

# **Darfon Electronics Corp.**

## **Articles of Incorporation**

### **Chapter 1: General Provisions**

Article 1       The Company is organized as a company limited by shares in accordance with the Company Act of the Republic of China (the "Company Act") and the Company's English name is DARFON ELECTRONICS CORP.

Article 2       The lines of business of the Company shall include the following:

1. CA05010   Powder Metallurgy
2. CC01110   Computer and Peripheral Equipment Manufacturing
3. CC01060   Wired Communication Mechanical Equipment Manufacturing
4. CC01070   Wireless Communication Mechanical Equipment Manufacturing
5. CC01080   Electronics Components Manufacturing
6. CC01990   Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
7. CQ01010   Mold and Die Manufacturing
8. CC01040   Lighting Equipment Manufacturing
9. F113050   Wholesale of Computers and Clerical Machinery Equipment
10. F119010   Wholesale of Electronic Materials
11. F401010   International Trade
12. I103060   Management Consulting
13. CC01101   Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
14. F401021   Controlled Telecommunications Radio-Frequency Devices and Materials Import
15. CC01030   Electrical Appliances and Audiovisual Electronic Products Manufacturing
16. F113020   Wholesale of Electrical Appliances
17. IG03010   Energy Technical Services
18. D101060   self-usage power generation equipment utilizing renewable energy industry
19. ZZ99999   All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3       The Company may provide guarantees or endorsements on behalf of third parties due to business or investment relationships with such third parties.

Article 4       The total amount of the Company's investment is not subject to the restriction of Article 13 of the Company Act.

Article 5 The head office of the Company shall be in Taoyuan, Taiwan, the Republic of China ("R.O.C."). Subject to the approval of the Board, the Company may, if necessary, set up branches or business offices at other appropriate place.

Article 6 The Company's announcement method is in accordance with the provisions of Article 28 of the Company Act.

## **Chapter 2: Shares**

Article 7 The Company's total capital is rated at NT\$ 4.5 billion, divided into 450 million shares at NT \$ 10 per share, which was authorized to issue tranches by the Board of Directors. 15 million shares are reserved in the aforementioned total shares as shares for issuing employee stock option certificates. The company may issue employee stock options at a stock price lower than the market price, or less than the actual share repurchases, with the consent of the shareholders' meeting representing more than half of the total number of issued shares and the presence of more than two-thirds of the shareholders' voting rights to transfer to employees at average price.

Article 7-1 Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive treasury stock purchased by the Company.  
Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive share subscription warrant of the Company.  
Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive new shares issued by the Company.  
Employees of parent company or subsidiary meeting certain specific requirements are included to be entitled to receive restricted stock.

Article 8 The share certificates of the Company shall be all in registered form. The share certificates shall be affixed with the signatures or personal seals of the director representing the company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance.  
The Company may, pursuant to the applicable laws and regulations, deliver shares or other securities in book-entry form, instead of delivering physical certificates evidencing shares or other securities.

Article 9 The name change and transfer of the Company's stocks shall cease within 60 days before the shareholders' general meeting, within 30 days before the shareholders' extraordinary meeting or within 5 days before the Company's decision to distribute dividends or other benefits.

## **Chapter 3: Shareholders' Meetings**

Article 10 Shareholders' meetings shall be of two types, general meetings and extraordinary meetings. General meetings shall be convened annually by the Board within six months of the end of each fiscal year. Extraordinary meetings shall be convened in accordance with the relevant laws, whenever necessary.  
Shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 11 Unless otherwise provided in applicable law and regulations, a resolution shall be adopted at a meeting attended by the shareholders holding and representing a majority of the total issued and outstanding shares and at which meeting a majority of the attending shareholders shall vote in favor of the resolution. In case a shareholder is unable to attend a shareholders' meeting, such shareholder may issue a proxy in the form issued by the Company, setting forth the scope of authorization by signing and affixing such shareholder's seal on the proxy form for the representative to be present on such shareholder's behalf. Except for trust enterprises or other stock transfer agencies approved by the securities authorities, if a person is designated as proxy by more than two shareholders, any of such person's voting rights representing in excess of 3% of the total issued and outstanding shares shall not be considered. The relevant matters related to the use and rescission of the proxy shall be conducted in accordance with the Company Act and applicable rules.

#### **Chapter 4 Directors and Audit Committees**

Article 12 Directors shall be elected from a slate of director candidates, which are nominated under the Candidate Nomination System. The independent directors are selected by the shareholders' meeting on the list of independent director candidates. The professional qualifications, shareholding, part-time restrictions, identification of independence, nomination and selection methods of the independent directors and other matters to be complied with shall be handled in accordance with relevant laws. The voting rights of shareholders shall have one voting right per share, unless otherwise provided by laws and regulations.

Article 12-1 The Company may take out liability insurance for the directors with respect to the liabilities resulting from exercising their duties during their terms of office. The Board is authorized to determine the compensation for the directors, taking into account the extent and value of the services provided for the Company's operation and with reference to the standards of local and overseas industry.

Article 13 The Company shall have seven to nine directors. Within the entire Board, the Company shall have at least three independent directors on the Board. The shareholders' meeting shall elect the directors from among the nominees listed in the roster of director candidates. The term of office for all directors shall be three years and are eligible for re-election. The total shares held by the entire body of each director shall not be less than a specified percentage in accordance with the regulation prescribed by the Competent Authority.

Article 13-1 The Company shall set up the Audit Committee organized by all of the independent directors in accordance with the Securities and Exchange Act. The composition of the audit committee, duties, rules of meeting procedure and other compliance matters shall comply with the regulations prescribed by the securities supervisory authorities.

Article 14 The Board of Directors is organized by directors. The Chairman of the Board of Directors shall be elected from among the attending directors by a majority vote and with the attendance over two thirds of the seats in a meeting of the Board of Directors. The Chairman of the Board shall externally have the authority to represent the Company.

Article 15 Where a director is unable to attend a meeting of the Board, he may appoint another director to represent him by proxy in accordance with Article 208 of the Company Act. Each director may act as a proxy for one other director only.

The meeting of the Board of Directors shall be convened in accordance with the Company Act. In calling a meeting of the Board of Directors, a notice may be given to each director by means of electronic mail or facsimile.

## **Chapter 5 Managerial Officer**

Article 16 The Company may appoint a multiple number of managerial officers whose appointment, dismissal and compensations shall be conducted in accordance with the Company Act.

## **Chapter 6 Accounting**

Article 17 The Company's fiscal year is from January 1 to December 31 of the same year.

Article 18 After the end of each fiscal year, the Board shall prepare and submit the following documents: (1) business report, (2) financial statements, (3) proposal for allocation of earnings or recovery of loss, which shall be submitted to the audit committee for verification 30 days before the shareholders' meeting. The audit committee issued a report to the shareholders' general meeting for approval.

Article 19 Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside 5%-20% of the remaining profit for distribution to employees as remuneration and no more than 1% of the remaining profit for distribution to directors as remuneration. The Company may allocate employee's remuneration prescribed in the preceding paragraph in the form of stock or cash to employees of parent company or subsidiary meeting certain conditions. The Board or the person duly designated by the Board is authorized to decide the conditions and allocation method.

Article 19-1 Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to pay taxes and cover accumulated losses, and then 10% of the remaining net earnings shall be allocated as the Company's legal reserve and certain amount shall be further allocated as special reserve or the special reserve shall be reversed in accordance with applicable laws and regulations. The balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan proposed by the Board and approved by the shareholders' meeting. When the legal reserve and capital surplus are to be distributed in cash, the distribution may be approved by the Board of Directors in accordance with the Company Act and reported to the shareholders' meeting. When the Company distributes dividends and bonuses by issuing new shares, it should be handled in accordance with the provisions of the Company Act. The Company may distribute new shares or cash by way of legal reserve or capital reserve in accordance with Article 241, Item 2 of the Company Act. Where the means of cash is performed in the preceding paragraph, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.

Article 20 The Company is in a technology-intensive and capital-intensive technology industry at a developing stage coordinating with long-term capital planning and taking into account the shareholders' cash flow requirement, the Company's dividend policy is to pay dividends from surplus considering factors to improve the growth and sustainable operation of the Company. If there is distributable net profit more than 2% of the paid in

capital, the ratio for cash dividends shall not be less than 10% of total distribution. If it is less than 2%, the company might not distribute dividends.

When distributing dividends, in order to consider the needs of future expansion of operating scale and cash flow, the proportion of cash dividends paid each year shall not be less than 10% of the total amount of cash and stock dividends paid in the current year.

## **Chapter 7: Supplementary Articles**

Article 21 With respect to the matters not provided herein, the Company Act and other applicable laws and regulations shall govern.

Article 22 These Articles of Incorporation were enacted on April 30, 1997.  
The first amendment was made on March 4, 1998.  
The second amendment was made on April 29, 1999.  
The third amendment was made on June 14, 1999.  
The fourth amendment was made on March 29, 2000.  
The fifth amendment was made on October 11, 2000.  
The sixth amendment was made on March 8, 2001.  
The seventh amendment was made on April 10, 2001.  
The eighth amendment was made on April 19, 2002.  
The ninth amendment was made on May 8, 2003.  
The tenth amendment was made on April 27, 2005.  
The eleventh amendment was made on May 11, 2006.  
The twelfth amendment was made on October 2, 2006.  
The thirteenth amendment was made on May 15, 2007.  
The fourteenth amendment was made on May 27, 2008.  
The fifteenth amendment was made on June 10, 2009.  
The sixteenth amendment was made on June 9, 2010.  
The seventeenth amendment was made on June 15, 2011.  
The eighteenth amendment was made on June 21, 2012.  
The nineteenth amendment was made on June 24, 2015.  
The twentieth amendment was made on June 17, 2016.  
The twenty-first amendment was made on June 13, 2019.  
The twenty-second amendment was made on June 18, 2020.  
The twenty-third amendment was made on June 16, 2022.