

# Chang Wah Technology Co., Ltd.

## Articles of Incorporation

### Chapter I General

- Article 1: The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be 長華科技股份有限公司 in the Chinese language, and Chang Wah Technology Co., Ltd. in the English language.
- Article 2: The scope of business of the Company shall be as follow:
- (1) C805050 Industrial Plastic Products Manufacturing
  - (2) CC01080 Electronic Parts and Components Manufacturing
  - (3) F119010 Wholesale of Electronic Materials
  - (4) F219010 Retail Sale of Electronic Materials
  - (5) CA01130 Copper Material Rolls over Extends and Crowding
  - (6) CA02010 Metal Architectural Components Manufacturing
  - (7) CC01020 Electric Wires and Cables Manufacturing
  - (8) CC01110 Computers and Computing Peripheral Equipments Manufacturing
  - (9) CQ01010 Die Manufacturing
  - (10) CA02090 Metal line Products Manufacturing
  - (11) CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified
  - (12) F106030 Wholesale of Die
  - (13) F113010 Wholesale of Machinery
  - (14) F113020 Wholesale of Household Appliance
  - (15) F113050 Wholesale of Computing and Business Machinery Equipment
  - (16) F113070 Wholesale of Telecom Instruments
  - (17) F206030 Retail Sale of Die
  - (18) F213010 Retail Sale of Household Appliance
  - (19) F213030 Retail sale of Computing and Business Machinery Equipment
  - (20) F213060 Retail Sale of Telecom Instruments
  - (21) F213080 Retail Sale of Machinery and Equipment
  - (22) F213100 Retail Sale of Pollution Controlling Equipments
  - (23) F401010 International Trade
  - (24) CC01040 Lighting Facilities Manufacturing
  - (25) E603090 Illumination Equipments Construction
  - (26) IG03010 Energy Technical Services
  - (27) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1: The Company may provide external guarantees for business purposes in accordance with relevant laws and regulations.
- Article 2-2: The total amount of the Company's reinvestment is not limited to 40% of the paid-in capital.
- Article 3: The Company is headquartered in Kaohsiung City. If necessary, the Company may establish domestic or overseas branch organizations after

the resolution from the Board.

## Chapter II Shares

Article 4: The total capital of the Company is set at NT\$700 million, divided into 1.75 billion shares of NT\$0.4 each, and the board of directors is authorized to issue the shares in installments. Preferred shares may be issued within the above total number of shares. The aforementioned capital stock is reserved with 25 million shares, which is reserved for the exercise of stock options and may be issued in installments in accordance with the resolution of the board of directors.

If the Company issues stock options at a price lower than the market price (net value per share), the stock options shall be issued only with the approval of two-thirds or more of the shareholders present at the shareholders' meeting representing a majority of the total number of shares.

Article 4-1: Qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, entitled to transfer treasury stock to employees, issue employee stock options, issue preemptive rights for employees and issue restricted stock for employees may be specified by the board of directors.

Article 4-2: The rights and obligations and other important conditions of issuance of the preferred shares of the Company are as follows:

1. If there is any surplus in the Company's annual final accounts, the Company shall, in addition to paying tax, first make up for prior years' losses and set aside legal reserve as required by law, and then set aside or reverse the special reserve in accordance with the Articles of Incorporation, and if there is any remaining balance, the Company shall have priority in the distribution of dividends for the year to which the preferred shares are entitled.
2. Dividends on preferred shares are capped at 8% per annum and are calculated on the basis of the issue price per share. Dividends may be distributed annually in cash in one lump sum, and the board of directors or the chairperson authorized by a resolution of the board of directors to set the base date for distribution of dividends after the financial report is approved by the shareholders at the annual general meeting. The number of dividends to be distributed in the year of issuance and the year of recovery is calculated based on the actual number of days of issuance in that year, and the issuance date is defined as the base date of capital increase for the issuance of the preferred shares.
3. The Company has the discretion to distribute dividends on preferred shares. If the Company's annual final accounts do not contain any earnings or earnings sufficient to distribute dividends on preferred shares or due to other necessary considerations, the board of directors may resolve not to distribute dividends on preferred shares, which shall not constitute a breach of contract, and preferred shareholders may not object. If the preferred shares issued are non-cumulative, any

undistributed or under-distributed dividends will not be accumulated and deferred in future years.

4. In addition to receiving dividends as provided in Paragraph 2 of this Article, preferred shareholders may not participate in the distribution of ordinary shares with respect to cash and equity capital of earnings and capital surplus if the preferred shares issued is non-participating.
5. When the Company issues new shares in cash, preferred shareholders have the same preferential subscription rights as ordinary shareholders.
6. Preferred shareholders shall have priority over ordinary shareholders in the distribution of the Company's remaining property, and shall be paid in the same order as preferred shareholders issued by the Company, all subordinate to general creditors, to the extent that the distribution does not exceed the amount of the outstanding preferred shares issued at the time of distribution, based on the issue price.
7. The preferred shareholders shall not have voting rights, but may be elected as directors and have the voting rights at the preferred shareholders' meeting or at the shareholders' meeting concerning the preferred shareholders' rights and obligations.
8. If the preferred shares issued by the Company are convertible preferred shares, they are not convertible within one year from the date of issuance. The period of conversion is authorized to be determined by the board of directors in the actual conditions of issuance. The shareholders of convertible preferred shares may apply for conversion of all or part of their preferred shares in accordance with the conditions of issuance in the ratio of one preferred share to one ordinary share (conversion ratio of 1:1). Upon conversion of the convertible preferred shares into ordinary shares, the rights and obligations are the same as those of the ordinary shares. Dividends for the year of conversion of preferred shares are calculated based on the ratio of the actual number of days of issuance to the number of days of the year. However, those who convert to ordinary shares before the ex-dividend date of each year's dividend distribution are not allowed to participate in the distribution of preferred share dividends and dividends in the subsequent year, but may participate in the distribution of ordinary share earnings and capital surplus in the year. Dividends on preferred shares and dividends on ordinary shares in the same year shall be distributed without duplication.
9. The preferred shares have no expiration date and the preferred shareholders do not have the right to request the Company to redeem the preferred shares held by them. However, the Company may redeem all or part of the preferred shares at any time from the day after the expiration of five years from the date of issuance by cash, mandatory conversion by issuing new shares, or in any other manner permitted by law, at the actual

issue price and the relevant issuance method. If the preferred shares are not redeemed, the rights and obligations under the various conditions of issuance shall continue until redeemed by the Company. In the year in which the preferred shares are redeemed, if the Company's shareholders' meeting resolves to pay dividends, the dividends payable as of the redeemed date shall be calculated based on the actual number of days of issuance in that year.

10. Except for making up for losses, the capital surplus from the issuance of preferred shares at premium shall not be reallocated as capital during the issuance period. The name of the preferred shares, the issuance date, the specific conditions of issuance and other related matters are authorized to be determined by the board of directors in accordance with the Company's Articles of Incorporation and relevant laws and regulations, depending on the capital market conditions and the willingness of investors to subscribe for the preferred shares when the preferred shares are actually issued.

Article 5: The shares of the Company shall be in registered form, signed or sealed by the directors on behalf of the Company, and shall be issued with certification in accordance with the law.

The shares and other securities issued by the Company may be issued without a share certificate, but should be registered with a central securities depository.

If the Company intends to cancel the public offering, it shall submit a resolution to the shareholders' meeting, and this provision shall not be changed during the emerging and listing periods.

The registration of the transfer of shares shall be in accordance with Article 165 of the Company Act.

The Company's share affairs are handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies", unless otherwise required by the relevant securities laws and regulations.

### Chapter III Shareholders' Meeting

Article 6: The Company's shareholders' meetings are as the following two types:

1. Ordinary meetings shall be convened once a year by the board of directors, within six months after the end of each fiscal year.
2. Interim meetings shall be convened as required by law.

When necessary, a meeting of preferred shareholders may be held in accordance with the relevant laws and regulations.

Unless otherwise provided by law, a shareholders' meeting shall be convened by the board of directors. The notice of the shareholders' meeting may be given by electronic means with the consent of the shareholders.

The convening and announcement of the shareholders' meeting of the Company shall be made in accordance with Article 172 of the Company Act.

- Article 6-1: Shareholders' meetings of the Company may be convened virtually or in other ways announced by the Ministry of Economic Affairs.
- Article 7: In the event that a shareholder is unable to attend a shareholders' meeting for any reason, he/she may appoint a proxy to attend the meeting in accordance with Article 177 of the Company Act by issuing a letter of proxy issued by the Company specifying the scope of the authority. Unless otherwise provided in the Company Act, the Company shall follow the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies" established by the competent authorities.  
When the Company convenes a shareholders' meeting, the Company may exercise its voting rights in writing or by electronic means. The Company shall include electronic means as one of the methods for shareholders to exercise their voting rights, and shareholders who exercise their voting rights by electronic means shall be deemed to be present in person, and the related matters shall be handled in accordance with the laws and regulations.
- Article 8: Unless otherwise provided by law, each shareholder is entitled to one vote for each share held.
- Article 9: Unless otherwise provided for in the Company Act, a shareholders' meeting shall proceed only if attended by shareholders representing more than one-half of the total issued and outstanding capital stock of the Company. Resolutions of a shareholders' meeting shall be made at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting.
- Article 10: The shareholders' meeting shall be convened by the board of directors, with the chairperson as the chair. In case the chairperson of the board of directors is absent, the chairperson of the board of directors shall designate a person to act on his/her behalf; if the chairperson of the board of directors does not designate a person to act on his/her behalf, the directors shall elect one among themselves to act on his/her behalf. If the shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 11: The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting, and shall be kept permanently during the existence of the Company.  
The foregoing minutes may be prepared and distributed by electronic means or by way of public notice.

#### Chapter IV Board of Directors

- Article 12: The Company shall have 7 to 9 Directors to be elected at the shareholders' meeting from among the individuals of legal capacity, with the term of three years. All Directors shall be eligible for re-election. The election of directors shall be based on a candidates nomination system, and the shareholders shall elect the directors from among the

nominees listed in the roster of director candidates. In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. The percentage of shareholdings of all directors shall be in accordance the provisions prescribed by the competent authority in charge of securities affairs.

The election of directors of the Company and the handling of related matters shall be in accordance with the "Rules for Election of Directors" of the Company and relevant laws and regulations.

The number of independent directors shall not be less than three and shall not be less than one-fifth of the number of directorships. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority in charge of securities affairs.

Article 12-1: In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an "Audit Committee", which shall consist of all independent directors. The Audit Committee or members of the Audit Committee shall be responsible for carrying out the duties and responsibilities of the supervisors under the Company Act, the Securities and Exchange Act, and other laws and regulations.

The number, term of office, terms of reference, powers, and rules of procedure for meetings of the Audit Committee shall be determined in accordance with the relevant provisions of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies", and shall adopt an Audit Committee Charter.

The Board of Directors may establish a compensation committee or other functional committees as necessary for the operation of the Company's business.

Article 13: The board of directors shall be organized by the directors, and a chairperson shall be elected by and from among the directors with the presence of at least two-thirds of the directors and the consent of a majority of the directors present.

Article 14: Meetings of the board of directors shall be convened by the chairperson of the board of directors. In calling a meeting of the board of directors, a notice shall be given to each director no later than 7 days prior to the scheduled meeting date. In the case of emergency, a meeting of the board of directors may be convened at any time. The notice of the convening of the board of directors meeting may be given in writing, by e-mail or by fax.

In the case a director is unable to attend a board meeting for any reason, he/she may appoint in writing another director to attend as his/her proxy in accordance with the law, and the proxy may accept a proxy from one person only; if the director participates in the meeting via tele- or video-conference is deemed as attendance in person.

Article 15: If the chairperson cannot perform his/her duty due to certain reason, the assignment of his/her deputy shall be conducted in accordance with the

regulations of Article 208 of the Company Act.

- Article 16: The compensation of the Company's directors is authorized to be determined by the board of directors with reference to the recommendations of the Remuneration Committee and subject to the directors' participation in the Company's operations and the value of their contributions and the usual standards in the industry and the Company's "Regulations Governing Compensation of Directors". The board of directors meeting may be attended by more than half of the directors as necessary, and a majority of the directors present agree to purchase liability insurance for all directors during their term of office.

#### Chapter V Managerial Officers

- Article 17: The Company may have one or more managerial officers. Appointment, discharge and the compensation of the managerial officers shall be in compliance with Article 29 of the Company Act.

#### Chapter VI Accounting

- Article 18: The Company's fiscal year shall begin on January 1 and end on December 31 of each year. At the end of each fiscal year, the board of directors shall submit to the Audit Committee for review or the Audit Committee shall appoint an accountant to audit and submit a report to the shareholders for approval 30 days prior to the shareholders' meeting, including (1) Annual Business Report; (2) Financial Statement; (3) Proposal of Distribution of Earnings or Making Up of Loss.
- Article 19: The Company shall distribute earnings or make up for losses after the end of each quarter. If there is any surplus at the end of each quarter, the Company shall first make up for losses, estimate and retain the taxable contributions and compensation to employees and directors, and set aside 10% of the legal reserve, except when the legal reserve has reached the Company's total capital, and set aside or reverse the special reserve as required by law or regulations prescribed by the competent authority. If there is any surplus, the remaining balance shall be added to the accumulated undistributed earnings of the previous quarter, and the board of directors shall prepare a proposal for the distribution of the earnings, which shall be resolved by the shareholders' meeting if the earnings are to be distributed by issuing new shares, or by the board of directors if the earnings are to be distributed in cash. If there is any surplus in the Company's annual final accounts, the Company shall first pay taxes and make up for losses, and then set aside 10% as legal reserve, except when the accumulated legal reserve has reached the Company's total capital, and set aside or reverse the special reserve as required by law or the competent authority; if there is any remaining balance, the Company may give priority to the distribution of dividends from the preferred shares; if there is any unappropriated earnings from prior years, the Board of Directors shall prepare a proposal for the distribution of earnings, which shall be resolved by the shareholders' meeting if the distribution is to be made by issuing new shares.

In accordance with Article 240 of the Company Act, the Company authorizes the distributable dividends and bonuses or the legal reserve and capital surplus provided for in Article 241 of the Company Act in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Article 19-1: The Company is in line with the overall environment and the growth characteristics of the industry, as well as the long-term financial planning of the Company, in order to achieve sustainable and stable business development. The Company's dividend policy is based on the residual dividend policy, which is based on the Company's future capital budget plan to measure the annual capital requirements, and the remaining earnings are distributed in the form of cash and stock dividends after reserving the necessary capital for financing. The distribution steps are as follows:

1. Determine the best capital budget.
2. Determine the amount of financing needed to meet the previous capital budget.
3. Determine the amount of capital to be financed by retained earnings.
4. The remaining earnings may be distributed to the shareholders in the form of dividends, after reserving an appropriate amount for operating needs, and the distribution should be no less than 10% of the Company's distributable earnings for the year, provided that the portion of cash dividends is no less than 10% of the total dividends to be paid.

Article 19-2: The Company shall distribute compensation to employees at no less than 1% and no more than 12% of the Company's profitability for the year and shall distribute compensation to directors at no more than 1.5% of the Company's profitability for the year. However, if the Company has accumulated deficits, the Company shall first make up for them.

Compensation to employees may be distributed in the form of shares or in cash to employees of parents or subsidiaries of the company meeting certain specific requirements that are entitled to receive shares or cash; such requirements shall be established by the board of directors.

Profit of the current year referred to in the first paragraph refers to the net income before taxation for the current year before the distribution of compensation to employees and compensation to directors.

The distribution of compensation to employees and compensation to directors shall be made by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Article 20: After the Company's shares are listed on the Taiwan Stock Exchange, in accordance with Article 10-1 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company may transfer shares to employees at less than the average



actual share repurchase price, with the consent of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares.

#### Chapter VII Supplementary Provision

Article 21: The Company's bylaws and regulations are set forth separately.

Article 22: All matters not provided for in these Articles of Incorporation shall be governed by the Company Act and other laws and regulations.