

# WT Microelectronics Co., Ltd.

## Articles of Incorporation

### Chapter 1 General Provisions

- Article 1: The Company, organized under the Company Act, shall be named 文曄科技股份有限公司 in Chinese and WT MICROELECTRONICS CO., LTD. in English.
- Article 2: The Company's scope of business shall be as follows:
1. Processing, manufacturing, research and development, trade, and import and export of various electronic components and finished products.
  2. Manufacturing, trade, and import and export of various telephone equipment and components.
  3. General import/export trade (except futures).
  4. Agency of quotations and tenders for domestic and foreign vendors.
  5. I301010 Software Design Services.
  6. F218010 Retail Sale of Computer Software.
  7. F118010 Wholesale of Computer Software.
  8. G801010 Warehousing and Storage.
  9. F113070 Wholesale of Telecom Instruments.
  10. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company is headquartered in New Taipei City and when necessary may establish domestic or foreign branches upon approval of the Board of Directors.
- Article 4: Public announcements of the Company shall be made in accordance with Article 28 of Company Act.

### Chapter 2 Shares

- Article 5: The Company's authorized capital shall be NT\$15 billion, divided into 1.5 billion shares, with a par value of NT\$10 per share. The Board of Directors is authorized to issue the shares in installments, and part of the shares may be preferred shares. Among the above total capital, NT\$1.2 billion, divided into 120 million shares, with a par value of NT\$10 per share, shall be reserved for issuing stock warrants, preferred shares with warrants, or corporate bonds with warrants.
- Article 5-1: The rights, obligations and other important issuance terms of Class A Preferred Shares are as follows:
- I. The dividend rate of Class A Preferred Shares is capped at 8% per annum on the issue price. Dividends are paid annually in cash in one lump sum. The Chairman is authorized by the Board of Directors or a Board Resolution to set the ex-dividend date and the amount of dividends to be paid for the previous fiscal year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated proportionally based on the actual number of days the Class A Preferred Shares remained outstanding in that year.
  - II. The Company has sole discretion on the distribution of Class A Preferred Share

dividends. If there is no earning or insufficient earning for distributing dividends of Class A Preferred Shares in the fiscal year, or the Company has other necessary considerations, the Board may decide not to distribute Class A Preferred Share dividends by Board Resolution, and it will not be deemed as an event of default. Class A Preferred Shares are non-cumulative shares. If the Company decide not to distribute preferred share dividends or to distribute insufficient dividend, the undistributed dividends or shortfalls in dividends distributed shall not be cumulative and shall cease to accrue and be payable, therefore no deferred payment will be paid in subsequent years where there are earnings.

- III. Except for the dividend prescribed in Subparagraph 1 of this Paragraph, Class A Preferred Shareholders are not entitled to participate in the distribution of cash or share dividends with regard of the common shares derived from earnings or capital reserves.
- IV. Class A Preferred Shares cannot be converted into common shares.
- V. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, holders of outstanding Class A preferred shares are entitled to receive residual assets of the Company available for distribution to stockholders, before any distribution of assets is made to holders of the common shares. Class A preferred shares and other classes of preferred shares of the Company shall rank pari passu without any preference among themselves and their repayment shall be capped at their respective issue amount.
- VI. The holders of Class A Preferred Shares are not entitled to any voting rights or election during general shareholders' meeting. Holders of outstanding Class A Preferred Shares have mandatory voting rights with respect to agendas that would affect preferred shares in preferred shareholders' meeting and in general shareholders' meeting.
- VII. Class A Preferred Shares are perpetual preferred shares. Holders of Class A Preferred Shares have no right to request redemption of such shares by the Company. However, the Company may redeem Class A Preferred Shares in whole or in part at the actual issue price after the day following the fifth anniversary of issuing. The rights and obligations of the remaining and outstanding Class A Preferred Shares as described in the preceding paragraphs will remain unchanged. Holders of the outstanding Class A Preferred Shares are entitled to receive declared dividends based on the actual days in the redemption year up to the date of redemption should the Company decide to declare dividend for the redemption year.
- VIII. If any Class A preferred shares remains outstanding, except to make up for losses, share premium of Class A Preferred Shares should not be capitalized into share capital.

The Board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance, after considering the situation of capital market and investors' willingness for subscription, in accordance with Articles of Incorporation and related laws and regulations.

Article 5-2: The rights, obligations and other important issuance terms of Class B Preferred Shares are as follows:

- I. The dividend rate of Class B Preferred Shares is capped at 8% per annum on the

issue price. Dividends are paid annually in cash in one lump sum. The Chairman is authorized by the Board of Directors or a Board Resolution to set the ex-dividend date and the amount of dividends to be paid for the previous fiscal year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated proportionally based on the actual number of days the Class B Preferred Shares remained outstanding in that year.

- II. The Company has sole discretion on the distribution of Class B Preferred Share dividends. If there is no earning or insufficient earning for distributing dividends of Class B Preferred Shares in the fiscal year, or the Company has other necessary considerations, the Board may decide not to distribute Class B Preferred Share dividends by Board Resolution, and it will not be deemed as an event of default. Class B Preferred Shares are non-cumulative shares. If the Company decide not to distribute preferred share dividends or to distribute insufficient dividend, the undistributed dividends or shortfalls in dividends distributed shall not be cumulative and shall cease to accrue and be payable, therefore no deferred payment will be paid in subsequent years where there are earnings.
- III. Except for the dividend prescribed in Subparagraph 1 of this Paragraph, Class B Preferred Shareholders are not entitled to participate in the distribution of cash or share dividends with regard of the common shares derived from earnings or capital reserves.
- IV. Class B Preferred Shares may not be converted within 3 year after the date of issuance. The Board is authorized to set the convertible period in the actual issuance terms. Holders of Class B Preferred Shares may, pursuant to the issuance terms, request the Company to convert its shareholding (in whole or in part) into common shares pursuant to the conversion ratio set out in the issuance terms (ratio is 1:1). Upon conversion, the converted shares shall have the same rights and obligations as common shares. Class B Preferred shares that are converted into common shares before the ex-dividend date shall participate in the distribution of profit and capital reserve to holders of common shares, and may not participate in the distribution of Class B Preferred Share dividends that year. Class B Preferred Shares that are converted into common shares after the ex-dividend date shall participate in the distribution of Class B Preferred Share dividends that year, and may not participate in the distribution of profit and capital reserve to holders of common shares. In principle, holders of the converted shares should not participate in both the distribution of preferred share dividends and common share dividends during the same year for the same converted shares.
- V. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, holders of outstanding Class B preferred shares are entitled to receive residual assets of the Company available for distribution to stockholders, before any distribution of assets is made to holders of the common shares. Class B preferred shares and other classes of preferred shares of the Company shall rank pari passu without any preference among themselves and their repayment shall be capped at their respective issue amount.
- VI. Class B Preferred Share Shareholders are entitled to the same voting rights and the right to be elected as common share shareholders during general shareholders' meeting.
- VII. Class B Preferred Shares are perpetual preferred shares. Holders of Class B

Preferred Shares have no right to request redemption of such shares by the Company. However, the Company may redeem Class B Preferred Shares in whole or in part at the actual issue price after the day following the fifth anniversary of issuing. The rights and obligations of the remaining and outstanding Class B Preferred Shares as described in the preceding paragraphs will remain unchanged. Holders of the outstanding Class B Preferred Shares are entitled to receive declared dividends based on the actual days in the redemption year up to the date of redemption should the Company decide to declare dividend for the redemption year.

VIII. If any Class B preferred shares remains outstanding, except to make up for losses, share premium of Class B Preferred Shares should not be capitalized into share capital.

The Board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance, after considering the situation of capital market and investors' willingness for subscription, in accordance with Articles of Incorporation and related laws and regulations.

Article 5-3: The rights, obligations and other important issuance terms of Class C Preferred Shares are as follows:

- I. The dividend rate of Class C Preferred Shares is 4% per annum on the issue price. Dividends are paid annually in cash in one lump sum. The Chairman is authorized by the Board of Directors or a Board Resolution to set the ex-dividend date and the amount of dividends to be paid for the previous fiscal year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated proportionally based on the actual number of days the Class C Preferred Shares remained outstanding in that year.
- II. If there are no earnings during the year, or if earnings together with share premium of Class C Preferred Shares are insufficient for the distribution of Class C Preferred Share dividends, the undistributed dividends or shortfall shall be cumulated and be deferred to pay in priority in subsequent years where there are earnings.
- III. Except for the dividend prescribed in Subparagraph 1 of this Paragraph, Class C Preferred Shareholders are not entitled to participate in the distribution of cash or share dividends with regard of the common shares derived from earnings or capital reserves.
- IV. Class C Preferred Shares may not be converted within 3 year after the date of issuance. The Board is authorized to set the convertible period in the actual issuance terms. Holders of Class C Preferred Shares may, pursuant to the issuance terms, request the Company to convert its shareholding (in whole or in part) into common shares pursuant to the conversion ratio set out in the issuance terms (ratio is 1:1). Upon conversion, the converted shares shall have the same rights and obligations as common shares. Class C Preferred shares that are converted into common shares before the ex-dividend date shall participate in the distribution of profit and capital reserve to holders of common shares, and may not participate in the distribution of Class C Preferred Share dividends that year. Class C Preferred Shares that are converted into common shares after the ex-dividend date shall participate in the distribution of Class C Preferred Share dividends that year, and may not participate in the distribution of profit and

capital reserve to holders of common shares. In principle, holders of the converted shares should not participate in both the distribution of preferred share dividends and common share dividends during the same year for the same converted shares.

- V. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, holders of outstanding Class C preferred shares are entitled to receive residual assets of the Company available for distribution to stockholders, before any distribution of assets is made to holders of the common shares. Class C preferred shares and other classes of preferred shares of the Company shall rank pari passu without any preference among themselves and their repayment shall be capped at their respective issue amount.
- VI. Class C Preferred Share Shareholders are entitled to the same voting rights and the right to be elected as common share shareholders during general shareholders' meeting.
- VII. Class C Preferred Shares are perpetual preferred shares. Holders of Class C Preferred Shares have no right to request redemption of such shares by the Company. However, the Company may redeem Class C Preferred Shares in whole or in part at the actual issue price after the day following the fifth anniversary of issuing. The rights and obligations of the remaining and outstanding Class C Preferred Shares as described in the preceding paragraphs will remain unchanged. Holders of the outstanding Class C Preferred Shares are entitled to receive declared dividends based on the actual days in the redemption year up to the date of redemption should the Company decide to declare dividend for the redemption year.
- VIII. If any Class C preferred shares remains outstanding, except to make up for losses, share premium of Class C Preferred Shares should not be capitalized into share capital.

The Board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance, after considering the situation of capital market and investors' willingness for subscription, in accordance with Articles of Incorporation and related laws and regulations.

- Article 6: In the event that the Company invests in other companies as a limited liability shareholder, the total amount of such reinvestment is not subject to the restriction of not more than 40% of paid-up capital of the Company as provided in Article 13 of Company Act.
- Article 7: The share certificates of the Company shall be in name-bearing form, and shall be issued only after they have been signed and sealed by the Directors representing the Company, and duly certified by the competent authority. Shares issued by the Company are not required to be printed. The Company, however, should contact the securities depository and custodian institution for registration of the share certificates.
- Article 7-1: Unless otherwise specified, share affairs of the Company shall be handled in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.
- Article 7-2: When the Company transfers the shares to employees based on a price lower than the average actual repurchase price, or issues the employee stock warrants based on the price lower than the closing price of the Company's common shares on the date of

issuance, the resolution shall be adopted by two-thirds of the votes of the shareholders present, who represent more than one-half of the total outstanding shares.

Article 7-3: Employees that are eligible to subscribe for new shares or restricted employee shares issued by the Company may include employees of affiliated companies that meet certain qualifications.

Article 8: Changes to the shareholder register shall be suspended 60 days before an annual shareholders' meeting, 30 days before an extraordinary shareholders' meeting, or within 5 days before the ex-rights/ex-dividend date.

### **Chapter 3 Shareholders' Meeting**

Article 9: There are 2 types of shareholders' meetings: annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened within 6 months of the close of each fiscal year by the Board of Directors in accordance with the applicable laws; the extraordinary shareholders' meetings may be held in accordance with applicable laws whenever necessary.

The shareholders' meeting of preferred shares may be convened in accordance with relevant laws whenever necessary.

Article 10: A shareholder who may not attend the meeting due to certain reasons may appoint a proxy in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority.

Article 11: Each share of the Company is entitled to one vote, unless otherwise specified or restricted.

Article 11-1: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total outstanding shares.

Article 12: Unless otherwise provided by applicable laws and Articles of Incorporation of the Company, conducting of the shareholders' meeting shall be in accordance with the Rules of Procedure for Shareholder' Meeting stipulated by the Company.

### **Chapter 4 Directors**

Article 13: The Company shall have 7 to 11 Directors, at least 3 of which, and no less than 1/5 of total number of seats, are independent directors. The number of Directors shall be decided by the Board of Directors. The term of office for Directors shall be 3 years, and all Directors may be re-elected.

Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Act and elected from among a group of candidates nominated at shareholders' meetings. Directors of the Company shall be selected from the list of candidates in the shareholders' meeting. The election of independent directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately.

The total number of shares held by all Directors shall not be less than the percentage of the total shareholdings required by the competent authority in accordance with applicable laws.

Article 13-1: In compliance with Articles 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Act, the Securities and Exchange Act and other relevant regulations.

Article 14: The Directors shall elect from among themselves a Chairman of the Board of Directors, by a majority in a meeting attended by two-thirds or more of the Directors. The Chairman of the Board of Directors shall have the authority to represent the Company. The Chairman and Directors shall perform their duties in accordance with the resolutions and instructions made by the Board of Directors.

Article 14-1: Unless otherwise provided by the Company Act, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted by the majority of the Directors present at the meeting.

Article 14-2: Unless otherwise provided in the Company Act, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors.

Meetings of the Board of Directors shall be convened upon written notice mailed to all the other Directors, at least 7 days, unless in case of urgent circumstances, prior to the date of the meeting, specifying the agenda. Notices of meetings may be sent in writing, via e-mail or by fax.

A Director may authorize another Director to attend the meeting on his/her behalf by presenting a written authorization indicating the scope of authorization.

Each Director may be authorized to attend a meeting by only one another Director.

Article 15: In the event that the Chairperson is absent or unable to exercise his/her authority, the Board of Directors shall designate one Director acting for him/her in accordance with Article 208 of Company Act.

Article 16: The remuneration for Directors shall be proposed by Remuneration Committee based on the degree of their involvement in the Company's operation and value of contribution, the Company's business performance and the standards of the industry, and submitted to the Board of Directors for resolution.

Article 16-1: The Company may take out liability insurance for Directors in order to reduce the risk of accusation by shareholders or other interested parties due to the performance of duties in accordance with applicable laws and regulations.

## **Chapter 5      Managerial Officers**

Article 17: The Company shall have several managerial officers. Their appointment, dismissal, and remuneration shall be governed by Article of 29 of the Company Act.

## **Chapter 6      Accounting**

Article 18: The Board of Directors shall prepare the following documents after the end of each fiscal year, and submit them at the annual shareholders' meeting for approval in accordance with the legal procedure.

- I. Business report
- II. Financial statements
- III. Proposal to distribute earnings or to make up for losses.

Article 19: If the Company has profits (which mean profits before tax without deducting the remuneration of employees and Directors) in the fiscal year, the Company shall distribute no less than 1% of such profits to employees and no more than 3% to Directors as their remuneration; provided, however, that when the Company has accumulated losses, the profits shall be preserved to make up for losses.

The employee remuneration mentioned in the preceding paragraph shall be distributed in stock or cash, which may include eligible employees of affiliated companies. The remuneration of Directors may only be distributed in cash.

The matters mentioned in preceding two paragraphs shall be approved by the Board of Directors and report to the annual shareholders' meeting.

Article 20: If the Company has earnings, the Company shall first pay taxes and offset accumulated losses; and set aside a legal reserve at 10% of such remaining earnings, until the accumulated legal reserve has equaled the total paid-in capital of the Company; then, set aside a special reserve in accordance with applicable laws or regulations of the competent authority. Residual earnings in the current year shall first be distributed as dividends to holders of Preferred Share, and any remaining amount may be added to the unappropriated retained earnings at the beginning of the fiscal year as the accumulated unappropriated retained earnings, and distribution of such earnings shall submitted by the Board of Directors to the shareholders' meeting for approval.

Pursuant to Article 240 of the Company Act, the Company authorizes the Board of Directors to distribute a portion or all of dividends, bonuses or legal reserve and capital surplus in accordance with Article 241 of the Company Act in cash by resolution adopted by a majority in a meeting attended by two-thirds or more of the Directors, and the distribution shall then be reported to the shareholders' meeting, instead of being submitted to the shareholders' meeting for approval.

## **Chapter 7      Supplementary Provisions**

Article 20-1: The Company's dividend policy is based on the following principles:

The Company's dividend policy is determined by the Board of Directors based on the business plan, investments, capital budgets, and changes in the environment. Since the Company is currently in a growth stage, the earnings shall be held in respond to funds required for operational growth and investments. Currently, the Company adopts the minimum cash dividends plus additional dividends. The principles of distribution of earnings are as follows:

The distribution of earnings shall be no less than 40% of unappropriated retained earnings of the fiscal year. The distribution of cash dividends and stock dividends shall be made, taking into account of the future profits and capital demands, and the ratio for cash dividends shall be no less than 10% of total distribution. If total distribution amount exceeds 30% of paid-in capital before distribution, cash dividends shall be no less than 20% of total distribution for the fiscal year.

Article 20-2: (Deleted).

Article 21: According to Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the Company may provide endorsements and guarantees and act as a guarantor. Any matters not provided herein shall be governed in accordance with other applicable laws or regulations.



Article 22: The Articles of Incorporation were drawn up on December 20, 1993.

The 1st amendment was made on May 23, 1994.

The 2ed amendment was made on August 5, 1994.

The 3rd amendment was made on November 11, 1994.

The 4th amendment was made on January 13, 1997.

The 5th amendment was made on January 3, 1997.

The 6th amendment was made on March 17, 1997.

The 7th amendment was made on June 8, 1998.

The 8th amendment was made on March 30, 1999.

The 9th amendment was made on May 31, 1999.

The 10th amendment was made on September 15, 1999.

The 11th amendment was made on April 6, 2000.

The 12th amendment was made on May2, 2001.

The 13th amendment was made on November 6, 2001.

The 14th amendment was made on June 17, 2002.

The 15th amendment was made on June 15, 2004.

The 16th amendment was made on May 25, 2005.

The 17th amendment was made on June 14, 2006.

The 18th amendment was made on June 15, 2007.

The 19th amendment was made on June 16, 2009.

The 20th amendment was made on June 15, 2010.

The 21st amendment was made on June 15, 2011.

The 22ed amendment was made on June 13, 2012.

The 23rd amendment was made on June 10, 2015.

The 24th amendment was made on June 3, 2016.

The 25th amendment was made on June 28, 2018.

The 26th amendment was made on June 21, 2019.

The 27th amendment was made on March 27, 2020.

**WT Microelectronics Co., Ltd.**

**Chairman: Eric Cheng**