> <p>36. Vacancy in the Office of Director</p> <p>37. Compensation of Director</p> <p>38. Defect in Election of Director</p> <p>39. Directors to Manage Business</p> <p>40. Powers of the Board of Directors</p> <p>41. Register of Directors and Officers</p> <p>42. Officers</p> <p>43. Appointment of Officers</p> <p>44. Duties of Officers</p> <p>45. Compensation of Officers</p> <p>46. Conflicts of Interest</p> <p>47. Indemnification and Exculpation of Directors and Officers</p>	<p style="text-align: center;"><b>MEETINGS OF THE BOARD OF DIRECTORS</b></p> <p>48. Board Meetings</p> <p>49. Notice of Board Meetings</p> <p>50. Participation in Meetings by Video Conference</p> <p>51. Quorum at Board Meetings</p> <p>52. Board to Continue in the Event of Vacancy</p> <p>53. Chairman to Preside</p> <p>54. Validity of Prior Acts of the Board</p> <p style="text-align: center;"><b>CORPORATE RECORDS</b></p> <p>55. Minutes</p> <p>56. Register of Mortgages and Charges</p> <p>57. Form and Use of Seal</p> <p style="text-align: center;"><b>TENDER OFFER AND ACCOUNTS</b></p> <p>58. Tender Offer</p> <p>59. Books of Account</p> <p>60. Financial Year End</p> <p style="text-align: center;"><b>AUDIT COMMITTEE</b></p> <p>61. Number of Committee Members</p> <p>62. Powers of Audit Committee</p> <p style="text-align: center;"><b>VOLUNTARY WINDING-UP AND DISSOLUTION</b></p> <p>63. Winding-Up</p> <p style="text-align: center;"><b>CHANGES TO CONSTITUTION</b></p> <p>64. Changes to Articles</p> <p>65. Discontinuance</p>
---	--	--

## **EIGHTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION**

### **OF**

## **Yeong Guan Energy Technology Group Company Limited**

## **永冠能源科技集團有限公司**

**(Adopted by a special resolution passed by the members of the company on 2 June, 2015)**

### **Table A**

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

## **INTERPRETATION**

### **1. Definitions**

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

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

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

	directors at which there is a quorum in accordance with these Articles;
Capital Reserve	for the purpose of these Articles only, comprises of the premium (meaning such amount above par value of the shares) paid on the issuance of any share under the Law and income from endowments received by the Company;
Chairman	the Director elected by and amongst all the Directors as the chairman of the Board;
Company	Yeong Guan Energy Technology Group Company Limited 永冠能源科技集團有限公司;
Compensation Committee	a committee established by the Board, which shall be comprised of professional individuals appointed by the Board and having the functions, in each case, prescribed by the Applicable Public Company Rules;
Cumulative Voting	the voting mechanism for an election of Directors as described in Article 34.2;
Directors	the directors for the time being of the Company and shall include any and all Independent Director(s);
Electronic Record	has the same meaning as in the Electronic Transactions Law;
Electronic Transactions Law	the Electronic Transactions Law (2003 Revision) of the Cayman Islands;
Family Relationship within Second Degree of Kinship	in respect of a person, means another person who is related to the first person either by blood or by marriage of a member of the family and within the second degree to include the parents, siblings, grandparents, children and grandchildren of the person as well as spouse's parents, siblings and grandparents;
FSC	The Financial Supervisory Commission of the Republic of China;
Independent Directors	the Directors who are elected as "Independent Directors" for the purpose of Applicable Public Company Rules;
Joint Operation Contract	a contract between the Company and one or more person(s) or entit(ies) where the parties to the contract agree to pursue the same business venture and jointly bear losses and enjoy profits arising out of such business venture in accordance with the

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

	terms of such contract;
Law	The Companies Law of the Cayman Islands and every modification, reenactment or revision thereof for the time being in force;
Lease Contract	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) lease or rent from the Company the necessary means and assets to operate the whole business of the Company in the name of such person, and as consideration, the Company receives a pre-determined compensation from such person;
Management Contract	a contract or arrangement between the Company and any other person(s) pursuant to which such person(s) manage and operate the business of the Company in the name of the Company and for the benefits of the Company, and as consideration, such person(s) receive a pre-determined compensation while the Company continues to be entitled to the profits (or losses) of such business;
Market Observation Post System	the public company reporting system maintained by the Taiwan Stock Exchange Corporation, via <a href="http://mops.twse.com.tw/">http://mops.twse.com.tw/</a> ;
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
Memorandum	the memorandum of association of the Company;
Notice	written notice as further provided in these Articles unless otherwise specifically stated;
Merger	a transaction whereby:  (a) (i) all of the companies participating in such transaction are combined into a new company, which new company generally assumes all rights and obligations of the combined companies; or (ii) all of the companies participating in such transaction are merged into one of such companies as the surviving company, and the surviving company generally assumes all rights and obligations of the merged companies, and in each case the consideration for the transaction being the

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

	shares of the surviving or new company or any other company, cash or other assets; or
	(b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Applicable Public Company Rules;
month	calendar month;
Officer	any person appointed by the Board to hold an office in the Company;
ordinary resolution	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by not less than a simple majority of the votes cast;
Private Placement	has the meaning given thereto in Article 11.6;
Preferred Shares	has the meaning given thereto in Article 6;
Register of Directors and Officers	the register of directors and officers referred to in these Articles;
Register of Members	the register of members of the Company maintained in accordance with the Law and (as long as the Company is listed on the TSE) the Applicable Public Company Rules;
Registered Office	the registered office for the time being of the Company;
Related Person(s)	the persons as defined in Article 33.2;
ROC	Taiwan, the Republic of China;
Seal	the common seal or any official or duplicate seal of the Company;
Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
share(s)	share(s) of par value NT\$10 each in the Company and includes fraction of a share;
special resolution	a resolution passed by a majority of at least two-thirds (or such greater number as may be specified in these Articles, if any) of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly



	given;
Subsidiary	with respect to any company, (1) the entity, one half or more of whose total number of the issued voting shares or the total amount of the share capital are directly or indirectly held by such company; (2) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (3) the entity, one half or more of whose shareholders involved in management or board of directors are concurrently acting as the shareholders involved in management or board of directors of such company; and (4) the entity, one half or more of whose total number of the issued voting shares or the total amount of the share capital are held by the same shareholder(s) of such company;
supermajority resolution	a resolution passed by Members (present in person, by proxy or corporate representative) who represent a majority of the outstanding issued shares of the Company as, being entitled to do so, vote in person or, in the case of such Members as are corporations, by their respective duly representative or, where proxies are allowed, by proxy at a duly convened general meeting attended by Members (present in person, by proxy or corporate representative) who represent two-thirds or more of the total outstanding shares of the Company entitled to vote thereon or, if the total number of shares represented by the Members (present in person, by proxy or corporate representative) at the general meeting is less than two-thirds of the total outstanding shares of the Company entitled to vote thereon, but more than one half of the total outstanding shares of the Company entitled to vote thereon, means instead, a resolution adopted at such general meeting by the Members (present in person, by proxy or corporate representative) who represent two-thirds or more of the total number of shares entitled to vote on such resolution at such general meeting;
TDCC	means the Taiwan Depository & Clearing Corporation;
Treasury Shares	has the meaning given thereto in Article 3.11;
Threshold	means the spousal relationship and/or Family Relationship within Second Degree of Kinship

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

threshold for members of the Board as defined in Article 33.2;

TSE

The Taiwan Stock Exchange Corporation; and

Year

calendar year.

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

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

**1.3** In these Articles expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

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

## **SHARES**

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

**2.1** Subject to these Articles and any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares of the Company on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the Members prescribe, provided that no share shall be issued at a discount except in accordance with the Law.

**2.2** Unless otherwise provided in these Articles, the issue of new shares of the Company shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new shares shall at all times be subject to

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

the sufficiency of the authorized capital of the Company.

- 2.3 Where the Company increases its issued share capital by issuing new shares for cash consideration in the ROC the Company shall allocate 10% of the total amount of the new shares to be issued, for offering in the ROC to the public ("Public Offering Portion") unless it is not necessary or appropriate, as determined by the FSC or TSE, for the Company to conduct the aforementioned public offering. However, if a percentage higher than the aforementioned 10% is resolved by the Members in a general meeting by ordinary resolution to be offered, the percentage determined by such resolution shall prevail and shares corresponding to such percentage shall be reserved as Public Offering Portion. The Company may also reserve up to 15% of such new shares for subscription by its employees (the "Employee Subscription Portion").
- 2.4 Unless otherwise resolved by the Members in general meeting by ordinary resolution, where the Company increases its issued share capital by issuing new shares for cash consideration, after allocation of the Public Offering Portion and the Employee Subscription Portion pursuant to Article 2.3 hereof, the Company shall make a public announcement and notify each Member that he is entitled to exercise a pre-emptive right to purchase his pro rata portion of the remaining new shares, to be issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members the procedures for exercising such pre-emptive rights and that if any Member fails to purchase his pro rata portion of such remaining newly-issued shares within the prescribed period, such Member shall be deemed to forfeit his pre-emptive right to purchase such newly-issued shares. Where an exercise of the pre-emptive right may result in fractional entitlement of a Member, the entitlements (including fractional entitlements) of two or more Members may be combined to jointly subscribe for one or more whole new shares in the name of a single Member, subject to compliance with such directions and terms and conditions as determined by the Board and the Applicable Public Company Rules. If the total number of the new shares to be issued has not been fully subscribed for by the Members within the prescribed period, the Company may consolidate such shares into the public offering tranche or offer any un-subscribed new shares to a specific person or persons in such manner as is consistent with the Applicable Public Company Rules.
- 2.5 Subject to the provisions of the Law, the Company may issue new shares subject to restrictions and conditions ("**Restricted Shares**") to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution provided that Article 2.3 hereof shall not apply in respect of the issue of such shares. For so long as the shares are listed on the TSE, the terms of issue of the Restricted Shares, including but not limited to the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.
- 2.6 The Public Offering Portion and the Employee Subscription Portion under Article 2.3 and the pre-emptive right of Members under Article 2.4 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes:
- (c) in connection with a Merger, spin-off, or pursuant to any reorganization of the Company;
  - (d) in connection with meeting the Company's obligations under share subscription warrants and/or options, including those rendered in Articles 2.8 and 2.10 hereof;

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

- (e) in connection with the issue of Restricted Shares in accordance with Article 2.5 hereof;
- (f) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
- (g) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; or
- (h) in connection with a Private Placement of the securities issued by the Company.

**2.7** The Company shall not issue any unpaid shares or partly paid-up shares.

**2.8** Notwithstanding Article 2.5 hereof, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt one or more employee incentive programmes and may issue shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries, and for the avoidance of doubt, approval by the Members is not required.

**2.9** Options, warrants or other similar instruments issued in accordance with Article 2.8 above are not transferable save by inheritance.

**2.10** The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 2.8 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 not be less favorable than the terms specified in the applicable incentive programme.

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

**3.1** Subject to the Law, the Company is authorised to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member.

**3.2** The Company is authorised to make payments in respect of the redemption of its shares out of capital or out of any other account or fund authorised for this purpose in accordance with the Law.

**3.3** The redemption price of a redeemable share, or the method of calculation thereof, shall be fixed by the Board at or before the time of issue.

**3.4** Every share certificate relating to redeemable share shall indicate that the share is redeemable.

**3.5** Subject to the provisions of the Applicable Law and these Articles, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own shares (including any redeemable shares) on such terms and in such manner as the Directors may determine and hold them as treasury shares of the Company in accordance with the Law ("**Treasury Shares**"). If any purchase of the Company's own shares involves any immediate cancellation of shares of the Company, such repurchase of shares is subject to approval by the Members by way of an ordinary resolution and the number of shares of the Company to be cancelled shall be allocated among all the Members as of the date of such cancellation on a pro rata basis (as rounded up or down to the nearest whole number as determined by the Directors) based on the then prevailing percentage of shareholding of the Members, unless otherwise provided for in the Law or the Applicable Public Company Rules.

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Upon approval by Members by way of an ordinary resolution to repurchase and cancel shares of the Company, the repurchase price may be paid in cash or in kind, provided that where any repurchase price is to be paid in kind, the monetary equivalent value of such payment in kind shall be (a) assessed by an ROC certified public accountant before being submitted by the Board to the Members for approval as part of the ordinary resolution authorising the repurchase and cancellation of shares of the Company; and (b) agreed to individually by each Member who will be receiving the repurchase price in kind.

- 3.6** In the event that the Company proposes to purchase any share listed on the TSE pursuant to the preceding Article and hold them as Treasury Shares of the Company, the resolution of the Board approving such proposal and the implementation thereof should be reported to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to purchase its shares listed on the TSE for any reason.
- 3.7** Subject to Article 3.5, the redemption or repurchase price may be paid in any manner permissible under the Law as determined by the Directors, including out of capital.
- 3.8** A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due enquiry, estimate to be representative of the rates being offered by banks holding “A” licenses (as defined in the Banks and Trust Companies Law (Revised) of the Cayman Islands) in the Cayman Islands for thirty day deposits in the same currency.
- 3.9** Subject to Article 3.5, the Directors may exercise as they think fit the powers conferred on the Company by Section 37(5) of the Law (payment out of capital).
- 3.10** Subject as aforesaid and to Article 3.5, the Directors may determine, as they think fit all questions that may arise concerning the manner in which the redemption of the shares shall or may be effected.
- 3.11** No share may be redeemed unless it is fully paid-up.
- 3.12** Subject to Article 3.5, shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or be held as Treasury Shares .
- 3.13** No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up of the Company) may be made to the Company in respect of a Treasury Share.
- 3.14** The Company shall be entered in the Register of Members as the holder of the Treasury Shares provided that:
- (i) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
  - (j) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Law.
- 3.15** After the Company purchases its shares listed on the TSE, any proposal to transfer the Treasury Shares to the employees of the Company and its Subsidiaries at a price below the

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

average actual repurchase price must be approved by special resolution in the next general meeting and the items required by the Applicable Public Company Rules shall be specified in the notice of the general meeting and may not be proposed as an extemporaneous motion. The aggregate number of Treasury Shares resolved at all general meetings and transferred to the employees of the Company and its Subsidiaries shall not exceed 5% of the total number of issued shares, and each employee may not subscribe for more than 0.5% of the total number of issued shares in aggregate. The Company may prohibit such employees from transferring such Treasury Shares within a certain period; provided, however, that such a period cannot be more than two years from the date that such employees became the registered holders of the relevant Treasury Shares.

**3.16** Subject to Article 3.15, Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

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

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

- (a) be entitled to one vote per share;
- (b) be entitled to such dividends as recommended by the Board and approved by the Members at general meeting may from time to time declare;
- (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- (d) generally be entitled to enjoy all of the rights attaching to shares.

#### **5. Share Certificates**

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

**5.2** If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.

**5.3** Share may not be issued in bearer form.

**5.4** When the Company issue share certificates pursuant to Article 5.1 hereof, the Company shall deliver the share certificates to the allottees of such shares within thirty (30) days from the date such share certificates may be issued pursuant to the Law, the Memorandum, the Articles, and the Applicable Public Company Rules, and shall make a public announcement

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules.

**5.5** Where the Company shall issue the shares in uncertificated/scripless form, the Company shall upon the issue of such shares cause the name of the subscriber and other particulars to be entered onto the Register of Members in accordance with the Law and the Applicable Public Company Rules.

## **6. Preferred Shares**

**6.1** Notwithstanding any provisions of these Articles, the Company may by special resolution designate one or more classes of shares with preferred or other special rights as the Company, by special resolution, may determine (shares with such preferred or other special rights, the "Preferred Shares"), and cause to be set forth in these Articles.

**6.2** The rights and obligations of Preferred Shares may include (but not limited to) the following terms and shall be consistent with the Applicable Public Company Rules:

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

## **REGISTRATION OF SHARES**

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

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

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

Except as required by Law:

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

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

**9.1** Title to shares listed on the TSE may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules (including through the book-entry system of the TDCC) that are applicable to shares listed on the TSE.

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

- 9.2** All transfers of shares which are in certificated form may be effected by an instrument of transfer in writing in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and, if the Board so requires, by or on behalf of the transferee. Without prejudice to the foregoing, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers.
- 9.3** The Board may refuse to recognise any instrument of transfer in respect of shares in certificated form unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- 9.4** The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.
- 9.5** The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share in certificated form in the event such registration of transfer would (i) conflict with the Applicable Law; or (ii) conflict with the Memorandum and/or these Articles. If the Board refuses to register a transfer of any share, the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.
- 9.6** Nothing in these Articles shall preclude the Board from recognizing a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect of it.

## **10. Transmission of Shares**

- 10.1** In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.
- 10.2** Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any way other than by transfer) may, upon such evidence being produced as may from time to time be required by the Board, elect, by a notice in writing sent by him to the Company, either to become the holder of such share or to have some person nominated by him registered as the holder of such share. If he elects to have another person registered as the holder of such share, he shall sign an instrument of transfer of that share to that person.
- 10.3** A person becoming entitled to a share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any case other than by transfer) shall be entitled to the same



This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

dividend, other distributions and other advantages to which he would be entitled if he were the registered holder of such share. However, he shall not, before becoming a Member in respect of a share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company. Notwithstanding the aforesaid, the Board may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the share. If the notice is not complied with within ninety days of being received or deemed to be received (as determined pursuant to the Articles), the Board may thereafter withhold payment of all dividend, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

- 10.4** Notwithstanding the above, for as long as the shares are listed on the TSE, the transmission of the shares may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules (including through the book-entry system of the TDCC) that are applicable to shares listed on the TSE.

## **ALTERATION OF SHARE CAPITAL**

### **11. Power to Alter Capital**

- 11.1** Subject to the Law, the Company may from time to time by ordinary resolution alter the conditions of its Memorandum to increase its authorized share capital by such amount as it thinks expedient.
- 11.2** Subject to the Law, the Company may from time to time by ordinary resolution alter the conditions of its Memorandum to:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares in such manner as permitted by Applicable Law; or
  - (b) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled in such manner as permitted by Applicable Law.
- 11.3** Subject to the Law and the Articles, the Company may from time to time by special resolution:
- (a) change its name;
  - (b) alter or add to the Articles;
  - (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; or
  - (d) reduce its share capital and any capital redemption reserve fund in any manner authorised by the Law and the Applicable Public Company Rules.
- 11.4** Subject to the Law and Article 11.5, the following actions by the Company shall require the approval of the Members by a supermajority resolution:
- (f) effecting any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 16 hereof;
  - (g) effecting any Merger (except for any Merger which falls within the definition of

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

"merger" and/or "consolidation" under the Law, which requires the approval of the Company by special resolution only) or spin-off or Private Placement of the securities issued by the Company;

- (h) entering into, amend, or terminate any Lease Contract, Management Contract or Joint Operation Contract;
- (i) the transferring of the whole or any essential part of the business or assets of the Company; or
- (j) acquiring or assuming the whole business or assets of another person, which has a material effect on the Company's operation.

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

- (a) if the Company resolves by supermajority resolution that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
- (b) if the Company resolves by special resolution that it be wound up voluntarily for reasons other than set out in Article 11.5(a) above.

**11.6** Subject to the Law and in addition to approval by the Board in accordance with Article 2.2, the Company may, with a resolution approved by at least two-thirds of the votes of the Members present at a general meeting attended by Members representing a majority of the total number of issued shares, issue securities to the following persons by way of private placement within the territory of the ROC in accordance with Applicable Public Company Rules ("**Private Placement**"):

- (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other legal entities or institutions approved by the FSC;
- (b) natural person, legal entities or funds meeting the qualifications set forth by the FSC; and
- (c) directors, supervisors (if any) or managers of the Company or its Subsidiaries.

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

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the sanction of a special resolution passed at a general meeting of the holders of the shares of the class with a quorum of such number of holders holding more than one-half of the total outstanding shares of such class being present in person, by proxy or corporate representatives. 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. 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.

## **DIVIDENDS AND CAPITALISATION**

### **13. Dividends**

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

- 13.1** The Board may, subject to approval by the Members by way of ordinary resolution or, in the case of Article 11.4(a), supermajority resolution and subject to these Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members in proportion to the number of shares held by them, and such dividend may be paid in cash, shares or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. No unpaid dividend shall bear interest as against the Company.
- 13.2** The Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the foregoing generality, the Directors may fix the value of such specific assets, may determine that cash payments shall be made to some Members in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.
- 13.3** Subject to the Law, Article 11.4(a) and these Articles and except as otherwise provided by the rights attached to any shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an ordinary resolution, in annual general meetings. No dividends or other distribution shall be paid except out of profits of the Company, realised or unrealised, out of share premium account or any reserve, fund or account as otherwise permitted by the Law. Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the number of the shares that a Member holds and the amount paid up on such shares. If any share is issued on terms providing that it shall be entitled to dividends as from a particular date only, such shares shall be entitled to dividends accordingly.
- 13.4** In determining the Company's dividend policy, the Board recognises that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the dividend or other distribution it recommends to Members for approval in any financial year, the Board:
- (a) may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests; and
  - (b) shall set aside out of the current year profits of the Company: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses; (iii) ten per cent (10%) as a general reserve, and (iv) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules or a reserve as determined by the Board pursuant to Article 14.1.
- 13.5** Subject to compliance with the Law and after setting aside such amounts as the Board deems fit in accordance with the distribution policy set out in Article 13.4, the Board shall recommend to Members for approval in any financial year the amount of the dividend or other distribution to be allocated in the following manner and order and the allocation will be made upon approval by the Members:
- (a) between two per cent (2%) and fifteen per cent (15%) of the distributable amount as bonus to employees, including employees of the Company's Subsidiaries

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

("Employees' Bonus");

- (b) up to three per cent (3%) of the distributable amount as remuneration to the Directors ("Directors' Remuneration"); and
- (c) no less than fifty per cent (50%) of the distributable amount as dividend to the Members.

The Board shall determine how much of the amount shall be allocated to the Employees' Bonus, Directors' Remuneration and dividend, provided that the Board shall comply with the principles set out in (a) to (c) above and such allocation shall be recommended to the Members for approval. Dividends to the Members and the Employees' Bonus may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares or a combination of both for allocation and distribution to employees or the Members, provided that, in the case of a distribution to Members, no less than ten per cent (10%) of the total amount of such dividend shall be paid in cash. No unpaid dividend and bonus shall bear interest as against the Company.

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

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

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

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

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

#### **15. Method of Payment**

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

**15.2** In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder first named in the Register of Members to such holder's designated account or by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members. If two or more

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

## **16. Capitalisation**

Subject to Article 11.4(a), the Board may capitalise any sum for the time being standing to the credit of any of the Company's Capital Reserve or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

## **MEETINGS OF MEMBERS**

### **17. Annual General Meetings**

**17.1** The Company shall hold a general meeting as its annual general meeting within six months following the end of each fiscal year. The Board shall convene all annual general meetings.

**17.2** The general meetings (including annual general meetings and extraordinary general meetings) shall be held at such time and place as the Chairman or any two Directors or any Director and the Secretary or the Board shall appoint provided that unless otherwise provided by the Law, the general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall apply for the approval of the TSE thereof within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members).

### **18. Extraordinary General Meetings**

**18.1** General meetings other than annual general meetings shall be called extraordinary general meetings.

**18.2** The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or upon requisition in accordance with Article 18.3.

**18.3** One or more 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 of the Company continuously for a period of one year or more may make a requisition that contains the details set out in Article 18.4 below to request the Board to convene an extraordinary general meeting of the Company.

**18.4** 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 deposited at the Registered Office and the Company's stock affairs agent located in the ROC, and may consist of several documents in like form each signed by one or more requisitionists.

**18.5** If the Board does 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, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the TSE for its prior approval.

## **19. Notice**

- 19.1** At least thirty days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of business to be conducted at the meeting.
- 19.2** At least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of the business to be considered at the meeting.
- 19.3** The Board shall fix a record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly in accordance with Applicable Public Company Rules.
- 19.4** Subject to Article 22.4, the accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- 19.5** For so long as the shares are listed on the TSE, the Company shall announce to the public by via the Market Observation Post System in accordance with Applicable Public Company Rules the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed in the general meetings, including but not limited to, election or discharge of Directors, in accordance with Articles 19.1 and 19.2 hereof. If the voting power of a Member at a general meeting shall be exercised by way of a written instrument, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Articles 19.1 and 19.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in a manner consistent with the Applicable Public Company Rules.
- 19.6** The following matters shall be stated in the notice of a general meeting, with a summary of the major content to be discussed, and shall not be proposed as an extemporary motion:
- (a) election or discharge of Directors,
  - (b) alteration of the Memorandum or Articles,
  - (c) (i) dissolution, Merger, any scheme or arrangement involving a transfer of all issued shares of the Company to a corporate acquirer in exchange for the issuance of shares by that corporate acquirer to the Members as consideration or spin-off, (ii) entering into, amending, or terminating any Lease Contract, Management Contract or Joint Operation Contract, (iii) transfer of the whole or any essential part of the business or assets of the Company, and (iv) acquisition or assumption of the whole of the business or assets of another person, which has a material effect on the operations of the Company,
  - (d) ratification of an action by Director(s) who engage(s) in business for himself or on behalf of another person that is within the scope of the Company's business,
  - (e) distribution of the whole or part of the surplus profit of the Company in the form of new shares, capitalization of Capital Reserve and any other amount in accordance with Article 16, and

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

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

**19.7** For so long as the shares are listed on the TSE and unless the Law provides otherwise, the Board shall keep the Memorandum and 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 stock affairs agent located in the ROC. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.

**19.8** The Company shall make available all the statements and records prepared by the Board and the report prepared by the Audit Committee which will be submitted to the Members at the annual general meeting at the Registered Office (if applicable) and its stock affairs agent located in the ROC ten (10) days prior to such annual general meeting in accordance with Applicable Public Company Rules. Members may inspect and review the foregoing documents from time to time and may be accompanied by their lawyers or certified public accountants for the purpose of such inspection and review.

## **20. Giving Notice**

**20.1** Any Notice or document, whether or not to be given or issued under these Articles from the Company to a Member, shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication, and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register of Members or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the Notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or to the extent permitted by Applicable Law, may also be served by advertisement in appropriate newspapers. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

Any Notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent;

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

- (c) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and
- (d) may be given to a Member either in the English language or the Chinese language, subject to due compliance with all Applicable Law, rules and regulations.

This Article 20.1 shall apply mutatis mutandis to the service of any document by a Member on the Company under these Articles.

## **21. Postponement of General Meeting**

The Board may postpone any general meeting called in accordance with the provisions of these Articles provided that notice of postponement is given to each Member before the time for such meeting. A notice stating the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Articles.

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

- 22.1** No resolutions shall be adopted unless a quorum is present. Unless otherwise provided for in the Articles, Members present in person or by proxy or in the case of a corporate Member, by corporate representative, representing more than one-half of the total issued shares of the Company entitled to vote, shall constitute a quorum for any general meeting.
- 22.2** For so long as the shares are listed on the TSE and unless the Law provides otherwise, the Board shall submit business reports, financial statements and proposals for distribution of profits or allocation of losses prepared by it for the purposes of annual general meetings of the Company for confirmation and adoption by the Members in a manner consistent with the Applicable Public Company Rules. After confirmation and adoption at the general meeting, the Board shall send or announce to the public via the Market Observation Post System in accordance with Applicable Public Company Rules copies of the adopted financial statements and the minutes of the general meeting containing the resolutions passed on the distribution of profits or allocation of losses, to each Member or otherwise make the same available to the Members in accordance with the Applicable Public Company Rules.
- 22.3** Unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll. No resolution put to the vote of the meeting shall be decided by a show of hands.
- 22.4** Nothing in these Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the convening of any general meeting or the passage of any resolution in violation of applicable laws or regulations or these Articles within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court of the first instance for adjudicating any disputes arising out of the foregoing.
- 22.5** Unless otherwise expressly required by the Law, the Memorandum or the Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the



This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Members at any general meeting may be passed by an ordinary resolution.

**22.6** Member(s) holding one per cent (1%) or more of the Company's total number of issued shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company in writing one matter for discussion at an annual general meeting. The Company shall give a public notice in such manner as permitted by Applicable Law at such time deemed appropriate by the Board specifying the place and a period of not less than ten (10) days for Members to submit proposals. Proposals submitted for discussion at an annual general meeting shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than one cent (1%) of the Company's total issued shares, (b) the matter of such proposal may not be resolved by a general meeting; (c) the proposing Member(s) has proposed more than one proposal; or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).

### **23. Chairman to Preside**

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman, shall act as chairman at all meetings of the Members at which such person is present. In his absence a chairman shall be appointed or elected in accordance with the Applicable Public Company Rules.

### **24. Voting on Resolutions**

**24.1** Subject to any rights, privileges or restrictions attached to any share, every Member who (being an individual) is present in person or by proxy (or in the case of a corporation or other non-natural person by duly authorized representative(s) or by proxy) shall have one vote for every share of which he is the holder. A Member holding more than one share shall cast the votes in respect of his/her/its shares in the same way on a resolution proposed at a general meeting unless otherwise provided by the Applicable Public Company Rules, in which circumstance, the qualifications, application, manners for the exercise of such respective voting rights, procedures and other related matters thereof shall comply with the Applicable Public Company Rules, these Articles and the Law.

**24.2** 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.

**24.3** Votes may be cast either in person or by proxy. A Member may appoint another person as his proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend and vote at a general meeting, provided that a Member may appoint only one proxy under one instrument to attend and vote at such meeting.

**24.4** To the extent permitted by Applicable Law and notwithstanding any provisions provided in these Articles, the Board may resolve to allow Members not attending and voting at a general meeting in person, by proxy or by duly authorized representatives (where a Member is a corporation or other non-natural person), to exercise their voting power and cast their votes by a written instrument approved by the Board or by way of electronic transmission (as provided under the ROC Electronic Signatures Act) prior to commencement of the general meeting, provided that (1) the Board shall allow the voting rights in respect of shares held by a Member to be exercised by way of electronic transmission if the Company meets the requirements set forth in the Applicable Public

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Company Rules; and (2) the relevant methods and procedures are specified in the notice of that meeting and complied with by such Member(s). However, if a general meeting is convened outside the territory of the ROC, to the extent permitted by Applicable Law, the Company must allow the Members to exercise their voting rights and cast their votes by way of a written instrument approved by the Board or by way of electronic transmission in the manner referred to in the foregoing. Any Member who intends to exercise his voting power by a written instrument or by way of electronic transmission shall serve the Company with his/her/its voting decision at least two (2) calendar days prior to the date of such general meeting. Where more than one voting instrument is received from the same Member by the Company, the first voting instrument shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting instrument in the later-received voting instrument. For the avoidance of doubt, those Members voted in the manner mentioned in the foregoing shall, for purposes of these Articles and the Law, be deemed to have appointed the chairman of the general meeting as their proxy to vote their shares at the general meeting only in the manner directed by their written instrument or electronic document. The chairman as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document and/or any amendment to resolution(s) proposed at the general meeting, and the Members shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.

**24.5** In the event any Member who has served the Company with his/her/its declaration of intention to exercise his/her/its voting power by means of a written instrument or by means of electronic transmission pursuant to Article 24.4 hereof later intends to attend general meetings in person, he/she/it shall, at least two (2) calendar days prior to the date of the general meeting, serve a separate declaration of intention to revoke his/her/its previous votes casted by written instrument or electronic transmission in the same manner previously used in exercising his/her/its voting power, failing which, the Member shall be deemed to have waived his right to attend and vote at the relevant general meeting in person, the deemed appointment by the Member of the chairman as proxy shall remain valid and the Company shall not count any votes cast by such Member physically at the relevant general meeting.

**24.6** A Member who is deemed to have appointed the chairman as proxy pursuant to Article 24.4 for purposes of casting his vote by written instrument approved by the Board or by way of electronic transmission shall have the right to appoint another person as its proxy to attend the meeting in accordance with these Articles, in which case the express appointment of another proxy shall be deemed to have revoked the deemed appointment of the chairman as proxy under Article 24.4 and the Company shall only count the vote(s) casted by such expressly appointed proxy at the meeting.

## **25. Proxies**

**25.1** The instrument of proxy shall be in the form approved by the Board and be expressed to be for a particular meeting only. The form of proxy shall include at least the following information: (a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Member, proxy and the solicitor for proxy solicitation (if any). The form of proxy shall be

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

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.

- 25.2** An instrument of proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorised in writing, 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.
- 25.3** In the event that a Member exercises his voting power by way of a written instrument or electronic transmission and is deemed to have appointed the chairman of the meeting as his/her/its proxy pursuant to Article 24.4, and has also validly authorised another proxy to attend a general meeting by completing and returning the requisite proxy form, then the voting power exercised by the proxy (rather than the chairman of the meeting) at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting (excluding the deemed appointment of the chairman of the meeting pursuant to Article 24.4) later intends to attend the general meeting in person or to exercise his voting power by way of a written instrument or electronic transmission, he shall, at least two (2) days prior to the date of such general meeting, serve the Company with a separate notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.
- 25.4** Subject to the Applicable Public Company Rules, except for an ROC trust enterprise or stock agencies approved by the ROC competent authority, save with respect to the chairman being deemed appointed as proxy under Article 24.4, when a person acts as the proxy for two or more Members, the total number of voting shares that the proxy may vote shall not exceed three percent (3%) of the total number of voting shares of the Company; otherwise, such number of voting shares in excess of the aforesaid threshold shall not be counted towards the number of votes cast for or against the relevant resolution or the number of voting shares entitled to vote on such resolution but shall be included in the quorum. Upon such exclusion, the number of voting shares being excluded and attributed to each Member represented by the same proxy shall be determined on a pro-rata basis based on the total number of voting shares being excluded and the number of voting shares that such Members have appointed the proxy to vote for.
- 25.5** The instrument of proxy shall be deposited at the Registered Office or the office of the Company's stock affairs agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company not less than five days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default, save with respect to the deemed appointment of the chairman as proxy under Article 24.4, the instrument of proxy shall not be treated as valid PROVIDED that the chairman of the meeting may in his discretion accept an instrument of proxy sent by telex or telefax upon receipt of telex or telefax confirmation that the signed original thereof has been sent. Where multiple instruments of proxy are received by the Company from the same Member, the first written duly executed and valid instrument of proxy received by the Company shall prevail, unless an explicit written statement revoking the previous instrument(s) appointing a proxy is made in the subsequent duly executed and valid instrument of proxy received by the Company. The chairman of the meeting shall have the discretion to determine which

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

instrument of proxy shall be accepted where there is any dispute. Unless otherwise provided in these Articles, delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

## **26. Proxy Solicitation**

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

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

**27.1** Subject to compliance with the Law, in the event any of the following resolutions is passed at general meetings, any Member who has notified the Company in writing of his objection to such matter prior to the meeting and has raised again his objection at the meeting, may request the Company to purchase all of his shares at the then prevailing fair price:

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

**27.2** In the event any part of the Company's business is spun off or involved in any Merger, any Member, who has abstained from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting approving such spin off or Merger, may request the Company to purchase all of his shares at the then prevailing fair price.

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

**28.1** Shares held:

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

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

**28.2** A Member who has a personal interest in any motion discussed at a general meeting, which interest may be in conflict with and impair those of the Company, shall abstain from voting such Member's shares in regard to such motion and such shares shall not be counted in determining the number of votes of the Members present at the said meeting. However,

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

such shares may be counted in determining the number of shares of the Members present at such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member. To the extent that the Company has knowledge, any votes cast by or on behalf of such Member in contravention of the foregoing shall not be counted by the Company.

**28.3** For so long as the shares are listed on the TSE, in the event that a Director creates or has created security, charge, encumbrance, mortgage or lien over any shares held by him, then he shall notify the Company of such security, charge, encumbrance, mortgage or lien. If at any time the security, charge, encumbrance, mortgage or lien created by a Director is in respect of more than half of the shares held by him at the time of his appointment, then the voting rights attaching to the shares held by such Director at such time shall be reduced, such that the shares over which security, charge, encumbrance, mortgage or lien has been created which are in excess of half of the shares held by the Director at the date of his appointment shall not carry voting rights and shall not be counted in the number of votes casted by the Members at a general meeting but shall be counted towards the quorum of the general meeting.

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

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

## **30. Representation of Corporate Member**

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

**30.2** Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation or non-natural person which is a Member.

## **31. Adjournment of General Meeting**

The chairman of a general meeting may, with the consent of a majority in number of the Members present at any general meeting at which a quorum is present, and shall if so directed, adjourn the meeting. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, a notice stating the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with the provisions of these Articles.

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

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

## DIRECTORS AND OFFICERS

### 33. Number and Term of Office of Directors

- 33.1** There shall be a board of Directors consisting of no less than eleven (11) persons, each of whom shall be appointed to a term of office of three (3) years. Directors may be eligible for re-election. The Company may from time to time by special resolution increase or reduce the number of Directors subject to the above number limitation provided that the requirements under the Applicable Law are met. The Directors shall elect a vice chairman ("Vice Chairman") amongst all the Directors. In case the Chairman is on leave or absent or can not exercise his/her power and authority for any cause, the Vice Chairman shall act on his/her behalf.
- 33.2** A spousal relationship and/or a Family Relationship within the Second Degree of Kinship may not exist among more than half (1/2) of the members of the Board (the "Threshold"), unless with prior approval by the ROC competent authority. Where any person among the persons elected for appointment as a Director has a spousal relationship and/or a Family Relationship within the Second Degree of Kinship with any existing member of the Board or with any other person(s) also elected for appointment as a director (collectively, the "Related Persons" and each a "Related Person"), in respect of the Related Person who was elected by way of Cumulative Voting and who received the lowest number of votes from the Members for its appointment among all such elected Related Persons, with the intent that the Threshold will not be breached as a result of his/her appointment: (i) if his/her appointment is already effective, shall automatically cease to be a director of the Company on and from the date that the Company has actual knowledge of a breach of the Threshold; (ii) if his/her appointment has not yet taken effect, his/her appointment shall not take effect if the Company has actual knowledge of a possible breach of the Threshold if his/her appointment takes effect.
- 33.3** Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors accounting for not less than one-fifth of the total number of Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the ROC and at least one of them shall have accounting or financial expertise.
- 33.4** The Independent Directors shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules. Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be consistent with the Applicable Public Company Rules.
- 33.5** Unless provided otherwise in these Articles, the qualifications, composition, appointment, removal, exercise of power in performing duties and other matters with respect to the Directors, Independent Directors, Compensation Committee and Audit Committee, shall comply with the provisions under ROC Securities and Exchange Act and the regulations issued pursuant to the ROC Securities and Exchange Act applicable to the Company.

### 34. Election of Directors

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

- 34.1** The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 34.2 below. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to elect one or more Directors.
- 34.2** The Director(s) shall be elected by Members upon a poll vote by way of cumulative voting (the manner of voting described in this Article to be referred to as “Cumulative Voting”) in the following manner:
- (v) on an election of Directors, the numbers of votes attached to each voting share held by a Member shall be cumulative and correspond to the number of Directors nominated for appointment at the general meeting provided that such votes shall only cumulate in respect of such number of Directors nominated within the same category (namely, independent or non-independent) of Directors to be appointed;
  - (vi) the Member(s) may vote all or part of their cumulated votes in respect of one or more Director candidates within the same category of Directors to be elected;
  - (vii) such number of Director candidates receiving the highest number of votes in the same category of Directors to be elected shall be appointed; and
  - (viii) where two or more Director candidates receive the same number of votes and as a result the total number of new Directors intended to be appointed is exceeded, there shall be a draw by such Director candidates receiving the same number of votes to determine who shall be appointed; the chairman of the meeting shall draw for a Director nominated for appointment who is not present at the general meeting.
- 34.3** If the number of Independent Directors is less than three (3) persons due to the resignation or removal of such Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the Board shall hold, within sixty (60) days from the date of resignation or removal of last Independent Director, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.
- 34.4** If the number of Directors is less than five (5) persons due to the vacancy of Director(s) for any reason, the Company shall call an election of Director(s) at the next following general meeting to fill the vacancies. When the number of vacancies in the Board of the Company equals to one third of the total number of Directors elected, the Board shall hold, within sixty (60) days from the date of the occurrence of vacancies, a general meeting of Members to elect succeeding Directors to fill the vacancies.

## **35. Removal and Re-election of Directors**

- 35.1** The Company may from time to time by supermajority resolution remove any Director from office, whether or not appointing another in his stead.
- 35.2** In case a Director has, in the course of performing his duties, committed any act resulting in material damages to the Company or is in serious violation of applicable laws, regulations and/or these Articles, but has not been removed by a supermajority resolution, the Member(s) holding three per cent (3%) or more of the total number of issued shares of the Company may, within thirty (30) days after such general meeting, to the extent permissible under Applicable Law, institute a lawsuit to remove such Director. The Taiwan Taipei District Court, ROC, may be the court of the first instance for this matter.

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

**35.3** Prior to the expiration of the term of office of the current Directors, the Members may at a general meeting elect or re-elect all Directors, which vote shall be calculated in accordance with Article 34.2 above. If no resolution is passed to approve that the existing Director(s) who is/are not re-elected at the general meeting that such Director(s) shall remain in office until expiry of his/her original term of office, such non-re-elected Directors shall vacate their office with effect from the date the other Directors elected or re-elected at the same general meeting commence their office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors. If the term of office of all Directors expires at the same time and no general meeting was held before such expiry for re-election, their term of office shall continue and be extended to such time when new Directors are elected or re-elected in the next general meeting and they commence their office.

## **36. Vacancy in the Office of Director**

**36.1** The office of Director shall be vacated if the Director:

- (a) is removed from office pursuant to these Articles;
- (b) dies or becomes bankrupt, or makes any arrangement or composition with his creditors generally;
- (c) is automatically discharged from his office in accordance with Article 33.2;
- (d) resigns his office by notice in writing to the Company;
- (e) an order is made by any competent court or official on the grounds that he has no legal capacity, or his legal capacity is restricted according to Applicable Law;
- (f) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of the sentence is less than five years;
- (g) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;
- (h) having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years;
- (i) having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- (j) subject to Article 35.3, upon expiry of term of office (if any) of the relevant Director;
- (k) is automatically removed in accordance with Article 36.2; or
- (l) ceases to be a Director in accordance with Article 36.3.

In the event that the foregoing events described in clauses (b), (e), (f), (g), (h) or (i) has occurred in relation to a candidate for election of Director, such person shall be disqualified from being elected as a Director.



This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

**36.2** In case a Director that has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required.

**36.3** If any Director has, after having been elected and before his/her inauguration of the office of Director, transferred more than one half of the Company's shares being held by him/her at the time of his/her election as a Director, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has, after having been elected as a Director, transferred more than one half of the Company's shares being held by him/her within the share transfer prohibition period prior to the convention of a shareholders' meeting according to the Applicable Public Company Rules, then he/she shall immediately cease to be a Director and no shareholders' approval shall be required.

### **37. Compensation of Directors**

**37.1** The Board may establish a Compensation Committee comprised of at least three members appointed by the Board, one of whom shall be an Independent Director. The professional qualifications of the members of the Compensation Committee, the exercise by the members of the Compensation Committee of its responsibilities, powers and other related matters of the Compensation Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Compensation Committee, the Board shall, by a resolution, adopt a charter for the Compensation Committee the provisions of which shall be consistent with the Applicable Public Company Rules.

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

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

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

All acts done in good faith by the Board or by a committee of the Board or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly elected and was qualified to be a Director, subject to and upon ratification by the Members of such acts in a general meeting.

### **39. Directors to Manage Business**

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

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

nevertheless, to these Articles, the provisions of the Law, and to such directions as may be prescribed by the Company in general meeting.

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

Without limiting the generality of Article 39, the Board may subject to Article 11.4:

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

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

or instrument on behalf of the Company.

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

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

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

**41.2** The Board shall, within the period of thirty days from the occurrence of:-

- (a) any change among its Directors and Officers; or
- (b) any change in the particulars contained in the Register of Directors and Officers, cause to be entered on the Register of Directors and Officers the particulars of such change and the date on which such change occurred, and shall notify the Registrar of Companies in accordance with the Law.

#### **42. Officers**

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

#### **43. Appointment of Officers**

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

#### **44. Duties of Officers**

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

#### **45. Compensation of Officers**

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

#### **46. Conflicts of Interest**

**46.1** Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to compensation as if such Director were not a Director; provided that this Article 46.1 shall not apply to Independent Directors.

**46.2** A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by the Applicable Law.

**46.3** Notwithstanding anything to the contrary contained in these Articles, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall disclose and explain material contents of such personal interest at the meeting of the Board. Notwithstanding anything to the contrary contained in this Article 46, a Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.

**46.4** Notwithstanding anything to the contrary contained in this Article 46, a Director who is engaged in anything on his own account or on behalf of another person, which is within the scope of the Company's business, shall explain to the Members in a general meeting the essential contents of such conduct and seek their approval by supermajority resolution.

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

**47.1** Unless otherwise provided in these Articles, The Directors and Officers of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, officer or trustee and their respective heirs, executors, administrators, and personal representatives (each of which persons being referred to in this Article as an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any breach of duties, fraud or dishonesty which may attach to any of the said persons.

**47.2** Without prejudice and subject to the general directors' duties that a Director owes to the Company and its shareholders under common law principals and the laws of the Cayman Islands, a Director shall perform his/her fiduciary duties of loyalty and due care of a good administrator in the course of conducting the Company's business, and shall indemnify the Company, to the maximum extent legally permissible, from any loss incurred or suffered by the Company arising from breach of his/her fiduciary duties. If a Director has made any profit for the benefit of himself/herself or any third party as a result of any breach of his/her fiduciary duties, the Company shall, if so resolved by the Members by way of an ordinary resolution, take all such actions and steps as may be appropriate and to the maximum extent legally permissible to seek to recover such profit from such relevant Director. If a Director has, in the course of conducting the Company's business, violated any laws or regulations that causes the Company to become liable for any compensation or damages to any person, such Director shall become jointly and severally liable for such compensation or damages with the Company and if for any reason such Director is not made jointly and severally liable with the Company, such Director shall indemnify the Company for any loss incurred or suffered by the Company caused by a breach of duties by such Director.

**47.3** The Officers, in the course of performing their duties to the Company, shall assume such duties and obligations to indemnify the Company in the same manner as if they are Directors.

**47.4** The Company may purchase and maintain insurance for the benefit of any Director or Officer of the Company against any liability incurred by him in his capacity as a Director or

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Officer of the Company or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any Subsidiary thereof.

**47.5** To the extent permitted under the laws of the Cayman Islands and there is a cause of action under applicable laws by the Company against such relevant Director(s), a Member or Members collectively continuously holding three per cent (3%) or more of the total issued shares of the Company for a year or longer may:

- (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or
- (b) request in writing any Independent Director of the Audit Committee to file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors with the approval of the Board;

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

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

### **48. Board Meetings**

Subject to the Applicable Public Company Rules, the Chairman may call a meeting of the Board and the Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. Regular meetings of the Board shall be held at least on a quarterly basis to review the Company's performance during the previous fiscal quarter and to decide on matters customarily requiring approval of the Board as stipulated herein. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

### **49. Notice of Board Meetings**

The Chairman may, and the Secretary on the requisition of the Chairman shall, at any time summon a meeting of the Board. To convene a meeting of the Board, a notice setting forth therein the matters to be considered and if appropriate, approved at the meeting shall be given to each Director no later than seven (7) days prior to the scheduled meeting date. However, in the case of emergency as agreed by a majority of the Directors, the meeting may be convened with a shorter notice period in a manner consistent with the Applicable Public Company Rules. Notice of a meeting of the Board shall be deemed to be duly given to a Director if, to the extent permitted by Applicable Law, it is given to such Director verbally (in person or by telephone) or otherwise communicated or sent to such Director by post, cable, telex, telecopier, facsimile, electronic mail

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.

**50. Participation in Meetings by Video Conference**

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

**51. Quorum at Board Meetings**

The quorum for a meeting of the Board shall be more than one-half of the total number of the Directors.

**52. Board to Continue in the Event of Vacancy**

The Board may act notwithstanding any vacancy in its number.

**53. Chairman to Preside**

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

**54. Validity of Prior Acts of the Board**

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

## **CORPORATE RECORDS**

**55. Minutes**

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

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

**56. Register of Mortgages and Charges**

**56.1** The Directors shall cause to be kept the Register of Mortgages and Charges required by the Law.

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

**57. Form and Use of Seal**

**57.1** The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf; and, until otherwise determined by the

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Directors, the Seal shall be affixed in the presence of a Director or the Secretary or an assistant secretary or some other person authorised for this purpose by the Directors or the committee of Directors.

**57.2** Notwithstanding the foregoing, the Seal may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.

**57.3** The Company may have one or more duplicate Seals, as permitted by the Law; and, if the Directors think fit, a duplicate Seal may bear on its face of the name of the country, territory, district or place where it is to be issued.

## **TENDER OFFER AND ACCOUNTS**

### **58. Tender Offer**

Within seven (7) days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigious and non-litigious agent ( 訴訟及非訴訟代理人, which term shall be construed under the laws of ROC ) appointed by the Company pursuant to the Applicable Public Company Rules, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:

- (a) the types and number of the shares held by the Directors and the Members holding more than ten per cent (10%) of the total issued shares in their own names or in the names of other persons.
- (b) recommendations to the Members on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefor.
- (c) whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any.
- (d) the types, numbers and amount of the shares of the tender offeror or its affiliates held by the Directors and the Members holding more than ten per cent (10%) of the total number of issued shares held in their own names or in the name of other persons.

### **59. Books of Account**

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

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

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

**59.2** Such records of account shall be kept and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept, at such place as the Board thinks fit, such books as are necessary to give a true and fair view of the state of the

This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

Company's affairs and to explain its transactions.

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

## **60. Financial Year End**

The financial year end of the Company shall be 31st December in each year but, subject to any direction of the Company in general meeting, the Board may from time to time prescribe some other period to be the financial year, provided that the Board may not without the sanction of an ordinary resolution prescribe or allow any financial year longer than eighteen months.

## **AUDIT COMMITTEE**

### **61. Number of Committee Members**

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

### **62. Powers of Audit Committee**

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

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



This is the English translation. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

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

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

### **63. Winding-Up**

**63.1** The Company may be voluntarily wound-up in accordance with Article 11.5.

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

## **CHANGES TO CONSTITUTION**

### **64. Changes to Articles**

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

### **65. Discontinuance**

The Board may exercise all the powers of the Company to transfer by way of continuation the Company to a named country or jurisdiction outside the Cayman Islands pursuant to the Law.

### Appendix 3: Table of Shareholding of All Directors

#### Shareholding of All Directors

Record Date: June 7th, 2016

1. The paid-in capital is NT\$1,187,709,460. The total number of issued shares outstanding is 118,770,946.
2. The minimum required combined shareholding of all directors by law is 8,000,000 shares. The combined shareholding of all directors on the book closure date is 38,745,757 shares, which meets the requirements of Article 26 of the Securities and Exchange Act and the Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.
3. The Company has set up an Audit Committee, so the rule on the minimum required combined shareholding of all supervisors by law is not applicable.

Title	Name	Date Elected	Current Shareholding	
			Shares	Shares %
Chairman	Chang, Hsien-Ming	2013/06/17	17,487,540	14.72%
Director	Tasi, Shu-Ken	2013/06/17	840,156	0.71%
Director	Chang, Cheng-Chung	2013/06/17	4,844,408	4.08%
Director	Wu, Ting-Tsai	2013/06/17	2,183,701	1.84%
Director	Chen, Wu-Chi	2013/06/17	1,814,263	1.53%
Director	Chang, Wen-Lung	2013/06/17	8,009,313	6.74%
Director	Hsu, Yu-Yeh	2013/06/17	3,462,261	2.92%
Director	Chang, Chih-Kai	2013/06/17	104,115	0.09%
Independent Director	Chang, Cheng-Lung	2013/06/17	0	0%
Independent Director	Chen, Ching-Hung	2013/06/17	0	0%
Independent Director	Wei, Chia-Min	2013/06/17	0	0%
Total of All Directors			38,745,757	32.63%

Note: The book closure date for the annual general meeting of shareholders is April 8<sup>th</sup>, 2016. The book closure period is from April 9<sup>th</sup>, 2016 to June 7<sup>th</sup>, 2016.

#### **Appendix 4: Adoption of the Proposal for Profit Distribution of Employees' Bonus and Directors' Remuneration**

### **Employees' Bonus and Directors' Remuneration**

1. Percentages and amounts for employees' bonus and directors' remuneration specified in accordance with the Articles of Association of the Company:
  - a. between 2% and fifteen per cent 15% of the distributable amount as bonus to employees, including employees of the Company's Subsidiaries
  - b. up to 3% of the distributable amount as remuneration to the Directors ("Directors' Remuneration")
2. Adoption of the proposal for employees' bonus and other information:
  - a. Amounts of cash bonus, stock bonus for employees, and Directors' Remuneration:
    - (1) Amount of cash bonus to be distributed to employees: NT\$27,700,000.
    - (2) Amount of stock bonus to be distributed to employees: NT\$0.
    - (3) Amount of Directors' Remuneration: NT\$0.
  - b. Proposal for employees' stock bonus shares and the number of shares as a percentage of capitalization of profits: Not applicable.

#### **Appendix 5: The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate**

This is not applicable since there was no proposal for stock dividend issuance in the annual general meeting of shareholders.