



Stock Code : 4966

# **Parade Technologies, Ltd.**

2015 Annual General Meeting of Members

MEETING AGENDA

(Translation)

**June 25, 2015**

-----Disclaimer-----

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## **I. MEETING PROCEDURES**

**Parade Technologies, Ltd.**

**2015 ANNUAL GENERAL MEETING OF MEMBERS PROCEDURES**

1. Commencement
2. Chairman Remarks
3. Report Items
4. Proposals and Discussions
5. Questions and Motions
6. Meeting Adjourned

## **II. MEETING AGENDA**

Parade Technologies, Ltd.  
2015 ANNUAL GENERAL MEETING of MEMBERS  
MEETING AGENDA  
(Translation)

Time: June 25, 2015, 9:00 a.m., Taipei Local Time  
Place: 7F., No.236, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan  
Attendants: All shareholders or their proxy holders  
Chairman: Ji Zhao, Chairman of the Board of Directors

1. Chairman Remarks
2. Report Items:
  - (1) To report the 2014 business
  - (2) To report the 2014 review report by the Audit Committee
  - (3) To report the implementation of the 2015 Share Repurchase and Incentive Plan
3. Proposals and Discussions:
  - (1) To ratify the 2014 business report
  - (2) To adopt the Company's 2014 audited consolidated financial report
  - (3) To approve the 2014 profit distribution plan
  - (4) To approve the 2015 Employee Restricted Stock Awards Plan
  - (5) To approve the amendment of the Company's Amended and Restated Articles of Association
4. Questions and Motions
5. Meeting Adjourned

## Report Items

1. To report the 2014 business report

Explanatory Notes: The 2014 business report is attached hereto as Attachment I.

2. To report the 2014 review report by the Audit Committee

Explanatory Notes: The 2014 review report by the Audit Committee is attached hereto as Attachment II.

3. To report the implementation of the 2015 Share Repurchase and Incentive Plan.

Explanatory Notes:

- (1) The results of the 2015 Share Repurchase Plan is as below:

Series	the first repurchase in year 2015
Board resolution date	3/4/2015 (Taiwan Time)
Purpose of repurchase	Transferring to the employees
The set repurchase period	Between 3/5/2015 and 5/4/2015
The actual repurchase period	Between 3/9/2015 and 3/17/2015
The set repurchase price range (per share)	NT\$ 204.00 to NT\$ 447.50
The actual repurchase price range (per share)	NT\$ 306.00 to NT\$ 309.00
Average repurchase price per share	NT\$ 307.53
The set maximum repurchase shares	252,000 common stocks
Accumulated number of shares already repurchased	252,000 common stocks
Value spent on the repurchase	NT\$ 77,496,917
Number of shares transferred and cancelled	Note
Accumulated number of shares already repurchased	252,000 common stocks
Accumulated percentage of repurchased shares to total number of shares issued ( % )	0.33%

Note: The shares are expected to be transferred to employees in May 2015.

- (2) Share Repurchase and Employee Incentive Plan is attached hereto as Attachment XII.

## Proposals and Discussions

1. To ratify the 2014 Business Report (Proposed by the Board of Directors)

### Explanatory Notes:

- (1) The 2014 business report is attached hereto as Attachment I.
- (2) Please ratify the above-mentioned Business Report.

2. To adopt the Company's 2014 audited consolidated financial report (Proposed by the Board of Directors)

### Explanatory Notes:

- (1) The Company's 2014 consolidated financial statements, including Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows, have been approved by the Board of Directors, audited by independent auditors, Ms. Chou Hsiao-Tzu and Ms. Liang Hua-Ling, of PricewaterhouseCoopers Taiwan and reviewed by the Audit Committee, evidenced by the review report issued by the Audit Committee.
- (2) The 2014 independent accountants' audit report and above-mentioned consolidated financial statements are attached hereto as Attachment III.
- (3) Please ratify the above-mentioned 2014 audited consolidated financial statements.

3. To approve the 2014 profit distribution plan (Proposed by the Board of Directors)

### Explanatory Notes:

- (1) The Company's 2014 profits distribution table has been approved by the Board of Directors. The table has been reviewed and evidenced by the report issued by the Audit Committee.
- (2) The proposed profits distribution table/plan is to distribute 2014 Retained Earnings Available for Distribution, inclusive of distribution of the profits to the shareholders at the total amount of NT\$378,811,143, equivalent to cash dividend per share of NT\$5.02, equivalent to US\$0.1619, by adopting foreign exchange rate of US\$1=NT\$31.00.
- (3) In the event of any change in the number of issued and outstanding shares for whatever reason, such as purchase back of the Company's shares, issue of new shares upon exercise of employee stock option, issue restricted shares to employees, transfer or cancellation of the treasury shares or other analogue events, it is proposed to authorize the Chairman to adjust the dividend ratio based



on the total amount of profits resolved to be distributed in the 2015 Annual General Meeting of Members and the number of total issued and outstanding shares on the record date for distribution. And proceed relevant matters.

- (4) It is proposed to authorize the Board of the Directors to determine the record date of the cash and stock dividends after this profit proposal is approved by this 2015 Annual General Meeting of Members.
- (5) The 2014 Profit Distribution Table is attached hereto as Attachment IV.
- (6) Please approve the above-mentioned 2014 Profit Distribution Proposal.

- 4. To approve 2015 Employee Restricted Stock Awards Plan (Proposed by the Board of Directors)

Explanatory Notes:

(1) The Company has established this 2015 Employee Restricted Stock Awards Plan to attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests. Within one year from the date of the shareholders resolution, the Company may, depending on its actual need, register with the competent authority single tranche or multiple tranche of the restricted shares for the employees. For the number of shares effectively registered, the Company may issue the shares all at once or by tranches. The Chairman is authorized to determine the actual issuance date.

(2) The material terms of 2015 Employee Restricted Stock Awards Plan (the "2015 RSA Plan") are as below:

I. Expected total number of the Restricted Stock Awards ("RSA") issuance:  
400,000 shares, with par value NT\$ 10 per share.

II. The terms and conditions of issuance

i. Issue price: Each RSA will be issued without consideration.

ii. Vesting conditions: The RSAs will be vested at the equal rate of 25% per year over four (4) years from the date the RSAs are granted; each 25% will be vested on the anniversary of the date the RSAs are granted to the grantee employee who has continuously served the Company to each corresponding anniversary.

iii. Restrictions before RSA is vested:

①. The grantee employee shall not sell, transfer, make gift of, create other rights or encumbrances on the RSAs, or otherwise dispose of the RSAs in

any other manner.

②. All the proposal rights, motion rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trustee or the custodian (as applicable).

③. The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the "Restricted Share and Cash Distribution"). For the avoidance of doubt, for the purpose of this Plan, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested.

④. In the case that the grantee employee is an ROC citizen, such employee shall, immediately after the Company issues the RSAs to such employee, trust such RSAs to the trustee designated by the Company in accordance with the Company's instruction and, unless otherwise provided hereunder, shall be continuously trusted till the full satisfaction of the vesting conditions. Any and all the Restricted Share and Cash Distribution derived from the unvested RSAs shall also be put in the trust. In the case that the grantee employee is non-ROC citizen, such employee shall put the RSA with a custodian bank for custody.

⑤. In the event the employee's employment is terminated or inheritance occurs, etc., all the rights attached to the unvested RSAs will be forfeited on the date when the termination of employment or inheritance takes effect, and the Company may redeem such unvested RSAs at no consideration, and then shall cancel such RSAs.

⑥. Other conditions of the plan please refer to Attachment V.

III. Qualifications and conditions for employees and the numbers of shares distributable or subscribable: The eligible employees are limited to the employees of the Company or of the subsidiary wholly owned by the Company who serve as the full-time employees before the RSA are granted. The Chairman shall propose and submit the list of grantee employees and the number of RSAs to be granted to the board of directors

of the Company for the approval, in the case of granting the RSA to an employee who serves as directors and/or officers, to the compensation committee of the Company for review and recommendation and then to the board of directors of the Company for final approval. The actual employees and the number of RSA to be granted will be decided according to relevant laws and regulations and within the limitation of amount thereof, considering seniority, job level, work performance, overall contribution, special achievement, and other factors necessary for management, etc., and considering the Company's operational needs and development strategy.

IV. The reasons why it is necessary to issue the new RSAs: To attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests.

V. The expected amount of expenses and the dilution effect on the Company's earnings per share and any other impact on shareholder's equity: (1) NT\$115,200,000 over four years. (2) The dilution effect on the Company's earnings per share is approximately NT\$0.093. The total numbers to be issued under this plan is approximately 0.53% of the Company's total issued and outstanding shares (75,488,379 shares as of January 31, 2015).

(3) After being approved by the shareholders' resolution, if any amendment is necessary due to any change of laws or regulations, any demand by the competent authority or any requirement of the circumstance, it is proposed to authorize the Chairman or the person designated by the Chairman to make necessary amendment and submit to the board of directors for approval.

(4) Please discuss and approve the above proposal.

5. To approve the amendment of the Company's Amended and Restated Articles of Association (Proposed by the Board of Directors)

Explanatory Notes:

(1) In response to the notice from the Authorities, certain changes to the Company's Memorandum and Articles of Association are required or advised.

(2) The comparison table of the amended articles is attached hereto as Attachment XI.

(3) Please approve the above-mentioned proposal.

**Questions and Motions**

**Meeting Adjourned**

### **III. ATTACHMENTS**

**Parade Technologies, Ltd.  
2014 Business Report**

Dear Shareholders,

Year 2014 was a phenomenal growth year for Parade. We achieved record revenue of US\$205.39 million, or NT\$6.23 billion in 2014, which represented 44.76% year over year growth as compared to 2013. The growth was driven by continued penetration of our eDP (embedded DisplayPort) LCD timing controllers (TCON) as well as our high-speed interface ICs in DisplayPort, HDMI, SATA and USB 3.1 applications. Leveraging our leading technology and superior product design capability, combined with our close collaboration with Tier 1 OEM customers and chip set vendors, Parade has successfully sustained our leadership position in the markets we serve.

During the past year, we observed that the market trend towards higher resolution displays, consequently demand for high-speed data transmission and lower power consumption, accelerated in notebook, tablet, smartphone, all-in-one computer. In notebook PCs, increasing adoption of high resolution panels beyond Full HD propelled significant penetration of eDP interface as a replacement for the traditional LVDS display interface. The advanced eDP solution with Panel Self Refresh (PSR) gained en route to slim notebook market with high resolution panels. In addition, the speed of various interfaces broadly used in consumer and PC market advanced significantly owing to high resolution display and storage data transfer. Evidently, consumer electronics market started to adopt HDMI 2.0 standard which employs 6Gbps data rate to support 4K2K LCD TV. USB 3.0 Promoter Group also announced the USB Type-C connector which defines the next generation connectors, supporting both high-speed data and video interfaces reaching 10Gbps data rate. All these market trends and movements have created an enormous opportunity for Parade.

In 2014, we announced a new series of eDP TCON devices that feature Panel Self Refresh (PSR) and emphasis low power consumption for portable platforms. We also introduced a new eDP TCON device for 4K LCD panels designed for monitors and all-in-one computers. This is the first TCON that supports the use of standard DisplayPort SST (Single Stream Transport) protocol for 4K resolution, which appreciably extends our market reach.

For high-speed interface products, we added a new family member, HDMI 2.0 jitter-cleaning repeater, which enables the support of 4K2K TVs at 60 frames per second and greatly simplified the challenging implementation of HDMI 2.0 in video sources. During the past two years, many OEM customers have depended on our unique HDMI 1.4 jitter-cleaners to make 3Gbps work. Now we raised the performance bar to 6Gbps by enabling HDMI 2.0.

In addition to DisplayPort and HDMI, Parade also announced the industry's first active switch for USB Type-C host devices that support DisplayPort Alternate Mode. This switch enables USB signals and DisplayPort signals to share a single compact USB Type-C connector. Most recent releases of the new MacBook as well as Chromebook Pixel both adopted USB Type-C connectors, signaling very positive industry embracement by Tier 1 OEM customers. We anticipate this application will remain a focus area for Parade and thus create healthy growth opportunities.

Worth noting that, starting from the second half of 2014, we started shipping our point-to-point high-speed source drivers, i.e., Scalable Intra Panel Interface (SIPI), for use within LCD display panels. With the state-of-the-art performance in high data transmission rate and low power consumption, we secured meaningful design wins with both OEM and panel customers. In addition, we continued to research and develop technologies and solutions of integrated driver ICs for the smartphone market. We hope both segments could significantly expand our serviceable addressable market (SAM) and serve as the future growth engines.

The consolidated net income in 2014 was US\$40.47 million (NT\$1.23 billion), an increase of 76.83% from US\$22.88 million (NT\$679 million) in year 2013. Earnings per diluted share in 2014 were US\$0.53 (NT\$16.15), up 76.67% from US\$0.30 (NT\$9.02) in 2013. Gross profit margin was 41.28% as compared to 43.49% in 2013, while operating profit margin was 21.25% up from 18.08% of the prior year. Net profit margin was 19.70%, an increase of 3.57% from 16.13% in 2013.

Parade believes our employees and intellectual property are the most important assets of the company. We are committed to recruiting and investing in highest quality research & development (R&D) staff, in order to expand our technology capabilities and portfolios. As of December 31, 2014, Parade has a total of 293 employees including 189 in R&D. Geographically, we continuously expanded our resources in Taiwan, Shanghai, Nanjing and USA offices. Helped by our R&D focus, we filed 2 patents in 2014 and held 8 granted patents and 15 patent applications pending by end of 2014.

Looking forward, we believe we will continue to benefit from the increasing demand of bandwidth to support higher display resolutions, higher speed data transmission, and lower power consumption in mobile devices. With our leading position in eDP TCON technologies and broad adoption by global tier-1 customers, we believe Parade is well positioned to generate outstanding results for our shareholders.

We appreciate the solid support from all of our shareholders!

Jack Zhao  
Chairman and CEO  
May 5, 2015



## Audit Committee's Report

The Board of Directors has prepared the Company's 2014 Business Report, 2014 consolidated Financial Statements and proposal for allocation of profits. The CPA firm of PricewaterhouseCoopers was retained to audit Parade's consolidated Financial Statements and has issued an audit report relating to the consolidated Financial Statements. The Business Report, consolidated Financial Statements and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Parade Technologies, Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Parade Technologies, Limited.

Chairman of the Audit Committee: Norman Shen



May 5, 2015

**REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE**

To the Board of Directors and Shareholders of Parade Technologies, Ltd.

We have audited the accompanying consolidated balance sheets of Parade Technologies, Ltd. and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of 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 financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those 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 financial position of Parade Technologies, Ltd. and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission of the Republic of China.

*PricewaterhouseCoopers, Taiwan*

March 4, 2015

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2014 AND 2013**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	December 31, 2014		December 31, 2013	
		Amount	%	Amount	%
<b>Current assets</b>					
Cash and cash equivalents	6(1)	\$ 4,600,434	70	\$ 3,459,081	69
Available-for-sale financial assets - current		34,365	-	32,172	1
Accounts receivable, net	6(2)	1,084,808	17	1,023,236	21
Inventories, net	6(3)	431,792	7	229,216	5
Other current assets		194,387	3	75,003	1
<b>Total current assets</b>		<b>6,345,786</b>	<b>97</b>	<b>4,818,708</b>	<b>97</b>
<b>Non-current assets</b>					
Property, plant and equipment, net	6(4)	121,864	2	91,340	2
Intangible assets		6,228	-	8,007	-
Deferred income tax assets	6(14)	3,880	-	3,086	-
Other non-current assets		47,551	1	61,370	1
<b>Total non-current assets</b>		<b>179,523</b>	<b>3</b>	<b>163,803</b>	<b>3</b>
<b>TOTAL ASSETS</b>		<b>\$ 6,525,309</b>	<b>100</b>	<b>\$ 4,982,511</b>	<b>100</b>

(Continued)

**PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2014 AND 2013**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Notes	December 31, 2014		December 31, 2013	
		Amount	%	Amount	%
<b>Current liabilities</b>					
Accounts payable		\$ 341,624	5	\$ 486,222	10
Other payables	6(5)	352,228	5	254,005	5
Current income tax liabilities	6(14)	291,588	5	177,686	4
Other current liabilities		118,364	2	70,817	1
<b>Total current liabilities</b>		<u>1,103,804</u>	<u>17</u>	<u>988,730</u>	<u>20</u>
<b>Total liabilities</b>		<u>1,103,804</u>	<u>17</u>	<u>988,730</u>	<u>20</u>
<b>Equity attributable to owners of the Company</b>					
<b>Share capital</b>	6(8)				
Ordinary shares		754,604	12	747,257	15
<b>Capital reserves</b>	6(9)				
Capital reserves		1,651,739	26	1,442,109	29
<b>Retained earnings</b>	6(10)				
Legal reserve		241,672	4	173,757	4
Special reserve		78,218	1	93,524	2
Unappropriated earnings		2,578,037	39	1,615,443	32
<b>Other equity</b>					
Other equity		117,235	1	( 78,309)	( 2)
<b>Equity attributable to owners of the Company</b>		<u>5,421,505</u>	<u>83</u>	<u>3,993,781</u>	<u>80</u>
<b>Total equity</b>		<u>5,421,505</u>	<u>83</u>	<u>3,993,781</u>	<u>80</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>	9				
<b>Significant events after the balance sheet date</b>	11				
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 6,525,309</u>	<u>100</u>	<u>\$ 4,982,511</u>	<u>100</u>

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

**PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Notes	For the years ended December 31			
		2014		2013	
		Amount	%	Amount	%
<b>Revenue</b>		\$ 6,225,291	100	\$ 4,212,028	100
<b>Cost of goods sold</b>	6(3)(12)(13)	( 3,656,094)	( 59)	( 2,380,204)	( 57)
<b>Gross profit</b>		<u>2,569,197</u>	<u>41</u>	<u>1,831,824</u>	<u>43</u>
<b>Operating expenses</b>	6(12)(13)(15) and 7				
Sales and marketing expenses		( 298,916)	( 5)	( 229,048)	( 5)
General and administrative expenses		( 215,900)	( 3)	( 168,904)	( 4)
Research and development expenses		( 732,331)	( 12)	( 672,428)	( 16)
<b>Total operating expenses</b>		<u>( 1,247,147)</u>	<u>( 20)</u>	<u>( 1,070,380)</u>	<u>( 25)</u>
<b>Operating income</b>		<u>1,322,050</u>	<u>21</u>	<u>761,444</u>	<u>18</u>
<b>Non-operating income and expenses</b>					
Other income		27,046	1	3,980	-
Other gains and losses		2,202	-	( 5,854)	-
<b>Total non-operating income and expenses</b>		<u>29,248</u>	<u>1</u>	<u>( 1,874)</u>	<u>-</u>
<b>Income before income tax</b>		<u>1,351,298</u>	<u>22</u>	<u>759,570</u>	<u>18</u>
Income tax expense	6(14)	( 125,555)	( 2)	( 80,420)	( 2)
<b>Net income for the year from continuing operations</b>		<u>1,225,743</u>	<u>20</u>	<u>679,150</u>	<u>16</u>
<b>Other comprehensive income</b>					
Currency translation differences of foreign operations		289,534	4	93,081	2
<b>Total comprehensive income for the year</b>		<u>\$ 1,515,277</u>	<u>24</u>	<u>\$ 772,231</u>	<u>18</u>
<b>Net income, attributable to:</b>					
Owners of the Company		<u>\$ 1,225,743</u>	<u>20</u>	<u>\$ 679,150</u>	<u>16</u>
<b>Comprehensive income attributable to:</b>					
Owners of the Company		<u>\$ 1,515,277</u>	<u>24</u>	<u>\$ 772,231</u>	<u>18</u>
<b>Basic earnings per share from continuing operations</b>	6(11)				
		<u>\$</u>	<u>16.48</u>	<u>\$</u>	<u>9.25</u>
<b>Diluted earnings per share from continuing operations</b>	6(11)				
		<u>\$</u>	<u>16.15</u>	<u>\$</u>	<u>9.02</u>

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

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent										Total	
		Capital Reserves				Retained Earnings			Other equity				
		Ordinary shares	Paid-in capital in excess of ordinary shares	Capital reserve from employee stock options	Capital reserve from restricted stocks	Capital reserve - others	Legal reserve	Special reserve	Unappropriated earnings	Currency translation differences of foreign operations	Unearned compensation		Treasury shares
<b>Year 2013</b>													
Balance at January 1, 2013		\$ 517,215	\$ 1,224,381	\$ 33,570	\$ -	\$ 10,185	\$ 45,268	\$ 8,324	\$ 1,544,574	(\$ 93,524)	\$ -	\$ -	\$ 3,289,993
Share-based compensation cost	6(7)	-	-	51,271	-	-	-	-	-	-	8,946	-	60,217
Exercise of employee stock options	6(7)(8)	12,689	39,456	( 20,804 )	-	-	-	-	-	-	-	-	31,341
Issuance of restricted stocks		4,000	-	-	83,800	-	-	-	-	-	( 87,800 )	-	-
Cancellation of share-based compensation		-	-	-	( 988 )	-	-	-	8	-	988	-	8
Tax deduction exceeds cumulative share-based payment expenses		-	-	-	-	21,238	-	-	-	-	-	-	21,238
Purchase of treasury shares	6(8)	-	-	-	-	-	-	-	-	-	-	( 69,629 )	( 69,629 )
Treasury shares reissued to employees	6(8)	-	-	-	-	-	-	-	-	-	-	69,629	69,629
Earnings appropriation													
Legal reserve		-	-	-	-	-	128,489	-	( 128,489 )	-	-	-	-
Special reserve		-	-	-	-	-	-	85,200	( 85,200 )	-	-	-	-
Stock dividends		213,353	-	-	-	-	-	-	( 213,353 )	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	( 181,247 )	-	-	-	( 181,247 )
Net income for 2013		-	-	-	-	-	-	-	679,150	-	-	-	679,150
Other comprehensive income for 2013		-	-	-	-	-	-	-	-	93,081	-	-	93,081
Balance at December 31, 2013		<u>\$ 747,257</u>	<u>\$ 1,263,837</u>	<u>\$ 64,037</u>	<u>\$ 82,812</u>	<u>\$ 31,423</u>	<u>\$ 173,757</u>	<u>\$ 93,524</u>	<u>\$ 1,615,443</u>	<u>(\$ 443)</u>	<u>(\$ 77,866)</u>	<u>\$ -</u>	<u>\$ 3,993,781</u>
<b>Year 2014</b>													
Balance at January 1, 2014		\$ 747,257	\$ 1,263,837	\$ 64,037	\$ 82,812	\$ 31,423	\$ 173,757	\$ 93,524	\$ 1,615,443	(\$ 443)	(\$ 77,866)	\$ -	\$ 3,993,781
Share-based compensation cost	6(7)	-	-	45,093	-	-	-	-	-	-	34,747	-	79,840
Exercise of employee stock options	6(7)(8)	4,210	40,732	( 7,034 )	-	-	-	-	-	-	-	-	37,908
Issuance of restricted stocks		3,485	-	-	130,687	-	-	-	-	-	( 134,172 )	-	-
Cancellation of share-based compensation	6(8)	( 348 )	-	-	( 5,175 )	-	-	-	187	-	5,435	-	99
Tax deduction exceeds cumulative share-based payment expenses		-	-	-	-	5,327	-	-	-	-	-	-	5,327
Purchase of treasury shares	6(8)	-	-	-	-	-	-	-	-	-	-	( 41,920 )	( 41,920 )
Treasury shares reissued to employees	6(8)	-	-	-	-	-	-	-	-	-	-	41,920	41,920
Earnings appropriation													
Legal reserve		-	-	-	-	-	67,915	-	( 67,915 )	-	-	-	-
Special reserve		-	-	-	-	-	-	( 15,306 )	15,306	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	( 210,727 )	-	-	-	( 210,727 )
Net income for 2014		-	-	-	-	-	-	-	1,225,743	-	-	-	1,225,743
Other comprehensive income for 2014		-	-	-	-	-	-	-	-	289,534	-	-	289,534
Balance at December 31, 2014		<u>\$ 754,604</u>	<u>\$ 1,304,569</u>	<u>\$ 102,096</u>	<u>\$ 208,324</u>	<u>\$ 36,750</u>	<u>\$ 241,672</u>	<u>\$ 78,218</u>	<u>\$ 2,578,037</u>	<u>\$ 289,091</u>	<u>(\$ 171,856)</u>	<u>\$ -</u>	<u>\$ 5,421,505</u>

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

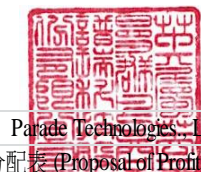
PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2014	2013
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Income before income tax for the year		\$ 1,351,298	\$ 759,570
Adjustments to reconcile income before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(4)(12)	39,678	34,476
Amortization	6(12)	2,948	2,271
Loss on disposal of equipment		2,251	-
Share-based compensation cost	6(7)(13)	79,840	60,217
Interest income		( 923 )	( 1,707 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		1,587	( 317,081 )
Inventories		( 188,428 )	( 27,426 )
Other current assets		( 108,959 )	( 8,766 )
Other non-current assets		18,449	( 40,545 )
Net changes in liabilities relating to operating activities			
Accounts payable		( 174,610 )	276,243
Other payables		82,545	754
Other current liabilities		43,176	13,991
Cash provided by operations		1,148,852	751,997
Interest received		958	1,661
Income tax paid		( 3,401 )	( 24,409 )
Net cash provided by operating activities		1,146,409	729,249
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in available-for-sale financial assets - current		( 207 )	( 226 )
Acquisition of equipment	6(4)	( 66,832 )	( 36,113 )
Proceeds from disposal of equipment		6	-
Acquisition of computer software		( 776 )	( 7,652 )
Increase in refundable deposits		( 842 )	( 2,909 )
Net cash used in investing activities		( 68,651 )	( 46,900 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from exercise of employee stock options		37,908	31,341
Purchase of treasury shares	6(8)	( 41,920 )	( 69,629 )
Treasury shares reissued to employees		41,920	69,629
Cash dividends paid		( 210,727 )	( 181,247 )
Cash dividend recovered from cancellation of share-based compensation		99	8
Net cash used in financing activities		( 172,720 )	( 149,898 )
Effect of exchange rate changes on cash and cash equivalents		236,315	80,418
Increase in cash and cash equivalents		1,141,353	612,869
Cash and cash equivalents at beginning of year		3,459,081	2,846,212
Cash and cash equivalents at end of year		\$ 4,600,434	\$ 3,459,081

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



## Attachment IV



Parade Technologies, Ltd.

盈餘分配表 (Proposal of Profit Distribution)

民國一百零三年十二月三十一日 (December 31, 2014)

項目 (Description)		NT\$		US\$	
		小計 (Subtotal)	合計 (Total)	小計 (Subtotal)	合計 (Total)
民國一百零三年度稅後淨利(註)	FY 2014 Net Income (Note)	1,225,743,411	1,225,743,411	40,466,337	40,466,337
減:	subtract:				
提列10%法定盈餘公積	10% legal reserve	122,574,341		4,046,634	
提列特別盈餘公積	Special reserve	-69,894,054		-2,307,462	
民國一百零三年度可供分配盈餘	Retained Earnings in 2014 Available for Distribution		1,173,063,124		38,727,165
加:	Plus:				
以前年度未分配盈餘	Unappropriated Retained Earnings of Previous Years	1,352,098,592		45,535,825	
至民國一百零三年底可分配盈餘	Retained Earnings Available for Distribution as of 12/31/2014		2,525,161,716		84,262,990
分配項目:	Distribution Items:				
普通股股東紅利-現金(每股 5.02元)	- Cash dividends to ordinary shareholders (NT\$5.02 per share)	378,811,143		12,219,714	
普通股股東紅利-股票(每股 0元)	- Stock dividends to ordinary shareholders (NT\$0 per share)	-		-	
分配項目合計	Subtotal	378,811,143		12,219,714	
期末未分配盈餘	Unappropriated Retained Earnings		2,146,350,573		72,043,276
註：已扣除		Note: After expensing the following:			
員工現金及紅利總金額 NT\$121,799,968元 (US\$3,929,031)，包含：		• Employees' cash bonus and profit sharing of NT\$121,799,968 (US\$3,929,031) including			
(1)已發放之員工現金獎金及紅利總金額：NT\$43,764,731元 (US\$1,411,765)		(1) NT\$43,764,731 (US\$1,411,766) distributed cash bonus; and			
(2)俟2015年股東會決議分派之員工紅利總金額：NT\$78,035,236元 (US\$2,517,266)		(2) NT\$78,035,236 (US\$2,517,266) proposed cash profit sharing to be distributed after 2015 Annual General Meeting of Members			
董事酬勞NT\$24,010,833元 (US\$774,543)		• Directors' compensation of NT\$24,010,833 (US\$774,543)			
Exchange rate: US\$1.00=NT\$31.00		Exchange rate: US\$1.00=NT\$31.00			

Chairman: Ji Zhao



CEO: Ji Zhao



Sr. VP of Finance: Judy Wang



**Parade Technologies, Ltd.**  
**2015 Employee Restricted Stock Awards Plan**  
**(English Version is for reference only)**

I. Purpose

To attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company's and shareholders' interests, the Company hereby establishes this Employee Restricted Stock Awards Plan (this "Plan").

II. Issuance Period

Within one year from the date of the shareholders resolution, the Company may, depending on its actual need, register with the competent authority single tranche or multiple tranche of the restricted shares for the employees. For the number of shares effectively registered, within one year starting from the date when the effective notice issued by the competent authority is received, the Company may issue the shares all at once or by tranches. The chairman is authorized to determine the actual issuance date.

III. The eligibility of employees

1. The eligible employees are limited to the employees of the Company or of the subsidiary wholly owned by the Company who serve as the full-time employees before the restricted stocks awards for the employee (the "RSA") are granted. For the purpose of this plan, grant means granting without consideration.
2. The chairman shall propose and submit the list of grantee employees and the number of RSAs to be granted to the board of directors of the Company for the approval, in the case of granting the RSA to an employee who serves as directors and/or officers, to the compensation committee of the Company for review and recommendation and then to the board of directors of the Company for final approval. The actual employees and the number of RSA to be granted will be decided according to relevant laws and regulations and within the limitation of amount thereof, considering seniority, job level, work performance, overall contribution, special achievement, and other factors necessary for management, etc., and considering the Company's operational needs and development strategy.
3. For each employee, the total number of RSAs granted to plus the total number of shares issued and issuable upon exercise by such employee of the Special Employee Stock Option of which the term has yet been

expired shall not exceed 0.3% of the total issued and outstanding shares of the Company; and the sum of the number of RSAs granted to plus the total number of shares issued and issuable upon exercise by such employee of all employee stock option of which the term has yet been expired shall not exceed 1% of the total issued and outstanding shares of the Company. For purpose of this Plan, the Special Employee Stock Option shall mean the employee stock option of which the exercise price is lower than the market price.

IV. Total number of RSAs

RSAThe total number of restricted shares to be issued under this Plan is 400,000 ordinary shares, at the par value of NT\$10.

V. Terms and conditions of the issuance

1. Issue price

Each RSA will be issued without consideration.

2. Vesting conditions

The RSAs will be vested at the equal rate of 25% per year over four (4) years from the date the RSAs are granted. Each 25% will be vested on the anniversary of the date the RSAs are granted to the grantee employee who continuously serves the Company to each corresponding anniversary.

3. The class of shares to be issued:

The Company's ordinary share. Except for restrictions provided under Section 4 hereof, other rights and obligations of the RSAs shall be the same as the issued and outstanding ordinary shares of the Company.

4. Restrictions before the vesting conditions are fully satisfied

(1) The grantee employee shall not sell, transfer, make gift of, create other rights or encumbrances on the RSAs, or otherwise dispose of the RSAs in any other manner.

(2) All the proposal rights, motion rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trustee or the custodian (as applicable).

(3) The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization,

recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason , including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the “**Restricted Share and Cash Distribution**”). For the avoidance of doubt, for the purpose of this Plan, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested.

- (4) The other rights and obligations of the RSAs shall be the same as the issued and outstanding ordinary shares of the Company.
5. Effect in the event of any non-satisfaction of vesting conditions, early termination of the employment, or inheritance, etc.

(1) Unless otherwise provided under clause (2) hereunder, if the vesting conditions are not fully satisfied, as to the RSAs that would have been vested were the conditions fully satisfied, the Company may redeem such RSAs at no consideration, and then shall cancel such RSAs.

(2) In the event the employee’s employment is terminated or inheritance occurs, etc., all the rights attached to the unvested RSAs will be forfeited on the date when the termination of employment or inheritance takes effect, and the Company may redeem such unvested RSAs at no consideration, and then shall cancel such RSAs.

(a) Retirement or job-leaving (including voluntary resignation, lay off or fire for any reason)

All the rights attached to the unvested RSAs will be forfeited on the date when the retirement or termination of employment (including voluntary resignation, laid off or fire for any reason) takes effect, and the Company may redeem all such RSAs at no consideration, and then shall cancel such RSAs.

(b) Death

All the rights attached to the unvested RSAs will be forfeited upon the date when the employee deceases, and the Company may redeem all such RSAs at no consideration, and then shall cancel

such RSAs.

(c) Occupational accidents

(i) If the grantee employee cannot continue his/her employment with the Company as a result of occupational accidents, all the RSAs that have been granted will be vested on the date when the termination of employment takes effect, unless otherwise provided by laws or regulations.

(ii) If the grantee employee passes away as a result of occupational accidents, all the RSAs that have been granted will be vested to his/her inheritor(s), unless otherwise provided by laws or regulations.

(d) Job transfer

If any grantee employee applies for transfer to the Company's affiliated enterprises or other companies, clause (a) hereunder will apply to the unvested RSAs. However, if any grantee employee is transferred to the Company's affiliated enterprises or other companies due to the Company's operational needs, the RSAs that have been granted to him/her will not be affected by the job transfer.

(e) Leave of absence without pay

If any grantee employee takes leave of absence without pay under the approval of the Company, the rights attached to the unvested RSAs will resume on the date of his/her reinstatement. However, the time period set forth in the vesting conditions of paragraph 2 shall defer for a period corresponding to the time period of the leave of absence.

(f) Termination of employment due to other causes

In the event of termination or adjustment of employment not set forth above, the chairman or the board of directors may, to the extent permitted by applicable laws and regulation, determine to change or revoke the granted rights.

VI. Procedure of Granting

The chairman is authorized to determine the record date for granting and the record date for share issue for each tranche of issuance.

VII. Acceleration of vesting

If the shareholders' meeting of the Company resolves to have the Company

dissolved, merged into other company or become one hundred percent subsidiary of other company by means of share exchange (or other merger and acquisition methods), whether the vesting conditions are fully satisfied or not, one hundred percent of the RSAs granted to the employee shall become vested from the date when the resolution has been made by the shareholders' meeting.

#### VIII. Confidentiality and effect of breaching

1. After the employee has been granted the restricted shares, the employee shall comply with the confidentiality clause and shall not inquire about or disclose the relevant information to other people (including but not limited to the number of the RSAs granted to such employees and the relevant rights); in the event of any breach thereof, and the Company may redeem all or portion such RSAs at no consideration, and then shall cancel such RSAs.
2. After the RSAs are granted to the employee, if the employee materially breaches the labor contract, employment agreement, work rules or employee handbook, or other the Company's material rules announced after this Plan has been effective, etc., and the Company may redeem all or portion such RSAs at no consideration and then shall cancel such RSAs.

#### IX. Miscellaneous

1. In the case that the grantee employee is an ROC citizen, such employee shall, immediately after the Company issues the RSAs to such employee, trust such RSAs to the trustee designated by the Company in accordance with the Company's instruction and, unless otherwise provided hereunder, shall be continuously trusted till the full satisfaction of the vesting conditions. Any and all the Restricted Share and Cash Distribution derived from the unvested RSAs shall also be put in the trust. In the case that the grantee employee is non-ROC citizen, such employee shall put the RSA with a custodian bank for custody.
2. This plan shall be approved by the board of directors and then submitted to the shareholders' meeting for approval and shall become effective after registration with the competent authority. If any amendment is necessary due to any change of laws or regulations, any demand by the competent authority or any requirement of the circumstance, the chairman is authorized to make necessary amendment and submit to the board of directors for approval; provided, however, that any amendment to the total number of RSAs, the substantial change in the terms and conditions of the issuance, such

amendment shall be submitted to the shareholders' meeting.

3. Any other matters not set forth in this Plan shall be dealt with in accordance with the applicable laws and regulations.

**Comparison Table of Amendments to  
The Amended and Restated Articles of Association**

Proposed Amendments	Current Provisions	Reasons of Amendment
<p>107A <u>Notwithstanding Article 106, for so long as the Shares are listed on the GTSM or the TSE, subject to the Applicable Public Company Rules, if, during a Director's term of office, such Director transfers some or all of his Shares such that he holds less than one half of the total number of Shares which he held as at the date of the general meeting at which his appointment was approved, such Director shall be vacated from office automatically. For the avoidance of doubt, for any Director who has, before the adoption of this Article 107A, transferred more than one half of the Shares being held by him at the time he was elected, he shall, ipso facto, be removed automatically from the office of Director with immediate effect and in</u></p>	<p>(Newly added)</p>	<p>Amendment made in response to the requirement of GreTai Securities Market</p>



Proposed Amendments	Current Provisions	Reasons of Amendment
<p><u>such case no approval from the Members shall be required if, and only if, on or after the date of the adoption of this Article 107A, he further transfers one or more Shares such that he holds less than one half of the total number of Shares which he held as at the date of the general meeting at which his appointment was approved.</u></p>		
<p>107B If any person is proposed for appointment as a Director (each such person a "proposed director") at a general meeting (the "relevant general meeting"), such proposed director's appointment shall not become effective (regardless of whether such appointment is purportedly approved at the relevant general meeting, and any resolution which purports to approve such appointment shall be invalid and ineffective), if the proposed director sells or transfers more than one half of the total number of Shares which he</p>	<p>(Newly added)</p>	<p>Amendment made in response to the requirement of GreTai Securities Market</p>

Proposed Amendments	Current Provisions	Reasons of Amendment
<p>holds (or held) at the time of the relevant general meeting, either:</p> <p>(a) during the period after the relevant general meeting and prior to the commencement of such proposed director's term of office; or</p> <p>(b) during the period when the Register of Members of the Company is closed for transfers of Shares, prior to the relevant general meeting.</p>		
<p>113. Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Company may declare dividends following the Board's recommendation in a distribution plan approved by the Board, with the sanction of Ordinary Resolution in the case of Article 75 or Supermajority Resolution in the case of Article 24(e)(i), resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. The Board shall</p>	<p>113. Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Company may declare dividends following the Board's recommendation in a distribution plan approved by the Board, with the sanction of Ordinary Resolution in the case of Article 75 or Supermajority Resolution in the case of Article 24(e)(i), resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. The Board shall</p>	<p>Amendment made in response to the requirement from the Financial Supervisory Commission.</p>

Proposed Amendments	Current Provisions	Reasons of Amendment
<p>provide the distribution plan according to the following requirements: If there are profits after the final settlement of account of a year (<u>the “Annual Profits”</u>), the Company (i) after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of <u>the Annual Profits</u> <del>such profits</del> as statutory reserve until the statutory reserve amounts to the authorized capital, (ii) may appropriate a portion of <u>the Annual Profits</u> <del>such profits</del> as special reserve required by Applicable Public Company Rules or government authorities, and (iii) of the remaining of <u>the Annual Profits</u> <del>profits</del>, may appropriate 2% as bonuses to the Directors and additional not less than 5% of the remaining profits as employee bonus (the "<b>Employee Bonus</b>"), which shall be distributed in accordance with the incentive programme approved pursuant to Article 9. The Board shall specify the percentages of the bonuses payable to the employees in the distribution plan which may subsequently be subject to the amendment by the</p>	<p>provide the distribution plan according to the following requirements: If there are profits after the final settlement of account of a year, the Company (i) after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of such profits as statutory reserve until the statutory reserve amounts to the authorized capital, (ii) may appropriate a portion of such profits as special reserve required by Applicable Public Company Rules or government authorities, and (iii) of the remaining profits, may appropriate 2% as bonuses to the Directors and additional not less than 5% of the remaining profits as employee bonus (the "<b>Employee Bonus</b>"), which shall be distributed in accordance with the incentive programme approved pursuant to Article 9. The Board shall specify the percentages of the bonuses payable to the employees in the distribution plan which may subsequently be subject to the amendment by the Members by way of the aforementioned Supermajority Resolution. Thereafter, having considered</p>	

Proposed Amendments	Current Provisions	Reasons of Amendment
<p>Members by way of the aforementioned Supermajority Resolution. Thereafter, having considered the financial, business and operational factors, the Board may propose and specify <u>no less than 10% the percent</u> of any remaining <u>of Annual Profits</u> <del>profits</del> after the above (i) to (ii) plus, <u>at the Board's sole discretion, a certain percent of</u> accumulated retained earnings to be distributed as dividends by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rata to the Members or any combination of both, or bonuses according to the Statute and Applicable Public Company Rules, among them, cash dividend shall not less than 10% of the total Dividend declared.</p>	<p>the financial, business and operational factors, the Board may propose and specify the percent of any remaining profits after the above (i) to (iii) plus accumulated retained earnings to be distributed as dividends by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rata to the Members or any combination of both, or bonuses according to the Statute and Applicable Public Company Rules, among them, cash dividend shall not less than 10% of the total Dividend declared.</p>	

**Parade Technologies, Ltd.**

**Share Repurchase and Employee Incentive Plan**

**Date: March 4, 2015**

Article 1. In order to motivate employees and enhance their centripetal force, the Company hereby establishes this Share Repurchase and Employee Incentive Plan (this “**Plan**”) pursuant to subparagraph 1 of paragraph 1 of Article 28-2 of Securities and Exchange Act, Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies by Financial Supervisory Commission and other related statutes, regulations and orders. Unless otherwise provided in the applicable laws, the repurchase of the shares and the subsequent transfer thereof to the employees shall be conducted pursuant to this Plan.

(Class, Substance and Limitation Of Rights Of Shares)

Article 2. The shares (the “**Shares**”) to be transferred to the employees are ordinary shares. Unless provided otherwise in the Applicable Laws or this Plan, Shares bear the same rights and obligations as other Company’s outstanding ordinary shares.

(Transfer Period)

Article 3. The Company may transfer the Shares, in whole or in tranches, to the employees within 3 years commencing from the date of repurchase in accordance with this Plan.

(Qualifications of The Transferee)

Article 4. The employees (i) (x) of the Company or (y) of any domestic or foreign company in which the Company’s more than 50% of its total number of voting shares are directly or indirectly held by the Company and (ii) (x) are employed more than one year from the record date of subscription, or (y) have special achievements and are approved by the Board of Directors (individually and collectively referred to as the “**Qualified Employees**”) are eligible to subscribe the Shares up to the number

provided in Article 5 of this Plan.

(Procedure for Transfer)

Article 5. Number of shares to be subscribed by Qualified Employees (*Note: The Board of Directors shall decide the number of Shares to be subscribed by considering factors, such as the Qualified Employees' title, seniority or special achievements to the Company, together with the number of treasury shares held by the Company as of the record date of subscription and the maximum number of Shares subscribable that can be subscribed by an individual employee, etc):*

Article 6. Procedure for Transfer:

- (1) The Company shall make announcement and report and repurchase the Shares within the execution period in accordance with the resolution of Board of Directors,
- (2) According to this Plan, the Board of Directors shall decide and announce the record date of subscription, the criteria for determining the number of Shares to be subscribed, the subscription and payment period, the rights and limitations of Shares, etc..
- (3) The Company shall calculate the number of Shares actually subscribed and paid for. Then the Company shall transfer those Shares and register such transfer.

(Transfer Price per Share)

Article 7. The transfer price of the Shares equals to the average of the actual share repurchase price. If the number of the Company's issued ordinary shares increases or decreases prior to transfer, that transfer price shall be adjusted proportionately. (*Note: If, according to the Company's charter, the transfer price is lower than the average actual share repurchase price, the transfer price shall be approved, prior to transfer, by a resolution of a shareholder meeting adopted by a majority of the*

*shareholders present who represent two-thirds or more of the total number of its outstanding shares. The notice to convene that shareholder meeting of shareholders should itemize the matters listed in section 10-1 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies.)*

Adjustment formula of the transfer price:

adjusted Exercise Price = (Exercise Price before adjustment × number of issued and outstanding Shares + subscription price per new Share × number of new Shares) / (number of issued and outstanding Shares + number of new Shares)

(Rights and Obligations of Shares After Transfer)

Article 8. After Shares have been transferred to Qualified Employees and such transfer has been registered, unless provided otherwise, the rights and obligations shall be identical with those originally attached to those shares.

(Other Matters With Respect To The Rights And Obligations Between The Company And Qualified Employees)

Article 9. *(Note: Subject to Securities and Exchange Act, Company Act and other Applicable Laws, the Company may consider to reach an agreement for matters with respect to the rights and obligations between the Company and Qualified Employee)*

(Miscellaneous)

Article 10. This Plan shall take effect after being affirmatively resolved by the Board of Directors and may be amended by a resolution of the Board of Directors.

Article 11. The enactment and any amendment of this Plan shall be reported to the shareholder meeting.

## **IV. APPENDIX**



**Parade Technologies, Ltd.**

**Rules and Procedures of General Meeting**

Adopted by Ordinary Resolution passed on June 19, 2013

**Article 1**

Unless applicable laws and regulations or the Company's Articles of Association provide otherwise, the Company's General Meeting (the "Meeting") shall be conducted in accordance with the Rules and Procedures of General Meetings (the "Rules and Procedures"). Except as otherwise expressly defined herein, all capitalization terms used herein shall have the meanings ascribed thereto in the Company's Articles of Association.

**Article 2**

The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. In case the Chairman of the Board of Directors is on leave or for any reason is unable to exercise his powers, the Vice Chairman shall do so in place of the powers and authorities of the Chairman. If the Vice Chairman is also on leave or for any reason is unable to exercise his powers for any cause, the Chairman shall appoint a Director to act on his behalf. In the absence of such an appointee, the Directors shall elect from amongst themselves one person to act on the behalf of the Chairman.

If the Meeting is convened by any person other than the Board of Directors entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting. However, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

**Article 3**

The Company shall specify the time and location for the shareholders' attendance registration and other guidelines for the Meeting in the Company's meeting notice.

The Company shall start to process the shareholders' attendance registration at least 30 minutes before the Meeting starts. The registration desk shall be clearly signed and there shall be sufficient capable personnel at the registration desk to process the registration by the shareholders.

Members attending the Meeting shall submit attendance card, sign-in card or other certificate of attendance issued by the Company for verification to attend the Meeting. The proxy solicitor shall further provide ID document for verification.

The Company shall prepare an attendance book for Members to sign in, or the Member present may hand in an attendance card in lieu of signing on the attendance book. The number of shares represented by Members attending the Meeting shall be calculated in accordance with those indicated on the attendance book or the attendance cards submitted by the Members.

The Company shall prepare and send agenda handbooks, annual report, attendance card and voting card for the meeting and the relevant materials, which will be sent to or made available to the attending Members in accordance with the applicable laws and the Articles of Association of the Company. In the event of a Meeting at which the agenda of election of directors is proposed, a printed ballot shall also be sent to the Members as well.

Any government or corporation which is a Member of the Company may designate more than one person as its representatives to attend the Meeting; provided, however, that only one person is entitled to vote and exercise the rights of such Member.

On the day of the Meeting, the Company shall compile a statistical statement of the number of shares obtained by the proxy solicitor through solicitation and the number of shares represented by the proxy agent, and shall make an express disclosure of the same at the site of the Meeting.

Chairman shall call the Meeting to order at the time scheduled for the Meeting. If, upon the time appointed for the Meeting a quorum is not present, the chairman may postpone the Meeting for two times at most and for up to one hour in total with the same quorum requirements as the Meeting originally convened. If after two postponements the number of shares represented by the attending Members has not yet constituted the quorum required for such Meeting, the chairman of the Meeting shall dissolve the Meeting or adjourn the Meeting to the same day in the next week at the same time and place. If at the adjourned meeting a quorum is not present within an hour from the time appointed for the meeting, the chairman of the general meeting shall dissolve the meeting.

#### **Article 4**

The Meeting shall be held in the ROC. The time for commencing the said Meeting shall not be earlier than 9 o'clock in the morning or later than 3 o'clock local time in the afternoon.

#### **Article 5**

The Company may designate its lawyer, certified public accountant or other relevant persons to attend the Meeting.

Persons handling affairs of the Meeting shall wear an identification card or badge.

## **Article 6**

Unless otherwise specified in applicable laws or in the Articles of Association of the Company, a resolution shall be adopted by an Ordinary Resolution.

At any Meeting resolutions put to the vote of the Meeting shall be decided on a poll. The counting of votes shall be conducted in public in the place of the Meeting. The number or proportion of the votes in favor of, or against, that resolution and result of the voting (including the number of vote counted) should be announced after vote counting at the Meeting and shall be recorded in the minutes of the Meeting.

If there shall be an amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further resolution is necessary.

Where there is a proposal for election of directors in a Meeting, such election shall be conducted in accordance with the Rules for Election of Directors, and the results of the election, including the list of directors elected and the votes casted on each of the directors elected, should be announced by the chairman at the Meeting. The ballots for the election shall be sealed up and signed by the person(s) supervising the election, and retained for at least one year. If litigation occurs regarding any election resolved by the shareholders before the above retention period expires, the relevant ballots shall be continuously retained until the litigation is concluded and finalized.

The person(s) to supervise the election and the person(s) to record the ballots shall be designated by the chairman, provided, however, that the person supervising the election shall be a Member.

## **Article 7**

The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved by Members at the Meeting, the Meeting shall proceed in accordance with the agenda.

In the event that the Meeting convened pursuant to the preceding section will be presided by a director other than the chairman of the Company, acting as a proxy for the chairman, such director shall be the person who has held such position for at least six months and understands the financial and business operation of the Company. The same shall apply where such presiding director is a representative of legal person director.

Section 1 applies mutatis mutandis to cases where the Meeting is convened by any person, other than

the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting until and unless all the discussion items (including ad hoc motions) listed in the agenda are resolved.

The Members are not permitted to designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the chairman adjourns the Meeting in violation of these Rules and Procedures, the Members may designate, by a majority of votes represented by Members attending the Meeting, one person as chairman to continue the Meeting.

#### **Article 8**

Before putting the agenda for voting, the chairman shall provide allow the Member to have sufficient discussions. The chairman is entitled to end the discussion of any agenda and go into voting if the chairman, at his discretion, deems the discussion has been sufficient to the extent to put the agenda for a resolution.

#### **Article 9**

When a Member present at the Meeting would like to make a statement about the agenda, a speech note should be filled out with summary of the speech, the Member's number (or the number of attendance card) and the name of the member. In the event of multiple speech notes, the sequence of speeches by Members should be decided by the chairman.

If any shareholder present at the Meeting submits a speech note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman, each Member shall, for each agenda, speak at most two times and each time shall not exceed 5 minutes. In case the speech of any shareholder violates the above provision or exceeds the scope of the agenda, the chairman may restrain such Member from making any further statement.

Unless otherwise permitted by the chairman and the Member in speaking, no other Member is permitted to interrupt the speeches of the said Members, otherwise the chairman shall stop such interruption.

If a corporate Member designates two or more representatives to attend the Meeting, only one representative is allowed to make a statement for each agenda.

After the speech of a Member, the chairman may respond himself/herself personally or appoint an appropriate relevant person to respond.

#### **Article 10**

The process of shareholders' attendance registration, the process of the Meeting and the process of votes counting shall be tape recorded and videotaped continuously. These audio and video recording shall be preserved for at least one year. If litigation occurs regarding any matter resolved by the Meeting and procedures, the relevant audio and video recording shall be continuously retained until the litigation is concluded and finalized.

The resolutions of general meeting shall be recorded in the meeting minutes. The meeting minutes shall record the place, the date of the meeting (including yy/mm/dd), the name of the chairman, the voting method, summary of the discussion process and the result. Meeting minutes shall be signed or chopped by the chairman of the Meeting and distributed to all Members within twenty days after the Meeting, and shall be published on the website pursuant to the Applicable Public Company Rules. The meeting minutes shall be kept throughout the life of the Company. The meeting minutes may be distributed by means of electronic transmission. The distribution of meeting minutes as required above may be effected by means of public notice on the website pursuant to the Applicable Public Company Rules.

Public announcement of any resolution in respect of any material information prescribed by the Applicable Public Company Rules shall be made timely on the information reporting website designated by the competent authority.

#### **Article 11**

Member shall observe the Rules and Procedures, the resolutions and the order made by the chairman.

The chairman may direct disciplinary personnel or security personnel to maintain the order of the Meeting. Such disciplinary personnel or security personnel shall wear badges marked "Disciplinary Personnel" for identification purpose.

For those Members who use microphones other than the ones supplied at the premises may be refrained from speaking by the order of the chairman.

In the event that any Member violates these Rules and Procedures and refuse to obey the order or instructions given by the chairman, the chairman has power to order disciplinary officers or security guards to remove them from the meeting place.

**Article 12**

During the Meeting, the chairman may, at his discretion, set time for intermission. Subject to applicable Laws and regulations and the Articles of Association of the Company, in case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the Meeting will resume or, by resolution of the Members present at the Meeting (provided that a quorum is present), the chairman may resume the Meeting within five days without further notice or public announcement.

**Article 13**

These Rules and Procedures shall be effective from the date of listing of shares of the Company on the GTSM or the TSE, as applicable. Any amendment or revision thereto shall be effective upon the approval of the Meeting.

THE COMPANIES LAW (2011 REVISION)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES  
**SIXTH AMENDED AND RESTATED**  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**PARADE TECHNOLOGIES, LTD.**

(adopted by Special Resolution passed on June 22, 2012)

1. The name of the Company is **Parade Technologies, Ltd.**
2. The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, P.O. Box 309, Umland House, South Church Street, George Town, Grand Cayman, KY1-1104 Cayman Islands, or at such other place as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have the full power and authority to carry out any object not prohibited by the Companies Law (2011 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.
4. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
5. The share capital of the Company is New Taiwan Dollars 1,500,000,000 divided into 150,000,000 Ordinary Shares of a par value of New Taiwan Dollar 10.
6. The Company shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
7. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

THE COMPANIES LAW (2011 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

**SIXTH-D AMENDED AND RESTATED ARTICLES OF ASSOCIATION**

**OF**

**PARADE TECHNOLOGIES, LTD.**

(adopted by Special Resolution passed on June 22, 2012)



## **INTERPRETATION**

1. In these Articles, Table A in the Schedule to the Statute does not apply and, unless there be something in the subject or context inconsistent therewith:

“**Applicable Laws**” means the Applicable Public Company Rules, the Statute or such other rules or legislation applicable to the Company.

“**Applicable Public Company Rules**” mean the ROC laws, rules and regulations (including, without limitation, the Company Law, the Securities and Exchange Law, and rules and regulations promulgated by the FSC, the GTSM, or 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**” means these Articles as originally framed or as from time to time altered by Special Resolution.

“**Audit Committee**” means the audit committee under the Board, which shall comprise solely of Independent Directors of the Company.

“**Base Director Remuneration**” has the meaning given in Article 75.

“**Board of Directors**” or “**Board**” means the board of directors of the Company.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for business in California, United States, and the Republic of China.

“**Capital Reserve**” means the premium in excess of par value paid on the issuance of any Shares and income from endowments received by the Company.

“**Cayman Merger**” means the merger or consolidation as defined in the Statute.

“**Chairman**” means the Director elected amongst all the Directors as the chairman of the Board.

“**Company**” means the above-named Parade Technologies, Ltd.

**“Cumulative Voting”** means the voting mechanism for election of Directors under which the number of votes exercisable in respect of one share shall be the same as the number of Directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed elected.

**“Directors”** mean the directors for the time being of the Company and shall include any and all Independent Directors.

**“Dividend”** means any dividend (whether interim or final) resolved to be paid on Shares pursuant to these Articles and includes bonus.

**“Electronic Record”** has the same meaning as in the Electronic Transactions Law.

**“Electronic Transactions Law”** means the Electronic Transactions Law (2003 Revision) of the Cayman Islands.

**“Excluded Issuance”** has the meaning given in Article 6.

**“FSC”** means the Financial Supervisory Commission in the ROC.

**“GTSM”** means the GreTai Securities Market in the ROC.

**“Independent Directors”** mean the Directors who are elected as “Independent Directors” for the purpose of the Applicable Public Company Rules.

**“Market Observation Post System”** or **“MOPS”** means the public company reporting system maintained by the TSE.

**“Member”** shall bear the meaning ascribed to in the Statute.

**“Memorandum”** means the memorandum of association of the Company.

**“NT\$”** or **“New Taiwan Dollars”** means the dollar currency of the Republic of China, i.e. the New Taiwan Dollar.

**“Options”** shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire shares of the Company.

**“Ordinary Resolution”** shall mean a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by these Articles.

**“Quorum of the Board Meeting”** means, unless otherwise provided in these Articles, the majority of the Directors.

**“Register of Members”** means the register maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.

**“Registered Office”** means the registered office for the time being of the Company.

**“Restricted Shares”** has the meaning given in Article 10-1.

**“ROC”** means Taiwan, the Republic of China.

**“Seal”** means the common seal of the Company and includes every duplicate seal.

**“Secretary”** includes any person appointed to perform the duties of Secretary of the Company.

**“Shares” or “shares”** shall be construed as a reference to shares of each class of share of the Company from time to time in issue.

**“Special Resolution”** means a resolution passed by a majority of not less than 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. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by these Articles.

**“Statute”** means the Companies Law of the Cayman Islands as amended and every statutory modification or re-enactment thereof for the time being in force.

**“Subsidiary”** means, with respect to any company, (1) the entity, more than one-half of whose total number of the outstanding voting shares or the total amount of the capital stock 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 directors are concurrently acting as the shareholders involved in management or board directors of such company; and (4) the entity, one half or more of whose total number of outstanding voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company.

**“Supermajority Resolution”** means a resolution passed by a majority vote of the Members at a general meeting attended by Members (either in person or by proxy) who represent two-thirds or more of the total outstanding Shares or, if the total number of Shares represented by the Members present (either in person or by proxy) at the general meeting is less than two-thirds of the total outstanding Shares, but more than one half of the total outstanding Shares, means instead, a resolution passed by the two-thirds or more of votes cast by the Members present (either in person or by proxy) at such general meeting.

**“TDCC”** means the Taiwan Depository & Clearing Corporation.

**“Treasury Shares”** means a Share held in the name of the Company as a treasury share in accordance with the Statute.

**“TSE”** means the Taiwan Stock Exchange Corporation.

**“US\$”** refers to the dollar currency of the United States of America and references to cents or ¢ or should be construed accordingly.

**“Vice Chairman”** means the Director elected amongst all the Directors as the vice chairman of the Board.

**“Written”** and **“in writing”** include all modes of representing or reproducing words in visible form, including Electronic Record.

Words importing the singular number include the plural number and vice versa.

Words importing the masculine gender include the feminine gender.

Words importing persons include corporations, partnerships, limited liability companies or other business organizations.

References to provisions of any law or regulation shall be construed as references to those provisions as amended, re-enacted or replaced from time to time.

The word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.

Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

Headings are inserted for reference only and shall be ignored in construing these Articles.

Section 8 of the Electronic Transactions Law shall not apply.

### **COMMENCEMENT OF BUSINESS**

2. The business of the Company may be commenced as soon after incorporation of the Company as the Board shall see fit, notwithstanding that part only of the shares may have been allotted.

3. The Board may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company including the expenses of registration.

### **ISSUE OF SHARES**

4. Subject to the provisions in the Statute, the Company shall issue shares without printing share certificates for the Shares issued. Subject to these Articles, the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute and these Articles) vary such rights; provided that no Share shall be issued at a discount except in accordance with the Statute. So long as the Shares have been listed on the GTSM or on the TSE, notwithstanding anything contained in these Articles and subject always to the law of Cayman Islands, the details of the holders of Shares which are traded on the GTSM or on the TSE shall be

recorded by TDCC in accordance with Applicable Public Company Rules, and the Company shall recognize as a Member each person identified as a holder of a Share in the records provided by TDCC to the Company and such records shall form part of the Register of Members.

4-1 The Company may issue Shares with rights which are preferential to those of ordinary Shares issued by the Company (“preferred Shares”) with the approval of a majority of the Directors present at a meeting attended by two-third or more of the total number of the Directors and with the approval of a Special Resolution. Prior to the issuance of any preferred Shares, these Articles shall be amended to set forth the rights and obligations of the preferred Shares, including but not limited to the following terms, and the same shall apply to any variation of rights of preferred Shares:

(a) order, fixed amount or fixed ratio of allocation of Dividends and bonus on preferred Shares;

(b) order, fixed amount or fixed ratio of allocation of residual assets of the Company on a liquidation or other return of capital by the Company;

(c) order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of preferred Shareholders;

(d) other matters concerning rights and obligations incidental to preferred Shares; and

(e) the procedure and method by which the Company is authorized or compelled to redeem the preferred Shares, or a statement that redemption rights shall not apply.

5. Unless otherwise provided for 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 time be subject to the sufficiency of the authorized share capital of the Company.

6. 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 unless it is not necessary or appropriate, as determined by the FSC, TSE or GTSM, for the Company to conduct the aforementioned public offering. However, if a percentage higher than the aforementioned 10% is resolved by a general meeting to be offered, the percentage determined by such resolution shall prevail. The Company may also reserve up to 15% of such newly issued shares for subscription by employees of the

Company and/or of the Company's Subsidiary(ies). For the avoidance of doubt, this Article 6 does not apply to issuance of Shares resulting from or in connection with any merger, consolidation, spin-off, amalgamation, asset acquisition, reorganization, share swap, share subdivision, stock exchange, conversion of convertible securities, debt instruments or preferred Shares, other issuance of shares for consideration other than cash, issuance of Shares upon exercise of share options, warrants, awards or other rights, or issuance of Restricted Shares ("**Excluded Issuance**").

7. Unless otherwise resolved by the Members at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new Shares for cash consideration, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new Shares (after allocation of the public offering portion and the employee subscription portion pursuant to Article 6) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe for his/her/its pro rata portion of such remaining newly-issued Shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to subscribe for such newly-issued Shares. In the event that the number of Shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe for one newly-issued Share, Shares held by several Members may be calculated together for joint subscription of newly-issued Shares or for subscription of newly-issued Shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new Shares to be issued has not been fully subscribed 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 according to the Applicable Public Company Rules. The foregoing Members' pre-emptive right shall not apply to an Excluded Issuance.

8. The Company shall not issue any nil-paid Shares or partly paid-up shares.

9. The Company may, upon approval by majority of the Directors at a meeting attended by two-thirds or more of all the Directors, adopt one or more incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries. Any such employee who also acts as Director of the Company may participate in the incentive programmes in his/her capacity as an employee and not as a director of the Company.

The maximum aggregate number of the Shares that may be subject to subscription pursuant to any such incentive programme shall be 15% of then registered issued Shares.

10. Options, warrants or other similar instruments issued in accordance with Article 9 above are not transferable except for inheritance.

10-1. To the extent permitted under and subject to the Applicable Public Company Rules and the Statute, the Company may, with the approval of a Supermajority Resolution, issue new Shares with restricted rights ("**Restricted Shares**") solely to employees of the Company and its Subsidiaries and Article 6 and 7 shall not apply to such issue of Shares. The terms of issue of Restricted Shares, including but not limited to the number, issue price, issue conditions and other related matters, shall comply with the Applicable Public Company Rules. The Company may repurchase the Restricted Shares issued to the relevant employees pursuant to Article 120-3 hereof if the vesting conditions set forth in the plan of Restricted Shares are not met.

11. 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 9 above, whereby employees may subscribe, within a specific period, a specific number of the Shares at an agreed subscription price. The terms and conditions of such agreements shall be no less restrictive on relevant employee than the terms specified in the applicable incentive programme.

12. The Company shall not issue Shares in bearer form. The Company shall not issue Shares without nominal or par value.

13. The Company shall maintain or cause to be maintained the Register of Members.

### **VARIATION OF RIGHTS OF SHARES**

14. Except as otherwise provided for herein, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the sanction of a Special Resolution passed at a general meeting of the holders of the shares of that class. Notwithstanding the forgoing, if any modification or alteration in these Articles is prejudicial to the preferential rights of any class of Shares, in addition to



the Special Resolution, such modification or alternation shall also be approved by a Special Resolution passed in a separate general meeting of the holders of the shares of that class.

15. The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class of shares except that the necessary quorum shall be one person holding or representing by proxy at least a majority of the issued shares of the class.

16. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall be deemed to be varied by the creation or issue of further shares ranking in priority to or *pari passu* therewith.

### **TRANSFER OF SHARES**

17. The instrument of transfer of any shares, if required, shall be in writing and shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the Register of Members in respect thereof.

18. The transfer of Share may be conducted via the following methods.

(a) Subject to these Articles and the Applicable Public Company Rules, any Member may transfer all or any of his/her/its Shares by an instrument of transfer. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

(b) Notwithstanding Article 18(a) above, the Board may, subject to the applicable laws of the Cayman Islands and if so permitted, allow shares of any class in the Company to be transferred without an instrument of transfer by means of a relevant system, including that of the TDCC or any method of transferring or dealing in securities introduced by GTSM or TSE. The Company shall, by notice, require the holder of Shares to give instructions, or appoint a person to give instructions, necessary to transfer title to that Share by means of the relevant system pursuant to the applicable regulations, the facilities and the requirements of the relevant system; provided that such instructions shall be subject always to these Articles and the laws of the Cayman Islands and the Applicable Public Company Rules.

## **NONRECOGNITION OF TRUSTS**

19. No person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof), any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any share, except an absolute right to the entirety thereof in the registered holder.

## **REGISTRATION OF EMPOWERING INSTRUMENTS**

20. The Company shall be entitled to charge a reasonable fee on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney or other instrument.

## **TRANSMISSION OF SHARES**

21. In case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any shares which had been held by him solely or jointly with other persons.

22. Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, elect either to be registered himself as holder of the share or to make such transfer of the share to such other person nominated by him as the deceased or bankrupt person could have made and to have such person registered as the transferee thereof, but the Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy as the case may be. If the person so becoming entitled shall elect to be registered himself as holder, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

23. A person becoming entitled to a share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company; PROVIDED, HOWEVER, that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and, if the notice is not complied with within ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

**AMENDMENT OF MEMORANDUM AND ARTICLES, CHANGE OF  
LOCATION  
OF REGISTERED OFFICE AND ALTERATION OF CAPITAL**

24. (a) Subject to and insofar as permitted by the provisions of the Statute, the Company may from time to time by Ordinary Resolution:

(i) increase the share capital by such sum to be divided into shares of such amount as the Ordinary Resolution shall prescribe, and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

(ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(iii) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association

(iv) cancel any shares which, at the date of the passing of the Ordinary Resolution, have not been taken or agreed to be taken by any person and diminish the amount of its authorized share capital by the amount of the Shares so cancelled.

(b) All new shares created hereunder shall be subject to the same provisions with reference to transfer, transmission, and otherwise as the shares in the original share capital.

(c) Subject to the provisions of the Statute, the Company may by Special Resolution

- (i) change its name or alter its objects;
- (ii) reduce its share capital and any capital redemption reserve fund;
- (iii) alter or add to these Articles; and
- (iv) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein.

(d) Subject to the provisions of the Statute, the Company may by resolution of the Board change the location of its registered office. The Company may in addition to its Register Office, maintain such offices or places of business as the Board may determine.

(e) Subject to the Statute, the Company may from time to time by Supermajority Resolution

- (i) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 121 hereof;
- (ii) effect any merger (other than a Cayman Merger) or spin-off of the Company;
- (iii) enter into ,amend, or terminate any contract for lease of the Company's business in whole, or for delegation of management of the Company's business to others, or for regular joint operation with others;
- (iv) transfer its business or assets, in whole or in any essential part;
- (v) acquire or assume the whole business or assets of another person, which has a material effect on the Company operation; or;
- (vi) issue the Restricted Shares.

(f) Subject to the Statute, with regard to the dissolution procedure of the Company, the Company shall pass:

(i) an Ordinary Resolution, in the event that the Company resolves that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or

(ii) a Special Resolution, in the event that the Company resolves that it be wound up voluntarily for reasons other than that as set out in Article 24(f)(i) above.

(g) Subject to the Statute, the Company shall not, without the approval of Supermajority Resolution, issue securities, including options, warrants and convertible bonds, pursuant to a statutory private placement in accordance with Applicable Public Company Rules.

(h) Subject to the Statute and Applicable Public Company Rules, the Company may by Ordinary Resolution redeem or purchase its own Shares by reducing and making payment out of its share capital. Any such redemption or purchase and the payment out of share capital must be made to all Members pro rata based on the percentage of shareholdings of the Members, unless otherwise provided for in the Statute or the Applicable Public Company Rules.

Upon approval by Ordinary Resolution, the Company may make payments in respect of such redemption or purchase to any Member in proportion to their respective shareholdings in the Company either by cash or by distribution of specific assets of the Company, provided however, that where assets other than cash are distributed to the Members, the type of assets, the value of the assets and the corresponding amount of such substitutive distribution shall be (a) assessed by an ROC certified public accountant before being submitted to the Members for approval; (b) approved by the Members by Ordinary Resolution and (c) agreed to by the Member who will receive such assets.

### **GENERAL MEETING**

25. The Company shall in each year hold a general meeting as its annual general meeting within six (6) months following the end of each financial year, and shall specify the meeting as such in the notices calling it. Subject to this Article, the annual general meeting shall be held at such time and place as the Board of Directors shall appoint.

26. General meetings other than annual general meetings shall be called extraordinary general meetings.

27. Unless otherwise provided by the Statute, all general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company shall seek approval from the GTSM or the TSE therefor within two (2) days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional stock affairs agent in the ROC to handle the administration matters of such general meeting (including but not limited to the handling of the voting of proxies submitted by any Members).

28. The Directors may, whenever they think fit, and they shall on the requisition of Members of the Company, holding at the date of the deposit of the requisition not less than three percentage (3%) of the total number of the issued shares at the date of the deposit of requisition and whose Shares shall have been held by such Member(s) for at least one (1) year to the date of the deposit of requisition, proceed to convene an extraordinary general meeting of the Company.

(a) 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 may consist of several documents in like form each signed by one or more requisitionists.

(b) If the Board does not within fifteen (15) days from the date of the deposit of the requisition dispatch the notice to convene 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 GTSM or the TSE for its prior approval and provided further that any meeting so convened shall not be held after the expiration of three (3) months after the expiration of the said fifteen (15) days.

(c) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board.

### **NOTICE OF GENERAL MEETINGS**

29. At least thirty (30) 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 considered at the meeting. The foregoing 30-day period shall be exclusive of the date on which it is given or deemed to be given and of the date of the meeting.

30. At least fifteen (15) days' notice of an extraordinary general meeting, shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of the business to be considered at the meeting. The foregoing 15-day period shall be exclusive of the date on which it is given or deemed to be given and of the date of the meeting.

31. A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in these Articles, be deemed to have been properly called if it is so agreed by all the Members entitled to attend an annual general meeting or an extraordinary general meeting (as the case may be).

32. 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.

33. For so long as the Shares are listed on the GTSM or the TSE, the Company shall send materials relating to the matters to be discussed in the meetings together with the notice, in accordance with Article 29 and Article 30 hereof, and shall transmit the same via the Market Observation Post System. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document used for the exercise of voting power together with the above mentioned materials. The Company 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 accordance with Applicable Public Company Rules twenty-one (21) days prior to the annual general meetings or, in the case of extraordinary general meetings, fifteen (15) days prior to such meeting.

34. The following matters shall be stated in the notice of general meetings, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion:

(a) election or discharge of Directors,

(b) alteration of the Articles,

(c) (i) dissolution, merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the Company's business or

assets, in whole or in any essential part , (iv) acquisition or assumption of the whole business or assets of another person, which has a material effect on the Company's operation,

(d) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person, other than Subsidiary(ies), that is within the scope of the Company's business,

(e) distribution of the whole or part of the profit of the Company in the form of new Shares, distribution of Capital Reserve or statutory reserve in the form of cash, capitalization of Capital Reserve and any other amount in accordance with Article 121;

(f) private placement of any equity-type securities issued by the Company;

(g) transfer of Treasury Shares to any employee of the Company and its Subsidiaries at a price below the average repurchase price paid by the Company.

35. The Board shall cause these Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company to be placed at the Company's stock affairs agent located in the ROC. 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.

36. The Company shall make available all 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 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.

37. The Board may postpone any general meeting called in accordance with these Articles and a notice of postponement shall be given to each Member before the time scheduled for such meeting. A notice of the adjourned meeting shall be given as in the case of an original meeting.



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

### **PROCEEDINGS AT GENERAL MEETINGS**

39. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Unless otherwise provided for in the Articles, the quorum shall be Members present in person or by proxy holding a majority of total outstanding shares. For the purpose of calculation of the quorum for the general meeting, shares which do not carry the voting right shall not be counted in the total number of outstanding Shares. Members present in person or by proxy at a meeting at which a quorum is present when the meeting proceeds to business may continue to do business until adjournment notwithstanding that a quorum ceases to exist provided any action is approved by at least a majority of the holders required to constitute a quorum except otherwise provided for in the Articles.

40. At the close of each fiscal year, 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 which shall be held within six (6) months following the end of each fiscal year for ratification by the Members as required by the Applicable Public Company Rules. After ratification by the Members at the general meeting, the Board shall distribute copies or make a public announcement of the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or allocation of losses, to each Member in accordance with the Applicable Public Company Rules.

41. If, upon the time appointed for the general meeting a quorum is not present, the chairman may postpone the general meeting for two (2) times at most and for up to one (1) hour in total with the same quorum requirements as the meeting originally convened as set out in Article 39. If after two (2) postponements the number of shares represented by the attending Members has not yet constituted the quorum required for such meeting, the chairman of the general meeting shall dissolve the meeting or adjourn the meeting to the same day in the next week at the same time and place. If at the adjourned meeting a quorum is not present within an hour from the time appointed for the meeting, the chairman of the general meeting shall dissolve the meeting.

42. At any general meeting, unless otherwise provided in the Articles, a resolution put to the vote of the meeting shall be decided on a poll.

43. A vote by way of a show of hands in lieu of a poll shall not be permitted.

44. Nothing in the Articles shall prevent any Member from initiating proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within thirty (30) days after the passage of such resolution. To the extent permitted by Applicable Laws, the Taiwan Taipei District Court, ROC, may be the court of first instance for adjudicating any disputes arising out of the foregoing.

45. Unless otherwise expressly required by the Statute, the Memorandum or the Articles, any matter which has been presented for resolutions, approval, confirmation or adoption by the Members at any general meeting may be passed by Ordinary Resolution.

46. Member(s) holding 1% or more of the total outstanding Shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may propose to the Company a proposal for discussion at an annual general meeting in writing. Proposals shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) the matter of such proposal may not be resolved by a general meeting; or (c) the proposing Member(s) has proposed more than one proposal.

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

### **VOTES OF MEMBERS**

48. Subject to any rights or restrictions attached to any Shares, every Member who being an individual is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorized representative or by proxy. Each Member who is present in person or by proxy shall have one vote for every share of which he/she/it is the holder. A Member holding more than one Share is required to cast the votes in respect of his/her/its Shares in the same way on any

resolution at a general meeting unless otherwise provided by the Applicable Public Company Rules, in which case the casting of votes shall comply with the Applicable Public Company Rules.

49. In the case of joint holders of record, 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.

50. A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote on a poll by his committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other persons may vote by proxy.

51. No Member shall be entitled to vote at any general meeting unless he is registered as a member of the Company on the record date for such meeting, nor unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

52. Votes may be cast either in person or by proxy. A Member may appoint another person as his/her/its 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.

53. The Board may determine that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission provided that the Board shall allow the voting power of a Member at a general meeting to be exercised by way of electronic transmission if the size of the Company, number and types of Members or other matters meets the threshold set forth in the Applicable Public Company Rules; provided, however, that if a general meeting is to be held outside of the ROC, the Company shall provide the Members with a method for exercising their voting power by way of a written ballot or electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. A Member who exercises his/her/its voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to be present in person at such general meeting, but any Member voting in such manner shall not be entitled to

notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting. For the purposes of clarification, such Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting.

53-1. In the event that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission, any Member intending to exercise his/her/its voting power by way of a written ballot or electronic transmission shall serve the Company with his/her/its declaration of intention to do so at least two (2) days prior to the general meeting. If a Member serves the Company with more than one declaration of intention to exercise his/her/its voting power by way of a written ballot or electronic transmission, the first declaration shall prevail, unless an explicit written statement is made thereafter by such Member to revoke the previous declaration of intention in the same manner as previously used in exercising his/her/its voting power.

54. 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 way of a written ballot or electronic transmission pursuant to Article 53 and 53-1 hereof later intends to attend the general meetings in person, he/she/it shall, at least two (2) days prior to the date of such general meeting, serve a separate declaration of intention to revoke his/her/its previous declaration of intention in the same manner as previously used in exercising his/her/its voting power. Votes by way of a written ballot or electronic transmission shall remain valid if the relevant Member fails to revoke the declaration of intention before the prescribed time.

#### **CLOSING REGISTER OF MEMBERS AND FIXING RECORD DATES**

55. For purposes of determining the Members entitled to notice of any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose, the Board may provide that the Register of Members shall be closed for transfers for a stated period as prescribed by the Applicable Public Company Rules. For so long as the Shares are listed on the GTSM or the TSE, the Register of Members shall be closed at least for a period of sixty (60) days, thirty (30) days and five (5) days immediately before the date of each annual general meeting (inclusive), the date of each extraordinary general meeting (inclusive) and the record date for a Dividend distribution (inclusive), respectively.

56. The Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than five (5) days before the date of any such meeting, nor more than sixty (60) days before any such action without a meeting, and in such event only members of record on the date so fixed are entitled to notice, to vote or to give consents, and to receive payment of any Dividend or other distribution, as the case may be, notwithstanding the registration of any transfer of any shares.

### **PROXIES**

57. The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation under the hand of an officer or attorney duly authorized in that behalf. A proxy need not be a Member of the Company. For so long as the Shares are listed on the GTSM or the TSE, the instrument appointing a proxy shall be in any usual form or common form approved by the Board from time to time and may be expressed to be for a particular meeting or any adjournment thereof.

58. Subject to the Applicable Public Company Rules, except for trust enterprises organized under the laws of the ROC or a stock affairs agent approved pursuant to Applicable Public Company Rules, in the event a person acts as the proxy for two or more Members, the sum of Shares entitled to be voted as represented by such proxy shall be no more than 3% of the total outstanding voting Shares immediately prior to the relevant Register of Member closed period, during which the Company closes its Register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.

59. 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 no less than five (5) days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Where more than one instrument to vote are received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.

60. In the event that a Member exercises his/her/its voting power by way of a written ballot or electronic transmission and has also authorized a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail.

61. For so long as the Shares are listed on the GTSM or the TSE, 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”.

### **CORPORATE MEMBERS**

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

### **DISSENTING MEMBER'S APPRAISAL RIGHT**

63. In the event any of the following resolutions is adopted at a general meeting, any Member who has notified the Company in writing of his/her/its dissent to such a resolution prior to the meeting and has raised again his/her/its dissent at the meeting, is entitled to exercise his/her/its appraisal rights in accordance with these Articles:

(a) the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;

(b) the Company transfers its business or assets, in whole or in any essential part; provided that the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;

(c) the Company spins off any of its department or business which operates or is able to operate, independently or is involved in any merger with any other company; and

(d) the Company acquires or assumes the transfer of the whole business or assets of another person, which has a material effect on the Company's operations.

64. Upon the occurrence of an event described in Articles 63 above, the dissenting Member shall give a written notice to request the Company to acquire or purchase his/her/its shares no later than twenty (20) days after the date on which the resolution was passed at the then prevailing fair market price determined by the Board in good faith, and shall state in such request the class and number of shares that such Member requests the Company to repurchase.

65. If agreement on the price of the shares can be reached between the dissenting Member and the Company, the Company shall, subject to compliance with these Articles and the Applicable Law, repurchase and pay for the shares within ninety (90) days from the date on which the resolution was passed. If no agreement is reached within sixty (60) days from the date on which the resolution was passed, the dissenting Member may, within 30 days after the last day of the above 60-day period, apply to a competent court for a ruling on the price.

66. The payment of repurchase price to the Members shall be made at the same time against the delivery of a declaration and an instrument of transfer in respect of the shares subject to the repurchase duly executed by such Member to the Company, and the date of repurchase of such shares shall be the date on which the payment is made and the Register of Members of the Company shall be updated accordingly.

67. The request of a Member pursuant to Articles 63 and 64 shall become ineffective if the Company announces that the Company will no longer proceed with the matters referred to in the relevant resolutions irrespective of whether a Member may have exercised its appraisal right under Articles 63 and 64 or where the Company is prohibited under Applicable Law to repurchase the relevant shares. Where a Member fails to make a request within the period prescribed in Articles 64 and 65 above, such Member is deemed to have duly waived its appraisal rights under Articles 63 and 64.

## **SHARES THAT MAY NOT BE VOTED**

68. Shares held as set out below shall not carry any voting rights and shall not be counted in the total number of outstanding Shares at any given time:

(a) beneficially owned by the Company itself;

(b) by any entity in which the Company owns, legally or beneficially, more than 50% of its issued and voting share capital or equity capital; or

(c) by an 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 50% of its issued and voting share capital or equity capital.

69. A Member who has a personal interest in any motion discussed at a general meeting, which interest may impair those of the Company, shall abstain from voting his/her/its shares in regard to such motion and such shares shall not be counted in the number of votes of Members for such motion pursuant to the Applicable Public Company Rules, but such shares may be counted in determining the number of shares of the Members present at the such general meeting for the purposes of determining the quorum. Where the aforesaid Member is appointed as a proxy to attend and vote at the general meeting for on behalf of another Member, if so required under Applicable Public Company Rules, he shall abstain from voting as proxy.

69-1 If any Director creates or has created security over any Shares held by him, he shall notify the Company of such security. If the security created by a Director is in respect of more than half of the Shares held by him at the time of his appointment, then the voting rights attaching to the Shares held by such Director at such time shall be reduced, such that the Shares over which security has been created which are in excess of half of the Shares held by the Director at the date of his appointment shall not carry voting rights and shall not be counted in the number of votes casted by the Members at a general meeting.

## **DIRECTORS**

70. There shall be a Board of Directors consisting of five (5) to nine (9) Directors (exclusive of alternate Directors), 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 limits



in the number of Directors set forth in this Article, provided that the requirements by relevant Applicable Laws (including without limitation to any listing requirements) are met. After Directors are elected pursuant to Article 102, there shall be one Chairman and one Vice Chairman elected pursuant to the rules and procedures of the meeting of the Board of the Company. For the avoidance of doubt, when the Chairman is on leave or for any reason is unable to exercise the power of the Chairman, the Vice Chairman shall do so in place of all powers and authorities of the Chairman set forth in these Articles.

71. The number of Directors having a spousal relationship or familial relationship within the second degree of kinship with any other Directors shall be less than half of the total number of Directors.

72. In the event that the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 71 hereof, the non-qualifying Director(s) who was elected with the fewest number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 71 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall vacate his/her/its position of Director automatically.

73. Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors, provided, however, that the total number of Independent Directors shall not less than one-fifth (1/5) or more of the total number of the Directors. To the extent required by the Applicable Public Company Rules, at least one (1) of the Independent Directors shall be domiciled in the ROC and at least one (1) of the same shall have accounting or financial expertise.

74. Independent Directors shall have professional knowledge and, when performing their duties or exercising their authorities, Independent Directors shall maintain independence and shall not have direct or indirect interests in the Company other than as permitted under the Applicable Public Company Rules. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be governed by the Applicable Public Company Rules.

75. The remuneration to be paid to the Directors is authorized to be decided by the Board with reference to the standard generally adopted by other enterprises in the same industry (the “**Base Director Remuneration**”).‡ The Directors shall also be entitled to be paid their traveling, hotel and other expenses

properly incurred by them in going to, attending and returning from meetings of the Board, any committee appointed by the Board, or general meetings of the Company, or otherwise in connection with the business of the Company or their duties as Directors generally, or to receive a fixed allowance in respect thereof pursuant to a service agreement or contract with the Company, or a combination partly of one such method and partly the other. Subject to the provision of the Statute, to the extent that the Company is eligible under Applicable Laws to declare or pay dividends on the share capital of the Company, the Company may further resolve by Ordinary Resolution on that additional remuneration be paid to any Director and such remuneration be paid out of the profits of the Company in accordance with these Articles and the Applicable Public Company Rules.

76. The Directors may by resolution award special remuneration to any Director of the Company undertaking any special work or services for, or undertaking any special mission on behalf of, the Company other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity, shall be in addition to his remuneration as a Director.

77. A Director or alternate Director may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

78. A Director or alternate Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.

79. A shareholding qualification for Directors may be fixed by the Company in general meeting, but unless and until so fixed, no qualification shall be required.

80. A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company, or in which the Company may be interested as a member or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.

81. A Director or alternate Director who is a member, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall declare and disclose the nature of such interest to the Company as required by the Applicable Laws, and abstain from voting in respect of any contract or transaction in which he is so interested as aforesaid. Notwithstanding the foregoing, no person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established.

82. Notwithstanding anything to the contrary contained in these Articles, a Director who has a personal interest in the manner under discussion at a meeting of the Board, which may impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the meeting of the Board for the purpose of that resolution.

### **ALTERNATE DIRECTORS**

83. A Director who expects to be unable to attend Directors' meetings because of absence, illness or otherwise may appoint any person to be an alternate Director to act in his stead and such appointee whilst he holds office as an alternate Director shall, in the event of absence therefrom of his appointor, be entitled to attend meetings of the Directors and to vote thereat and to do, in the place and stead of his appointor, any other act or thing which his appointor is permitted or required to do by virtue of his being a Director as if the alternate Director were the appointor, other than appointment of an alternate to himself, and he shall ipso facto vacate office if and when his appointor ceases to be a Director or removes the appointee from office. Any appointment or removal under this Article shall be effected by notice in writing under the hand of the Director making the same.

## **POWERS AND DUTIES OF DIRECTORS**

84. The business of the Company shall be managed by the Directors who may pay all expenses incurred in promoting, registering and setting up the Company, and may exercise all such powers of the Company as are not, from time to time by the Statute, by the Applicable Public Company Rules or by these Articles, or such regulations, being not inconsistent with the aforesaid, as may be prescribed by the Company in general meeting required to be exercised by the Company in general meeting; PROVIDED, HOWEVER, that no regulations made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

85. Subject to Article 84 above, the Directors may from time to time and at any time by powers of attorney appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorneys as the Directors may think fit and may also authorize any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

86. All checks, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall from time to time by resolution determine.

87. The Board shall cause minutes to be made in books provided for the purpose:

(a) of all appointments of officers made by the Board;

(b) of the names of the Directors (including those represented thereat by an alternate or by proxy) present at each meeting of the Board and of any committee of the Board; or

(c) of all resolutions and proceedings at all meetings of the Members or holders of any class of Shares, of the Board and of committees of the Board.

88. Subject to the Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

### **MANAGEMENT**

89. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three (3) next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.

(a) The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards or any managers or agents and may fix their remuneration.

(b) The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorize the members for the time being of any such local board, or any of them, to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

(c) Any such delegates as aforesaid may be authorized by the Directors to subdelegate all or any of the powers, authorities, and discretions for the time being vested in them.

### **PROCEEDINGS OF DIRECTORS**

90. Except as otherwise provided by these Articles, the Directors shall meet together for the dispatch of business, convening, adjourning and otherwise regulating their meetings as they think fit. Questions arising at any meeting of the Board shall be decided, resolutions put to the vote at meeting of the Board shall be adopted and other action shall be taken only upon the affirmative vote of a majority of

the Directors and alternate Directors present at a meeting at which the Quorum of the Board Meeting is present and no resolution shall be passed in the case of an equality of votes. The chairman of the meeting does not have a second vote or casting vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote. The vote of an alternate Director shall not be counted if his appointor is present at such meeting.

91. The Chairman may, and the Secretary on the requisition of the Chairman shall, at any time summon a meeting of the Board. Notice of a meeting of the Board shall be deemed to be duly given to a Director if 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. At least seven (7) days' prior notice shall be given for any meeting of the Board of the Directors provided that the Board of Directors may meet at any time in case of any urgent circumstances where the majority of the Directors agree to waive notice of such meeting either at, before, or after the meeting is held. All such waivers, consents and approvals shall be filed with the corporate records or made part of the minutes of the meeting. A waiver of notice need not specify the purpose of any regular or special meeting of the Board, of Directors.

92. A meeting at which a Quorum of the Board Meeting is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the vote of the Directors and alternate Directors present at a meeting at which the Quorum of the Board Meeting is present.

93. For the purposes of Article 90 an alternate Director or proxy appointed by a Director shall be counted in the Quorum of the Board Meeting at a meeting at which the Director appointing him is not present. A Director who also acts as an alternate Director shall, if his appointor is not present, count twice towards the Quorum of the Board Meeting.

94. The continuing Directors (or a sole continuing Director, as the case may be) may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles, the continuing Directors or Director may act for the purpose of summoning a general meeting of the Company pursuant to Articles 103 and 104 below to appoint additional

Directors so that the number of Directors will be equal to such fixed number, but for no other purpose.

95. The Directors may delegate any of their powers to committees consisting of such member or members of the Board of Directors (including alternate Directors in the absence of their appointors) as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

96. A committee may meet and adjourn as it thinks proper. Except for otherwise provided in the Applicable Laws, questions arising at any meeting shall be determined by the affirmative vote of the majority of the committee members present.

97. All acts done by any meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be.

98. Members of the Board or of any committee thereof may participate in a meeting of the Board or of such committee by means of video conference or similar communications facilities by means of which all persons participating in the meeting can see and communicate with each other at the same time and participation in a meeting pursuant to this manner shall be treated as presence in person at such meeting.

99. A Director but not an alternate Director may be represented at any meetings of the Board or committee of the Board by a proxy appointed in writing by him/her. A Director appointing another Director to attend a Board meeting as his or her proxy shall issue a proxy, valid only for the particular appointment, listing the powers and authorities in relation to the reasons for convening the meeting granted to the proxy agent. The proxy shall count towards the Quorum of the Board Meeting and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

100. The rules and procedures of the meeting of the Board shall be established by the Board in accordance with these Articles and the Applicable Public Company Rules. Subject to the foregoing, the Directors may regulate their proceeding as they see fit.

## **ELECTION OF DIRECTORS**

101. The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 102 below. Members present in person or by proxy, representing more than one-half of the total outstanding Shares shall constitute a quorum for any general meeting to elect one or more Directors.

102. Directors shall be elected pursuant to Cumulative Voting pursuant to a poll vote, where the number of votes exercisable by any Member shall be the same as the product of the number of Shares held by such Member and the number of Directors to be elected (“**Special Ballot Votes**”), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the number of the Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors elected. For so long as the Shares are listed on the GTSM or the TSE, as applicable, (a) the Company may adopt a candidate nomination mechanism for the election of the Directors which is in compliance with the Applicable Public Company Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established by the Board and by an Ordinary Resolution from time to time, which policies shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules; (b) subject to the requirement of the competent securities authority in the ROC, such candidate nomination mechanism in compliance with the Applicable Public Company Rules shall also be used for the election of Independent Directors.

103. If the number of Directors is less than five (5) persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies of Directors fall short by one third (1/3) of the total number of Directors prescribed by these Articles, an extraordinary general meeting of Members shall be convened within sixty (60) days of the occurrence of that fact to hold a by-election of directors.

104. If the number of Independent Directors is less than three (3) persons due to the resignation or removal of any of the Independent Director(s) for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors have resigned or are removed, the Company shall hold, within sixty (60) days from the occurrence of such resignations



or removals of the last Independent Directors, an extraordinary general meeting to elect Independent Directors to fill the vacancies.

### **RESIGNATION, REMOVAL AND DISQUALIFICATION**

105. Any Director may resign effective on giving written notice to the Board of Directors, unless the notice specifies a later time for that resignation to become effective.

106. The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another person to fill in the vacancy; provided that the Company may remove all Directors and elect new Directors to fill the vacancies at the same time in accordance with this Article and Article 102 and unless the resolution approving such removal and election provides otherwise, the existing Directors' office shall be automatically discharged upon the passing of such resolution prior to the expiration of such Directors' applicable period of office.

107. The office of a Director shall be vacated if the Director:

(a) is removed from office pursuant to these Articles;

(b) gives notice in writing to the Company that he resigns the office of Director;

(c) dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(d) an order is made by any competent court or official on the grounds that he is or will be suffering from mental disorder or is otherwise incapable of managing his affairs, or his legal capacity is restricted according to the Applicable Laws;

(e) 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 such sentence is less than five (5) years;

(f) having committed an offence involving fraud, breach of trust or misappropriation and subsequently sentenced to imprisonment of a term of more than

one (1) year, and the time elapsed after he has served the full term of such sentence is less than two (2) years;

(g) 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 (2) years; or

(h) having been dishonored for use of negotiable instruments, and the term of such sanction has not yet expired.

In the event that any of the foregoing events described in clauses (c), (d), (e), (f), (g), and (h) has occurred to a candidate for Directorship, such person shall be disqualified from being elected as a Director.

108. In case a Director has, in the course of performing his/her duties, committed any act resulting in material damages to the Company or in serious violation of applicable laws and regulations and/or these Articles, but not removed by a Supermajority Resolution of a general meeting, the Member(s) holding three (3) percentage or more of the total number of outstanding shares of the Company may, within thirty (30) days after that general meeting, to the extent permissible under Applicable Law, petition any competent court, which for these purposes and to the extent permitted by Applicable Laws, shall include the Taipei District Court, for the removal of such Director and such Director shall be removed upon the final judgment by such court. For clarification, if a relevant court has competent jurisdiction to adjudicate all of the foregoing matters in a single or a series of proceedings, then, for the purpose of this Article, final judgment shall be given by such competent court.

108-1. Without limiting the availability of applicable remedies under Cayman Islands law, and only to the extent ROC law permits, in case a Director has, in the course of performing his/her duties, committed any act resulting in material damages to the Company or in serious violation of Applicable Laws and regulations and/or Articles, the Member(s) who has been individually, or have been collectively, continuously holding 3% or more of the total number of the issued shares of the Company over one year may, in his/her/its name, launch a litigation against such Director and the Taipei District Court shall have the exclusive jurisdiction on such litigation.

## **TENDER OFFER**

109. Within seven (7) days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigation or non litigation agent appointed pursuant to the Applicable Public Company Rules, the Board shall resolve to recommend to the Member whether to accept or object 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 10% of the outstanding 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) therefore,

(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; and

(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 10% of the outstanding Shares in their own names or in the name of other persons.

## **SEAL**

110. The Company may, if the Board so determine, have a Seal. The Seal shall only be used by the authority of the Board or of a committee of the Directors authorized by the Board in that behalf and every instrument to which the Seal has been affixed shall be signed by one person who shall be either a Director or the Secretary or secretary-treasurer or some person appointed by the Directors for the purpose:

PROVIDED THAT the Company may have for use in any place or places outside the Cayman Islands, a duplicate seal or seals each of which shall be a facsimile of the Common Seal of the Company and, if the Board so determine, with the addition on its face of the name of every place where it is to be used; and

PROVIDED FURTHER THAT a Director, Secretary or other officer or representative or attorney of the Company may without further authority of the

Directors affix the Seal of the Company over his signature alone to any document of the Company required to be authenticated by him under Seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

### **OFFICERS**

111. The Company may have a President, a Secretary or Secretary-Treasurer appointed by the Board who may also from time to time appoint such other officers as they consider necessary, all for such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time prescribe. The officers, in the course of performing their duties to the Company, shall assume responsibilities identical to that of the Directors.

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

111-1. So long as the Shares are listed on the GTSM, the Company shall, by a resolution of the Directors, appoint or remove a litigation and non-litigation agent pursuant to the Applicable Public Company Rules to act as the Company's responsible person in the ROC to handle matters stipulated in the ROC Securities and Exchange Act and the relevant rules and regulations thereto.

### **DIVIDENDS**

112. All dividends declared shall be declared payable to the holders thereof registered as such on the record date specified by the Directors at the time such dividends are declared.

113. Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Company may declare dividends following the Board's recommendation in a distribution plan approved by the Board, with the sanction of Ordinary Resolution in the case of Article 75 or Supermajority Resolution in the case of Article 24(e)(i), resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. The Board shall provide the distribution plan according to the following requirements: If there are profits after the final settlement of account of a year, the Company (i) after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of such profits as statutory reserve until the statutory reserve amounts to the authorized capital, (ii) may

appropriate a portion of such profits as special reserve required by Applicable Public Company Rules or government authorities, and (iii) of the remaining profits, may appropriate 2% as bonuses to the Directors and additional not less than 5% of the remaining profits as employee bonus (the "**Employee Bonus**"), which shall be distributed in accordance with the incentive programme approved pursuant to Article 9. The Board shall specify the percentages of the bonuses payable to the employees in the distribution plan which may subsequently be subject to the amendment by the Members by way of the aforementioned Supermajority Resolution. Thereafter, having considered the financial, business and operational factors, the Board may propose and specify the percent of any remaining profits after the above (i) to (iii) plus accumulated retained earnings to be distributed as dividends by cash or by applying such sum in paying up in full unissued Shares for allotment and distribution credited as fully paid-up pro rata to the Members or any combination of both, or bonuses according to the Statute and Applicable Public Company Rules, among them, cash dividend shall not less than 10% of the total Dividend declared.

114. The Directors may, before resolving to pay any dividends, or distributions set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business of the Company.

115. No dividend or distribution shall be payable except out of the profits of the Company, realized or unrealized or out of the share premium account or as otherwise permitted by the Statute.

116. The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) presently payable by him to the Company for any reason.

117. The Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures, or debenture stock of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.

118. Any dividend, interest or other monies payable in cash in respect of shares may be paid by check or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the holder who is first named on the register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such check or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the share held by them as joint holders.

119. No dividend shall bear interest against the Company.

### **REPURCHASE**

120. Subject to the provisions of the Statute, the Company may purchase its own Shares (including any redeemable Shares).

In such manner as is referred to in Section 37(3)(d) of the Statute or any modification or re-enactment thereof for the time being in force, this Article authorises the purchase by the Company in accordance with the provisions of the Statute of such of its own Shares (including any redeemable Shares) as the Directors may from time to time determine and agree with the holder or holders of such Shares, in such manner and on such terms as the Directors may from time to time determine and agree, provided that the price at which such purchase is transacted must be equal to the lower of: (i) the original purchase price paid for the shares; or (ii) the fair market value of the shares at the time of the repurchase by the Company, as determined in good faith by the Directors.

The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.

120-1. Subject to the provisions of the Statute, these Articles and the Applicable Public Company Rules, 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). In the event that the Company proposes to purchase any Share listed on the GTSM pursuant to this Article, the approval of the Board and the implementation thereof should be reported to the Members at the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall apply even if the Company does not implement the proposal to purchase its Shares listed on the GTSM for any reason.

120-2 The Directors may, prior to the purchase or redemption of any Share under Article 120-1, determine that such Shares shall be held as Treasury Shares. Subject to the provision of the Statute and these Articles, the Directors may determine to cancel a Treasury Share or transfer a Treasury Share to the employees on such terms as they think proper (including, without limitation, for nil consideration).

120-3 Any proposal to transfer Treasury Shares to any employee of the Company and its Subsidiaries by the Company at a price below the average repurchase price paid by the Company shall be approved by a resolution passed by two-thirds or more of the Members present at the general meeting who represent a majority of the total outstanding Shares at the most recent general meeting. The notice of the general meeting shall specify the following matters, which may not be made by an ad hoc motion:

- (a) the basis and reasonableness of the determined transfer price, discount ratio and calculation;
- (b) the number, purpose and reasonableness of the share transfer;
- (c) conditions for and volume of share to be purchased by relevant employees; and
- (d) any effect on the shareholders' rights, including:
  - (i) the amount which may be recorded as expenses and any dilution on earnings per Share; and
  - (ii) any financial burden on the Company caused by such transfer of Treasury Shares to relevant employees at a price lower than the average repurchase price paid by the Company.

The aggregate number of Treasury Shares that may be transferred to relevant employees as approved by the Members at various general meetings shall not exceed five (5) percent of the total outstanding Shares, and the aggregate number of Treasury Shares that may be purchased by each employee shall not exceed 0.5 percent of the total outstanding Shares. The Company may impose restrictions on the transfer of such Shares by the employees for a period of no more than two (2) years.

120-4. The Company may repurchase the Restricted Shares issued to the employees if the vesting conditions are not met pursuant to the plan of Restricted Shares.

## **CAPITALIZATION**

121. Subject to the Statute, the Board may, with the authority of a Supermajority Resolution, at any time capitalize any sum standing to the credit of any of the Company's reserve accounts (including statutory reserve, Capital Reserve, and capital redemption reserve fund) or any sum standing to the credit or profit and loan amount or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued shares (not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalization, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorize any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

## **BOOKS OF ACCOUNT**

122. The Board shall cause proper books of account to be kept with respect to:

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

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.



## AUDIT COMMITTEE

123. The Company 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 Audit Committee members shall have accounting or financial expertise to the extent required by the Applicable Public Company Rules. A valid resolution of the Audit Committee requires the consent of one-half or more of all its members. Except for otherwise provided for in the Statute to the contrary, the rules and procedures of meeting of the Audit Committee shall be in accordance with these Articles and the Applicable Public Company Rules.

124. 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-type 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 matters above 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 Board meeting.

### **NOTICES**

125. Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by post, cable, telex, telecopy or electronic mail to him or to his address as shown in the register of Members or such other address given for such purpose.

126. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and to have been effected at the expiration of sixty (60) hours after the letter containing the same is posted as aforesaid. Where a notice is sent by cable, telex, telecopy or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization and to have been effected on the day the same is sent as aforesaid.

127. A notice may be given by the Company to the joint holders of record of a share by giving the notice to the joint holder first named on the register of Members in respect of the share.

128. A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a share or shares in consequence of the death or bankruptcy of a Member by sending it through the post as aforesaid in a pre-paid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

129. Notice of every general meeting shall be given in any manner hereinbefore authorized to:

(a) every person shown as a Member in the Register of Members as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of Members; and

(b) every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting.

### **WINDING UP**

130. If the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

131. If the Company shall be wound up the liquidator may, subject to the rights attached to any Shares and with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in proportion to the number of the Shares held by them in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

## **INDEMNITY**

132. Every Director and officer of the Company, together with every former Director and former officer of the Company (each an “**Indemnified Person**”) shall be indemnified to the extent permitted by Applicable Laws and held harmless by the Company against all claims, actions, proceedings, costs, charges, expenses (including but not limited to legal expense), losses, damages, or liabilities incurred or sustained by such Indemnified Person, whatsoever which they or any of them may incur as a result of any act or omission to act in carrying out their function except to the extent that such claims, actions, proceedings, costs, charges, expenses (including but not limited to legal expense), losses, damages, or liabilities are found in a judgment by a court of competent jurisdiction that is final and non-appealable to have resulted from such Indemnified Person’s own willful default or actual fraud. The Company is allowed to enter into indemnification contract or contract of similar nature with the aforementioned Indemnified Person and to purchase and to maintain insurance for the benefit of such Indemnified Person against any liability which, by virtue of any rule of law, would otherwise attach to such Indemnified Person in respect to of any negligence, default, breach of duty or breach of trust of which such Indemnified Person may be guilty in relation to the Company. Notwithstanding anything provided herein, no such Indemnified Person shall be answerable for the acts, receipts, neglects or defaults of any other Indemnified Person or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other persons with whom any monies or effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency of any security upon which any monies of the Company may be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his office except the same shall happen through the willful default or actual fraud of such Indemnified Person.

## **FISCAL YEAR**

133. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31 in each year.

## **AMENDMENTS OF ARTICLES**

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

## **TRANSFER BY WAY OF CONTINUATION**

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

## APPENDIX III

### DIRECTORS' COMPENSATION AND EMPLOYEES' PROFIT SHARING

The Board adopted a proposal for 2014 bonus to Directors and employees' cash profit sharing at its Board of Directors Meeting on March 4, 2015. The proposal will be effective upon the approval of shareholders at the 2015 Annual General Meeting of Members on June 25, 2015.

1. Employees' cash profit sharing: NT\$78,035,236.
2. Directors' bonus: NT\$24,010,833.
3. The estimated amounts of employees' bonus were NT\$79,717,425 and of Directors' remuneration were NT\$24,528,434 for the years ended December 31, 2014. The difference of NT\$(1,682,189) and NT\$(517,601) between the amount proposed by the Company's Board of Directors were caused by considering finance and business factors and using different US dollar exchange rate.

**APPENDIX IV**

**SHAREHOLDINGS OF ALL DIRECTORS**

**Record Date: 4/27/2015**

Title	Name	Date Elected	Shareholding When Elected			Current Shareholding			Note
			Category	Shares	%	Category	Shares	%	
Chairman	Ji Zhao	2013.06.19	Common Shares	2,734,499	5.21%	Common Shares	3,468,427	4.59%	1. Shareholding When Elected is inclusive of shares in trust account of 1,069,230 shares 2. Current Shareholding is inclusive of shares in trust account of 1,307,972 shares
Vice Chairman	Ming Qu	2013.06.19	Common Shares	2,826,499	5.38%	Common Shares	3,540,732	4.69%	
Director	Jackie Yang	2013.06.19	Common Shares	122,250	0.23%	Common Shares	171,155	0.23%	
Director	Chen Hao	2013.06.19	Common Shares	0	0.00%	Common Shares	0	0.00%	
Director	Darren Huang	2013.06.19	Common Shares	155,000	0.30%	Common Shares	217,007	0.29%	
Director	Cyrus Ying-Chun Tsui	2013.06.19	Common Shares	0	0.00%	Common Shares	0	0.00%	
Independent Director	Dennis Lynn Segers	2013.06.19	Common Shares	90,000	0.17%	Common Shares	126,004	0.17%	
Independent Director	Jin-Lin (Norman) Shen	2013.06.19	Common Shares	0	0.00%	Common Shares	0	0.00%	
Independent Director	Charlie Xiaoli Huang	2013.06.19	Common Shares	0	0.00%	Common Shares	0	0.00%	
Total				5,928,248			7,523,325		

Common shares issued:

(1) 52,496,389 shares as of June 19, 2013

(2) 75,530,935 shares as of April 27, 2015

Explanatory Note: : As of April 27, 2015, the total shareholdings of all directors are 7,397,321 shares.

The Company is foreign company, so limitations on directors' and supervisors' holdings are not applicable.

Independent directors' holdings are excluded from total shareholdings.

## **APPENDIX V**

### **THE IMPACT OF STOCK DIVIDEND ISSUANCE ON BUSINESS PERFORMANCE, EPS AND SHAREHOLDER RETURN RATE**

Not applicable. (According to Order No. 00371 announced by Securities and Futures Committee (“SFC”) dated February 1, 2010, it is not required to disclose the information for the Company does not compile or announce the 2015 financial forecast.)