



*Eris Tech.*

Stock Code: 3675

# 2020

Extraordinary Shareholders' Meeting

# Meeting Agenda

**Eris Technology Corporation**

Date : October 15, 2020 at 9:00 AM

Location : 6F., No.23, Lane: 155, Sec. 3, Beishen Rd.,  
Shenkeng Dist., New Taipei City 22203, Taiwan

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**ERIS Technology Corporation**  
**2020 Extraordinary Shareholders' Meeting**  
**Procedure**

1. Chairperson Calls Meeting to Order
2. Opening Remarks by the Chairperson
3. Discussion and Elections Items
4. Provisional Motions
5. Adjournment

# **ERIS Technology Corporation 2020 Extraordinary Shareholders' Meeting Agenda**

Time: 9:00 a.m., October 15, 2020

Place: 6F., No.23, Ln. 155, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City, Taiwan (R.O.C)

1. Chairperson Calls the Meeting to Order
2. Opening Remarks by the Chairperson
3. Discussion Items and Director Election
  - (1) Amendment to the Articles of Incorporation
  - (2) To elect for tenth term of directors
  - (3) Rescind non-competition restriction on new directors and their representative of the Company
  - (4) Amendment to the Procedures for Acquisition or Disposal of Assets
4. Provisional Motions
5. Adjournment

## Discussion and Elections Items

### Item 1

**Subject:** Amendment to the Articles of Incorporation

**Explanation:** To satisfy the Corporation's operation demand, it is proposed to amend some provisions of the Articles of Incorporation. The comparison table for the amended provisions are on Appendix 1.

### Item 2

**Subject:** To elect for tenth term of directors

**Explanation:**

- (1) Since ninth term of directors expired, the Corporation plans to reelect all directors. The terms of former directors extend to by-election date.
- (2) Article 15 of ERIS's Articles of Incorporation states that the Corporation's Board of Directors shall have seven directors, of which at least three must be independent. The term of office of a director shall be three years (from October 15, 2020 to October 14, 2023).
- (3) The election shall be complied with ERIS's Rules for Election of Directors
- (4) Independent directors shall be elected by adopting candidate's nomination system as specified in Article 15 of ERIS's Articles of Incorporation, Article 14-2 of Securities and Exchange Act, and Article 192-1 of Company Act. Shareholders shall elect the independent director from the List of Independent Director Candidate, whose qualifications and relevant information have reviewed by the Board of Directors as follow:

Independent Director Candidate	Education	Experience/Current Position	Shareholding (shares)
Ding,Huei-Min	<ul style="list-style-type: none"> <li>• Master Degree in Accounting, National Chengchi University</li> </ul>	<ul style="list-style-type: none"> <li>• Vice President of Administration, Simplo Co., Ltd. (Resigned)</li> <li>• Associate of Operation Headquarters in Asia, Philips Semiconductors</li> </ul>	0
Lin,Kun Shan	<ul style="list-style-type: none"> <li>• Phd Degree in Electrical Engineering, University of New Mexico</li> </ul>	<ul style="list-style-type: none"> <li>• Vice President, Texas Instruments (Resigned)</li> <li>• Senior Consultant, Nuvoton (Resigned)</li> </ul>	0
Tan, Xiao Guang	<ul style="list-style-type: none"> <li>• Bachelor Degree in Electrical Engineering, National Cheng Kung University</li> <li>• Master Degree in Electrical Engineering, Southern Methodist University</li> </ul>	<ul style="list-style-type: none"> <li>• Vice President, Texas Instruments (Resigned)</li> <li>• Vice President of Administration, Diodes Incorporated (Resigned)</li> </ul>	0

### **Item 3**

**Subject:** Rescind non-competition restriction on new directors and their representative of the Company

**Explanation:**

- (1) Article 209 of Company Act states that a director who does anything for himself or on behalf of another person that is within the scope of the Corporation's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) Since new directors invest or operate other business similar to the scope of the Corporation's business, it is proposed to the shareholders' meeting for rescinding non-competition restriction according to Article 209 of the Company Act.

### **Item 4**

**Subject:** Amendment to the Procedures for Acquisition or Disposal of Assets

**Explanation:** To satisfy the Corporation's operations management, it is proposed to amend some provisions of the Acquisition or Disposal of Assets. The comparison table for the amended provisions are on Appendix 2.

## **Provisional Motions**

## **Adjournment**

## Attachment 1

Article	After the Revision	Before the Revision
Section II Article 6	<p>The total capital stock of the Corporation shall be in the amount of <b><u>700,000,000 New Taiwan Dollars</u></b>, divided into <b><u>70,000,000 common shares</u></b>, at ten New Taiwan Dollars each.</p> <p>Unissued Capital Stock is authorized the Board of Directors to be paid-up in installments.</p>	<p>The total capital stock of the Corporation shall be in the amount of 500,000,000 New Taiwan Dollars, divided into <u>50,000,000</u> common shares, at ten New Taiwan Dollars each.</p> <p>Unissued Capital Stock is authorized <u>the Board of Directors to be paid-up in installments. A total of 1,500,000 shares among the above total capital stock should be reserved for issuing employee stock options, and the Board of Directors is authorized to be paid-up in installments.</u></p>
Section IV Article 15	<p>The Corporation shall have five to seven Directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office of a director shall not exceed three years; but he/she may be eligible for re-election. In case no election of new directors is affected 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. <b><u>A candidate nomination system is adopted by a company for election of the directors of the Corporation.</u></b> Any shareholder holding 1% or more of the total number of outstanding shares issued by the Corporation or <b><u>list of director candidates proposing by the Board of Directors shall be submitted to shareholders' meeting, and elected by shareholders from the list of director candidates.</u></b></p> <p>The Corporation shall purchase liability insurance for its directors by the resolution of the Board of Directors.</p>	<p>The Corporation shall have five to seven Directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office of a director shall not exceed three years; but he/she may be eligible for re-election. In case no election of new directors is affected 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. A candidate nomination system is adopted by a company for election of the <u>independent</u> directors of the Corporation. Any shareholder holding 1% or more of the total number of outstanding shares issued by the Corporation or list of <u>independent</u> director candidates proposing by the Board of Directors shall <u>be reviewed their qualification by the Board of Directors, submitted to shareholders' meeting, and elected by shareholders from the list of director candidates.</u></p> <p>The Corporation shall purchase liability insurance for its directors by the resolution of the Board of Directors.</p>

<p>Article 16</p>	<p>To comply with Articles 14-2 of Securities and Exchange Act, <b><u>the Corporation appoints independent directors, and independent directors</u></b> shall not be less than two in number and not less than one-fifth of the total number of directors. Independent directors shall be elected by shareholders' meeting from among the nominees listed in the roster of candidates. Qualification and other compliance matters of independent directors shall comply with related provisions of security authority.</p>	<p>To comply with Articles 14-2 of Securities and Exchange Act, <u>if</u> the Corporation <u>may</u> appoint independent directors, <u>its</u> independent directors shall not be less than two in number and not less than one-fifth of the total number of directors. Independent directors shall be elected by shareholders' meeting from among the nominees listed in the roster of candidates. Qualification and other compliance matters of independent directors shall comply with related provisions of security authority.</p>
<p>Article 28</p>	<p>These Articles of Incorporation are agreed on August 8, 1995. The first Amendment on May 7, 2001. The second Amendment on June 5, 2001. The third Amendment on September 20, 2002. The fourth Amendment on November 20, 2002. The fifth Amendment on June 1, 2005. The sixth Amendment on June 1, 2006. The seventh Amendment on June 5, 2007. The eighth Amendment on November 27, 2007. The ninth Amendment on July 18, 2008. The tenth Amendment on March 18, 2009. The eleventh Amendment on January 19, 2010. The twelfth Amendment on December 20, 2010. The thirteenth Amendment on June 28, 2011. The fourteenth Amendment on June 26, 2012. The fifteenth Amendment on October 3, 2014. The sixteenth Amendment on March 31, 2016. The seventeenth Amendment on October 13, 2017. <b><u>The eighteenth Amendment on October 15, 2020.</u></b></p>	<p>These Articles of Incorporation are agreed on August 8, 1995. The first Amendment on May 7, 2001. The second Amendment on June 5, 2001. The third Amendment on September 20, 2002. The fourth Amendment on November 20, 2002. The fifth Amendment on June 1, 2005. The sixth Amendment on June 1, 2006. The seventh Amendment on June 5, 2007. The eighth Amendment on November 27, 2007. The ninth Amendment on July 18, 2008. The tenth Amendment on March 18, 2009. The eleventh Amendment on January 19, 2010. The twelfth Amendment on December 20, 2010. The thirteenth Amendment on June 28, 2011. The fourteenth Amendment on June 26, 2012. The fifteenth Amendment on October 3, 2014. The sixteenth Amendment on March 31, 2016. The seventeenth Amendment on October 13, 2017.</p>



## Attachment 2

Article	After the Revision	Before the Revision
Article 9	<p>2. Appraisal and operating:</p> <p>When a public company intends to acquire or dispose of real property or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Corporation's total assets, or NT\$300 million or more. The Corporation may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half of audit committee and submitted to the Board for resolution.</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Article 9, paragraph 3, subparagraph 1 and 4.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Corporation and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in</p>	<p>2. Appraisal and operating:</p> <p>When a public company intends to acquire or dispose of real property or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Corporation's total assets, or NT\$300 million or more. The Corporation may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half of audit committee and submitted to the Board for resolution.</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Article 9, paragraph 3, subparagraph 1 and 4.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Corporation and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in</p>

	<p>compliance with the preceding article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 14, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Corporation's Board of Directors may pursuant to Article 7, <b>paragraph 2, subparagraph 2</b> delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p>	<p>compliance with the preceding article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 14, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Corporation's Board of Directors may pursuant to Article 7, <u>paragraph 1, subparagraph 3</u> delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p>
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<p>Article 19</p>	<p>These Articles of Incorporation are agreed on June 16, 2009. The first Amendment on January 19, 2010. The second Amendment on June 25, 2012. The third Amendment on October 13, 2014. The fourth Amendment on March 31, 2016. The fifth Amendment on May 31, 2019. <u>The sixth Amendment on October 15, 2020.</u></p>	<p>These Articles of Incorporation are agreed on June 16, 2009. The first Amendment on January 19, 2010. The second Amendment on June 25, 2012. The third Amendment on October 13, 2014. The fourth Amendment on March 31, 2016. The fifth Amendment on May 31, 2019.</p>
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# ERIS Technology Corporation

## Articles of Incorporation

### Section I – General Provisions

#### Article 1

The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 德微科技股份有限公司 in the Chinese language, and Eris Technology Corporation in the English language.

#### Article 2

The scope of business of the Corporation shall be as follows:

01. CC01110 Computer and Peripheral Equipment Manufacturing
02. F113050 Wholesale of Computers and Clerical Machinery Equipment
03. F213030 Retail Sale of Computers and Clerical Machinery Equipment
04. E605010 Computer Equipment Installation
05. I301010 Information Software Services
06. I301020 Data Processing Services
07. I301030 Electronic Information Supply Services
08. F401010 International Trade
09. CC01080 Electronics Components Manufacturing
10. F119010 Wholesale of Electronic Materials
11. E603050 Automatic Control Equipment Engineering
12. CB01010 Mechanical Equipment Manufacturing
13. CP01010 Hand Tools Manufacturing
14. E604010 Machinery Installation
15. F113010 Wholesale of Machinery
16. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

#### Article 3

The Corporation shall have its head office in New Taipei City, Taiwan, Republic of China, and shall be free to set up branch offices with the resolution of the Board of Directors, at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.

#### Article 4

The Corporation shall make endorsements/guarantees for others which complying with Article 5 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public

Companies.

#### **Article 5**

When the Corporation shall reinvest and become a limited liability shareholder, the amount of total investment shall have no restrictions.

### **Section II – Capital Share**

#### **Article 6**

The total capital stock of the Corporation shall be in the amount of 500,000,000 New Taiwan Dollars, divided into 50,000,000 common shares, at ten New Taiwan Dollars each. Unissued Capital Stock is authorized the Board of Directors to be paid-up in installments. A total of 1,500,000 shares among the above total capital stock should be reserved for issuing employee stock options, and the Board of Directors is authorized to be paid-up in installments.

#### **Article 6-1**

To comply Article 56-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, an issuer is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares. The price of employee stock options shall be at least below closing price of issue date.

#### **Article 6-2**

After the shares of the Corporation were listed, complied with the Article 10-1 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, an issuer is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares. Repurchases its own shares for the purpose of transferring them to its employees shall be at least below listed matters.

#### **Article 7**

The Corporation may issue shares without printing share certificate(s). If the Corporation decides to print share certificates for shares issued, the transfer and creation of pledge for the shares registered with a centralized securities depository enterprise.

#### **Article 8**

Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

#### **Article 9**

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Corporation shall follow the

“Guidelines for Stock Operations for Public Companies” unless specified otherwise by law and securities regulations.

## **Section II – Shareholder Meeting**

### **Article 10**

Shareholders' meeting shall be of the following two kinds. Regular meeting of shareholders shall be held at least once every year and be convened within six months after close of each fiscal year. Special meeting of shareholders shall be held when necessary. A shareholders meeting shall, unless otherwise provided for in Company Act, be convened by the Board of Directors.

A regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. As of Special meeting of shareholders, a meeting notice shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. According to regulatory requirements, shareholders may also be noticed by an electronic transmission. Shareholders holding less than 1,000 shares shall be noticed by announcement.

### **Article 11**

The shareholders' meeting shall be presided over by the Chairman of the Board of Directors of the Corporation. In his absence, the chairman of the meeting shall be appointed; whereas for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, 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 12**

If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it, and to exercise, on his/her behalf, all rights at the meeting, in accordance with Article 177 of the Company Law. The representative to attend shareholder meeting shall be complied with the provisions of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

#### **Article 12-1**

Except in the circumstance of the Article 179 of Company Act, a shareholder shall have one voting power in respect of each share in his/her/its possession. Shareholders may also vote via an electronic voting system, of which exercise method shall be stated in the notice of shareholders' meeting.

#### **Article 12-2**

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the Corporation a proposal for discussion at a regular shareholders' meeting. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in

person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

#### **Article 13**

Resolutions at a shareholders' meeting shall, unless otherwise provided for in this Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

#### **Article 14**

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Corporation within twenty (20) days after the close of the meeting.

The preparation and distribution of the minutes of shareholders' meeting as required in the preceding paragraph may be affected by means of electronic transmission.

#### **Article 14-1**

The Corporation may apply for an approval of ceasing its status as a public company by shareholders' meeting for review and approval. The present Article shall remain unchanged during the Corporation's listing in emerging, OTC, and stock exchange markets.

#### **Article 14-2**

(Deleted)

### **Section IV – Directors**

#### **Article 15**

The Corporation shall have five to seven Directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office of a director shall not exceed three years; but he/she may be eligible for re-election. In case no election of new directors is affected 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. A candidate nomination system is adopted by a company for election of the independent directors of the Corporation. Any shareholder holding 1% or more of the total number of outstanding shares issued by the Corporation or list of independent director candidates proposing by the Board of Directors shall be reviewed their qualification by the Board of Directors, submitted to shareholders' meeting, and elected by shareholders from the list of director candidates.

The Corporation shall purchase liability insurance for its directors by the resolution of the Board of Directors.

#### **Article 15-1**

The cumulative voting method shall be used for election of the directors at this Corporation. In the process of electing directors at a shareholders' meeting, 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 ballots cast represent a prevailing number of votes shall be deemed a director elect.

#### **Article 16**

To comply with Articles 14-2 of Securities and Exchange Act, if the Corporation may appoint independent directors, its independent directors shall not be less than two in number and not less than one-fifth of the total number of directors. Independent directors shall be elected by shareholders' meeting from among the nominees listed in the roster of candidates. Qualification and other compliance matters of independent directors shall comply with related provisions of security authority.

#### **Article 16-1**

The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convenor, and at least one of whom shall have accounting or financial expertise. A public company establishing an audit committee shall do so in accordance with the provisions of the Act and of these Regulations; provided, where another law provides otherwise, the provisions of such law shall prevail.

#### **Article 17**

The Board of Directors shall be composed of the entire number of directors. The Directors shall elect from among themselves a chairman of the Board of Directors, and may elect a vice chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman shall not have a second or casting vote at any meeting of the Board of Directors. The chairman of the Board of Directors shall have the authority to represent the Corporation.

#### **Article 18**

Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened by the Director who has received the largest number of votes after such new election, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside over all meetings of the Board of Directors. Such prescribed notices may be waived in writing or electronics transmission. In his absence, the chairman of the meeting shall be appointed; whereas for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided.

#### **Article 19**

Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting. In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be



discussed at the meeting. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

#### **Article 20**

Resolutions adopted at the Board shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all directors of the Corporation within twenty (20) days after the close of the meeting.

#### **Article 22**

The salary of the Directors, whether the Corporation generates a profit or a loss, shall be taken into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.

### **Section V - Management of the Corporation**

#### **Article 23**

A company may have one or more managerial personnel in accordance with the Article 29 of Company Act.

### **Section VI – Accounting**

#### **Article 24**

The fiscal year for the Corporation shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular shareholders' meeting for acceptance: 1) Business Report, 2) Financial Statements; 3) Proposal Concerning the Distribution of Earnings or Covering of Losses.

#### **Article 25**

Before paying dividends or bonuses to shareholders, the Corporation shall set aside 1-5% of its profits of the period for which the Corporation distributes the earnings as profit sharing bonuses to its employees by way of cash dividend and/or stock dividend. Employees' profit-sharing bonuses are resolved by a majority vote at a Board of Directors meeting attended by at least two-thirds of the total number of directors and shall be reported to the shareholders' meeting.

Provided, however, that the Corporation shall have reserved a sufficient amount to offset its accumulated losses.

#### **Article 25-1**

When allocating the earnings, the Corporation shall reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the Corporation, then set aside a special capital reserve in accordance with relevant laws or regulations or as requested

by the authorities in charge. If any earnings remain, with accumulated undistributed earnings, the Board of Directors shall propose distribution of earnings and submit to shareholders' meeting for the resolution.

Earnings of the Corporation may be distributed by way of cash dividend and/or stock dividend. Distribution of earnings may also be made by way of stock dividend, provided however, the ratio for stock dividend shall not exceed 10% of total distribution. Since the industry of the Corporation is in growing stage, the Board of Directors shall estimate the distribution of earning and submit to shareholders' meeting for the resolution.

#### **Section IV – Supplementary Provisions**

##### **Article 26**

The internal organization of the Corporation and the detailed procedures of business operation shall be determined by the Board of Directors.

##### **Article 27**

In regard to all matters not provided for in these Articles of Incorporation, the Company Law of the Republic of China shall govern.

##### **Article 28**

These Articles of Incorporation are agreed on August 8, 1995.

The first Amendment on May 7, 2001.

The second Amendment on June 5, 2001

The third Amendment on September 20, 2002

The fourth Amendment on November 20, 2002

The fifth Amendment on June 1, 2005

The sixth Amendment on June 1, 2006

The seventh Amendment on June 5, 2007

The eighth Amendment on November 27, 2007

The ninth Amendment on July 18, 2008

The tenth Amendment on March 18, 2009

The eleventh Amendment on January 19, 2010

The twelfth Amendment on December 20, 2010

The thirteenth Amendment on June 28, 2011

The fourteenth Amendment on June 26, 2012

The fifteenth Amendment on October 3, 2014

The sixteenth Amendment on March 31, 2016

The seventeenth Amendment on October 13, 2017

# ERIS Technology Corporation Procedures for Acquisition or Disposal of Assets

## Article 1

These Regulations are adopted in accordance with the provisions of the Securities and Exchange Act ("the Act") and the Procedures for Acquisition or Disposal of Assets by Financial Supervisory Commission (FSC).

## Article 2

The term "assets" as used in these Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset backed securities.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

## Article 3

Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding

Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. "Latest Financial Statements" used herein means the financial statements of the Corporation audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulation before the subject acquisition or disposal of assets.

#### **Article 4**

Limits of amounts of the acquisition of real estate and security investment for non-business use:

The amount of land, plants, and equipment by the Corporation and its Subsidiaries for business use is unlimited. The limits of amounts of other assets are defined as follows:

1. The acquisition of real estate s by the Corporation for nonbusiness use shall not exceed 40% of the Corporation's equity.
2. The total amount of long and short-term security investments of the Corporation shall not exceed 70% of the Corporation's equity.
3. The amount of investment of the Corporation in each individual security shall not exceed 40% of the Corporation's equity.

#### **Article 5**

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall comply with the provisions of Article 5 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

#### **Article 6**

Where the Corporation acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for appraisal report or CPA opinion.

## Article 7

The procedures of the Corporation's asset acquisition or disposal are as follows:

1. Appraisal and operating: When the Corporation engages in any acquisition or disposal of real estate, equipment, related right-of-use assets, in addition to ensuring the compliance with the provisions of fixed assets cycle of internal control system.
2. Transaction terms and authorization limit:
  - (1) The prices of real property acquired or disposed shall be determined based on the current official land prices, the values appraised and the trading prices of nearby real property, and shall be present to Chairman with analysis report. The transaction price below NTD\$30 million shall be approved by Chairman and submitting to the Audit committee meeting and next the board of directors for a resolution. The transaction price over NTD\$30 million shall further be approved by one-half or more of all audit committee members.
  - (2) The prices of equipment acquired or disposed shall be determined through any manner among price competition under restricted tendering, price negotiation under single tendering or open tendering. The transaction price below NTD\$500 thousand shall be approved by Associate. The transaction price between NTD\$500 thousand and NTD\$3 million shall be approved by general manager. The transaction price over NTD\$3 million shall be approved by Chairman and also by one-half or more of all audit committee members.
3. Executive units: The acquisition or disposal of the Corporation's real property, equipment or right-of-use assets shall be proceeded by the user department or executive unit.
4. The evaluation procedures of the Corporation's asset acquisition or disposal are as follows: Except for transactions with domestic government institutions, contracting third parties to construct on land owned or leased by the Corporation, or acquisition of equipment or related right-of-use assets for business use, an appraisal report issued by a Professional Appraiser shall be obtained, prior to the Date of the Event for any acquisition or disposal of real estate, equipment or related right-of-use assets by the Corporation the amount for which is 20% of the Corporation's paid-in capital or NT\$300 million, and the following provisions shall be complied with:
  - (1) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction shall be approved by one-half or more of all audit committee members and the Board. The above procedures shall also be followed in case the transaction terms are changed subsequently.
  - (2) If the transaction price is over NT\$1 billion, the Corporation shall retain at least two Professional Appraisers to perform the appraisal.
  - (3) unless all the appraisal results for the assets to be acquired exceed the transaction price, or all the appraisal results for the assets to be disposed are less than the transaction

price, the Corporation shall request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 and issue a statement on the reasons for such discrepancy and the fairness of the transaction price.

A. the discrepancy between the result of the appraisal report of the Professional Appraiser and the transaction price exceeds 20% of the transaction price

B. the discrepancy between the two appraisal reports is over 10% of the transaction price

- (4) The appraisal report shall be issued within 3 months before the contract date; provided that if the asset's publicly declared value remains the same and the appraisal report was issued no longer than 6 months, the original Professional Appraiser may present supplemental opinions.

## **Article 8**

The procedures of the Corporation's securities acquisition or disposal are as follows:

1. Appraisal and operating: When the Corporation engages in any purchasing and selling of securities, in addition to ensuring the compliance with the provisions of long and short-term cycle of internal control system.
2. Transaction terms and authorization limit:
  - (1) The securities obtained through the Centralized Trading Market or GreTai Securities Market ("GTSM") of the Republic of China shall be disposed based on the market at that time
  - (2) For the securities not obtained or disposed through the Centralized Trading Market or GTSM, the prices shall be estimated on the financial statements of the Corporation audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulation before the subject acquisition or disposal of assets, and taking into account the net worth per share, profitability, potential of future.
  - (3) Acquisition or disposal of long-term securities shall be approved by one-half of audit committee members, and submitted to the Board for resolution.
  - (4) Short-term securities market is for investing with a publicly quoted price from an active market and without high transaction fee and price loss. The disposal of the investing amount below NTD\$30 million shall be approved by Chairman. The disposal of the investing amount above NTD\$30 million shall be approved by one-half audit committee members, and submitted to the Board for resolution.
3. Executive units: The Corporation's investment in the long and short-term securities shall be executed by the Finance Department.
4. Public Announcement and Declaration: Before the Date of the Event of the acquisition or disposal of securities, the latest financial statements of the target company audited or reviewed by a certified public accountant shall be obtained for the assessment and reference of the transaction price. Should the transaction price reach 20% of the Corporation's paid-in capital

or NT\$300 million, a fairness opinion issued by a certified public accountant shall be obtained before the Date of the Event of such acquisition or disposal of securities. If the certified public accountant engaged needs to use the report of an expert as evidence, such certified public accountant shall do so in accordance with the provisions of Auditing Standard No. 20; provided however, that these requirements are not applicable if such securities have a publicly quoted price from an active market or if the regulatory authorities require otherwise.

#### **Article 8-1**

The Corporation shall not abandon the investment of capital increase of Keep High Ltd. every year; Keep High Ltd. shall not abandon the investment of capital increase of Forever Eagle Inc. every year; Forever Eagle Inc. shall not abandon the investment of capital increase of Jiecheng Electronic Trade (Shanghai) Co., Ltd. every year. The Corporation shall abandon the investment of capital increase of or dispose the shares of aforementioned companies in the future based on strategic alliance consideration or approval of other competent authorities after approved by one-half audit committee members and submitted to the Board for resolution.

#### **Article 9 Related Party Transactions**

1. When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Corporation's total assets, the Corporation shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
2. Appraisal and operating: When a public company intends to acquire or dispose of real property or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Corporation's total assets, or NT\$300 million or more. The Corporation may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half of audit committee and submitted to the Board for resolution.
  - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
  - (2) The reason for choosing the related party as a transaction counterparty.
  - (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Article 9, paragraph 1 and 4.
  - (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the

Corporation and the related party.

- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund's utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 14, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between a public Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Corporation's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

### 3. Reasonableness of the transaction evaluation

- (1) A public company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
  - A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Corporation purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
  - B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) A public company that acquires real property or right-of-use assets thereof from a related



party and appraises the cost of the real property or right-of-use assets thereof in accordance with the Article 9, paragraph 3, subparagraph 1 to 4 shall also engage a CPA to check the appraisal and render a specific opinion.

(4) When the results of a public Company's appraisal conducted in accordance with the Article 9, paragraph 3, subparagraph 1 and 2 are uniformly lower than the transaction price, the matter shall be handled in compliance with the Article 9, paragraph 3, subparagraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

A. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

I. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

II. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

III. Leasing by unrelated parties within the preceding year involving other floors of the same property, where the land area and leasing terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

B. Where a public company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for

parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

- (5) Where a public company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the Article 9, paragraph 3, subparagraph 1 to 2 are uniformly lower than the transaction price, the following steps shall be taken:
- A. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
  - B. Audit committee shall comply with Article 218 of the Company Act.
  - C. Actions taken pursuant to the Article 9, paragraph 3, subparagraph 5 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

A public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

- (6) Where a public company acquires real property thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Article 9, paragraph 1 and 2, and the preceding paragraph 3, subparagraph 1 to 3 paragraphs do not apply:
- A. The related party acquired the real property thereof through inheritance or as a gift.
  - B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property thereof to the signing date for the current transaction.
  - C. The real property is acquired through signing of a joint development contract with the related party.
- (7) When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the Article 9, paragraph 3, subparagraph 1 to 3 if there is other evidence indicating that the acquisition was not an arm's length transaction.

## **Article 10 Acquisition or Disposal of Membership or Intangible Assets**

1. Appraisal and operating: The Corporation's acquisition or disposal of membership or intangible assets shall be complied to fixed asset cycle of internal control system.
2. Transaction terms and authorization limit:
  - (1) The price of acquisition or disposal of membership shall be used market value and transaction terms and value as a reference, and shall be presented to Chairman and general manager with analysis report. The transaction price below NTD\$3 million shall be approved by Chairman and submitted to the audit committee meeting and next the board of directors. The transaction price over NTD\$3 million shall further be approved by one-half or more of all audit committee members and submitted to the Board for resolution.
  - (2) The price of acquisition or disposal of intangible assets shall be used appraisal reports, market value, transaction terms and value as a reference, and shall be presented to Chairman. The transaction price below NTD\$30 million shall be approved by Chairman and submitted to the audit committee meeting and next the board of directors. The transaction price over NTD\$30 million shall further be approved by one-half or more of all audit committee members and submitted to the Board for resolution.
3. Executive units: The Corporation's investment in the membership and intangible assets shall be executed by the Finance Department.
4. Membership and intangible assets appraisal report: Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Corporation shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

## **Article 11**

The Corporation does not intend to engage in acquisition or disposal of receivables by a financial institution. If it subsequently wishes to engage in derivatives trading, it will still be required first to submit to audit committee, approved by one-half, and submitted to the Board for resolution.

## **Article 12**

1. Transaction Discipline:
  - (1) Transaction Type:
    - A. The Corporation's derivatives value is derived from assets, interest rates, foreign exchange rate, or index of prices or rates (Forward contracts, options contracts, futures contracts, interest rate or foreign exchange rate, swap contracts, or hybrid contracts combining the above contracts).

- B. The transaction of bond marginals shall be complied with Article 12 related regulation, while the transaction of bonds under repurchase agreements shall not be complied with this Article.
- (2) Operating and hedging strategies: The Corporation may engage in derivatives trading for hedging purpose to exempt or minimize the financial risk from foreign exchange or interest rates fluctuations without aiming at making profit. Derivatives trading for other purposes shall cautiously examine, present to audit committee, approve by one-half, and submit to the Board for the resolution.
- (3) Segregation of duties:
- A. Financial personnel:
- I. Trading personnel:
- Create strategies of derivatives transaction management
  - In charge of the derivatives trading positions, forecasting trends, collecting relevant information, and evaluating risks. The approval of competent authority is required to support derivatives transactions
  - Conduct derivatives transaction based on limits of authority
  - When there are major changes in financial markets and related personnel regard planned strategy as inadequate, evaluation report of revised strategy shall be submitted to Chairman to support derivatives transactions
- II. Accounting personnel:
- Confirm the operation of derivatives transaction
  - Audit the assurance of authority and strategy operation
  - Produce monthly report to Chairman
  - prepare accounting records based on relevant transaction vouchers
  - Declare and announce based on the regulation of FSC
- III. Settlement personnel: Conduct derivatives transaction settlement
- IV. Limits of trading authorization
- Limits of authorization of hedging purpose transaction: The amount of total unsettled trading contracts for hedging purpose shall not exceed USD\$1 million and be approved by financial manager. The amount of total unsettled trading contracts between USD\$1-10 million shall be approved by Chairman.
  - Limits of authorization of other purpose transaction: Reported to audit committee, approved by one-half of its members, and submitted to the Board for resolution.
- B. Internal Audit Systems:
- The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures of engaging in derivatives trading, and prepare a report accordingly. If any material violation is

discovered, all members of the Audit Committee shall be notified in writing.

(4) Performance evaluation:

- A. Hedging purpose transaction: assess the profit or loss with respect to the foreign currency position held on monthly basis to control trading evaluation risks
- B. Specific purpose transaction: analyze the position held and the profit or loss and produce reports senior management.

(5) The maximum number and loss limit of total contracts:

- A. The maximum number of total contracts:
  - I. hedging purpose transaction: The maximum amount of unsettled trading contracts for hedging purpose is two-third of the Corporation's net position. If the maximum limit is exceeded, the Chairman must be notified and approve.
  - II. specific purpose transaction: Financial department shall plan strategy in terms of forecast of market trend, and conduct after the approval of Chairman. The maximum amount of unsettled trading contracts for specific purpose is USD\$10 million. If the maximum limit is exceeded, the audit committee must be notified with the approval of one-half members.
- B. The maximum loss limit of total contracts:
  - I. hedging purpose transaction: no loss limit of hedging purpose transaction
  - II. specific purpose transaction: The maximum loss limit for unsettled trading contracts is 10% of total contracts, while the maximum loss limit for individual contract is USD\$20 thousand or 5% of total contracts. If the maximum limit is exceeded, the Chairman must be notified immediately, and audit committee and the Board shall be reported to discuss.
  - III. Annual maximum loss limit for specific purpose transaction is USD\$300 thousand.

2. Measures of Risk Management

- (1) Credit risk: The trading counterparts shall be confined to internationally renowned, creditable banks.
- (2) Market risk: Primarily those derivatives popularly traded in the international community, and avoid the use of the specifically designed products.
- (3) Liquidity risk: Primarily those banks with huge trading volume and with the ability to provide competitive quotation.
- (4) Cash flow risk: When carrying out a transaction, it is necessary to take into consideration the impact on the Corporation's cash flows.
- (5) Operational risk: Strictly comply with the transaction operation procedure to avert operational risks.
- (6) Financial product risk: Related personnel shall be familiar with professional knowledge and require banks to disclose adequate risks.
- (7) Legal risk: The documents signed with trading counterparts shall be confined to the

contracts popularly used in the market. Any unique contracts shall not be put into use until viewed and recommended by the Legal Department or an Attorney-at-Law.

3. Internal Audit Systems:

- (1) The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures of engaging in derivatives trading, and prepare a report accordingly.
- (2) The audit report shall be, in conjunction with the annual internal audit performance report, submitted and declared to the security's regulatory authority in the prescribed format through the Internet no later than the last day of February of the ensuing year. The performance of corrective action in response to the irregularities shall also be submitted and declared to the security's regulatory authority no later than last day of May of the ensuing year. If any material violation is discovered, all members of the Audit Committee shall be notified in writing.

4. Methods of Regular Evaluation

- (1) The senior management personnel designated by the Board of Directors shall pay continuous attention to monitoring and controlling derivatives trading risk and periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Corporation's permitted scope of tolerance.
- (2) Unsettled derivatives transaction shall be evaluated on weekly basis, while derivatives transaction for sales shall be evaluated twice a month. The evaluation report shall be submitted to senior management personnel designated by the Board of Directors.

5. Derivatives Transaction Management

- (1) the senior management personnel designated by the Board of Directors shall periodically evaluate
  - A. whether the risk management measures currently employed are appropriate and whether such measures are faithfully conducted in accordance with the Procedures.
  - B. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, the manager in Finance Department shall take appropriate measures and shall immediately report to the Board of Directors. Independent director(s) shall be present at the Board Meeting and express his/her opinion.
- (2) The senior management personnel designated by the Board of Directors shall pay continuous attention to monitoring and controlling derivatives trading risk and periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Corporation's permitted scope of tolerance.
- (3) If, in accordance with the Procedures, the Corporation authorizes related personnel to

engage in derivative trading, such trading shall be reported to the next meeting of the Board of Directors afterwards.

- (4) The Corporation engaging in derivatives trading shall establish a memorandum book in which details of the types and amounts of derivatives trading engaged in, Board of Directors' approval dates, and the matters required to be carefully evaluated under paragraph 4 and 5 of Article 12 shall be recorded in detail in the memorandum book.

### **Article 13 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares**

#### 1. Appraisal and operating:

- (1) A public company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- (2) A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

#### 2. Others Announcement:

- (1) A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of

extraordinary circumstances and grants consent.

- (2) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
  - A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
  - B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
  - C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of the Board of Directors' meetings.
- (3) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.
- (4) Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (5) Public companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
  - A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
  - B. An action, such as a disposal of major assets, that affects the company's financial operations.
  - C. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  - D. An adjustment where any of the companies participating in the merger, demerger,



- acquisition, or transfer of shares from another company, buys back treasury stock.
- E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (6) The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- A. Handling of breach of contract.
  - B. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  - C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  - D. The manner of handling changes in the number of participating entities or companies.
  - E. Preliminary progress schedule for plan execution, and anticipated completion date.
  - F. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (7) After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (8) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 25, Article 26, and the preceding article.

#### **Article 14 Public Disclosure of Information**

1. Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
  - (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related

party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements.

- (2) Merger, demerger, acquisition, or transfer of shares.
  - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Corporation.
  - (4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
    - A. Trading of domestic government bonds.
    - B. Where done by professional investors—securities trading on securities exchanges or OTC markets.
    - C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
    - D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount is below NTD\$500 million.
    - E. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NTD\$500 million.
    - F. Where land is acquired under an arrangement on engaging others to build on the Corporation's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Corporation expects to invest in the transaction reaches NT\$500 million.
2. The amount of transactions above shall be calculated as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
- (1) The amount of any individual transaction.
  - (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.

- (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
  - (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
3. A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Corporation and any Subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
4. When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.
5. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.
6. Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
  - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
  - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - (3) Change to the originally publicly announced and reported information.

#### **Article 15**

1. The acquisition and disposal of assets of the Corporation's subsidiaries shall be complied with this Article
2. The Corporation's subsidiaries that is not itself a public company reach a threshold requiring public announcement and regulatory filing under Article 3, and the Corporation shall disclose for its subsidiaries.
3. The paid-in capital or total assets of the public company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing.

## **Article 16**

In case of a breach of the fore-mentioned Guidelines or Procedures, the Corporation's personnel in execution unit will be subject to penalty in accordance with the Corporation's Performance Rating Regulations and Disciplines.

## **Article 17**

The Procedures adopted or amended shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution, and resolved by the shareholders' meeting. The same shall be applicable in case of amendment. If any director expresses dissent and it is recorded in the minutes of Board of Directors meeting or in a written statement, the Corporation shall submit the director's dissenting opinion to each member of the Audit Committee

When submitting the Procedures to the Board of Directors for discussion in accordance with the requirements of the preceding Article, the Board of Directors shall take into full consideration each independent director's opinions. Any objection or reservation expressed by an independent director should be recorded in the minutes of the Board of Directors meeting.

When the Procedures are adopted or amended, they shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all Audit Committee members" and "all directors" in this Article shall be counted as the actual number of people currently holding those positions.

## **Article 18**

For matters not provided for herein, it shall be handled in accordance with relevant laws and regulations.

## **Article 19**

These Articles of Incorporation are agreed on June 16, 2009.

The first Amendment on January 19, 2010.

The second Amendment on June 25, 2012.

The third Amendment on October 13, 2014.

The fourth Amendment on March 31, 2016.

The fifth Amendment on May 31, 2019.

# ERIS Technology Corporation

## Rules of Procedure for Shareholders Meetings

### Article 1

The Corporation's Shareholders' meeting (the "Meeting") shall be conducted in accordance with the Rules and Procedures.

**Article 2** meetings shall be convened by the board of directors.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

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

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall

publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

### **Article 3**

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

### **Article 4 (Principles determining the time and place of a shareholders meeting)**

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

### **Article 5**

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

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

When a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

## **Article 6**

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson.

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

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

## **Article 7**

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

## **Article 8**

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

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

## **Article 9**

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by

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

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

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

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

#### **Article 10**

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

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

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

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

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

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

#### **Article 11**

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote



on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

## **Article 12**

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a

person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

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

### **Article 13**

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

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

### **Article 14**

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

### **Article 15**

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the

shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

#### **Article 16**

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

#### **Article 17**

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

#### **Article 18**

The Rules and Procedures were enacted on June 26, 2012.

The 1st amendment was made on Oct 3, 2014.

# **ERIS Technology Corporation**

## **Rules of Procedures for**

### **Election of Directors**

#### **Article 1**

Elections of directors shall be conducted in accordance with these Procedures.

#### **Article 2**

Elections of directors shall be held at the shareholders meeting.

#### **Article 3**

The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

#### **Article 4**

The number of directors will be as specified in this Corporation's articles of incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

#### **Article 5**

The ballot shall be prepared by the board of directors, ordered by attendance card numbers, and stamped the number of voting rights.

#### **Article 6**

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

#### **Article 7**

The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

#### **Article 8**

Voters shall fill in the "candidate" column the candidate's name and shareholder's number. If the shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register, the voting shall be counted as candidate's name.

**Article 9**

A ballot is invalid under any of the following circumstances:

1. The ballot was not complied with Article 5.
2. Two or more candidate's names were filled in the ballots.
3. Other words or marks are entered in addition to the candidate's name or shareholder account number.

**Article 10**

"Candidate" column of a ballot is invalid under any of the following circumstances:

1. The writing is unclear and indecipherable or has been altered.
2. The candidate whose name is entered in the ballot do not conform with those given in the shareholder register.
3. The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them.

**Article 11**

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation.

**Article 12**

The board of directors of this Corporation shall issue notifications to the persons elected as directors or supervisors.

**Article 13**

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

## ERIS Technology Corporation

### The Share-holding Table of Directors

1. Total Paid-in Capital: NTD\$444,282,500. Total shares issued: 44,428,250 shares.
2. In accordance with Article 26 of the Securities and Exchange Law, the Corporation's directors shall at least hold a total of 3,600,000 shares.
3. The record (base) date is the date on which transfer is suspended, i.e., September 16, 2020.  
Current shareholdings owned by the directors:

Position	Name	Current Shareholding (shares)	Current Shareholding (%)	Representative
Chairman	Chang,En-Kij	2,111,332	4.75%	
Director	DIODES HOLDING B.V.	22,687,604	51.07%	Yu, Yu-Shu
Director	DIODES HOLDING B.V.	22,687,604	51.07%	Lai, Miao-Yin
Director	DIODES HOLDING B.V.	22,687,604	51.07%	Hwang, Wen-Chad
Independent Director	Ding,Huei-Min	0	0%	
Independent Director	Lin, Kun-Shan	0	0%	
Independent Director	Chou, Ben-Yi	0	0%	
<b>The total of all directors</b>		<b>24,798,936</b>	<b>55.82%</b>	

# *Eris Tech.*

Professional Discrete Semiconductor Manufacturer  
Stock Code: 3675

