

**Stock Code : 6887**

**BORETECH Resource Recovery  
Engineering Co., Ltd.**

**2025  
Annual General Shareholders' Meeting  
Meeting Handbook(Translation)**

**Date : 2025.06.23**

**Location : No. 99, Sec. 2, Liuying Rd., Liuying  
Dist., Tainan City**

**《Meeting Handbook》**  
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**BORETECH Resource Recovery Engineering Co., Ltd.**  
**Procedure of 2025 Annual General Shareholders' Meeting**

- 1. Report of Number of Shares Represented by Attendees**
- 2. Call Meeting to Order**
- 3. Chairman's Address**
- 4. Report Items**
- 5. Ratification Items**
- 6. Discussion Items**
- 7. Special Motions**
- 8. Meeting Adjourned**

**BORETECH Resource Recovery Engineering Co., Ltd.**  
**Agenda of 2025 Annual General Shareholders' Meeting**  
**(Translation)**

**Time and Date of Meeting: 10:00 a.m., Monday, June 23, 2025**

**Place of Meeting: No. 99, Sec. 2, Liuying Rd., Liuying Dist., Tainan City**

**Meeting Type: Physical Shareholders' Meeting**

- 1. Report of Number of Shares Represented by Attendees**
- 2. Call Meeting to Order**
- 3. Chairman's Address**
- 4. Report Items**

**(1) The Company's business report of 2024.**

**(2) The Audit Committee's review report of 2024.**

**(3) The directors and employees' compensation of 2024.**

- 5. Ratification Items**

**(1) Adoption of the Company's 2024 business report and financial statements.**

**(2) Adoption of the Company's distribution of 2024 profits.**

- 6. Discussion Items**

**(1) Approval of the amendment to the Company's " Amended and Restated Memorandum and Articles of Association".**

**(2) Approval of the amendment to the Company's " Operational Procedures for Loaning Funds to Others".**

- 7. Special Motions**

- 8. Meeting Adjourned**

## **Report Items**

**1. The Company's business report of 2024. (Please refer to Attachment 1)**

**2. The Audit Committee's review report of 2024. (Please refer to Attachment 2)**

**3. The directors and employees' compensation of 2024.**

- (1) Pursuant to the Company's Articles of Incorporation, during the listing period, and unless otherwise provided by the laws of the Cayman Islands, applicable listing regulations, or the Articles themselves, if the Company records a profit in the relevant fiscal year, an amount ranging from 3% to 10% of such profit shall be allocated as employee remuneration. Such allocation shall be made in the form of shares and/or cash, subject to a resolution adopted by a majority of the directors present at a board meeting attended by at least two-thirds of all directors. Furthermore, a portion not exceeding 2% of the annual profit may be allocated as directors' remuneration, also subject to the same board resolution requirements.
- (2) As the Company had not been listed during fiscal year 2024, it is proposed that no allocation be made for directors and employees' compensation for said fiscal year.

## **Ratification Items**

### **1. Adoption of the Company's 2024 business report and financial statements. (Proposed by the Board of Directors)**

#### **Explanatory Notes:**

The Company's 2024 Consolidated Financial Statements were audited and certified by Mr. HSU, MING-CHUAN and Mr. TIEN, CHUNG-YU, the CPA of PricewaterhouseCoopers.

Business Report of 2024 please refer to Attachment 1, and 2024 Consolidated Financial Statements please refer to Attachment 3.

#### **Resolved:**

### **2. Adoption of the Company's distribution of 2024 profits. (Proposed by the Board of Directors)**

#### **Explanatory Notes:**

The Company reported a net profit after tax of NT\$489,553,658 for the fiscal year 2024. A proposed earnings distribution schedule has been prepared accordingly (please refer to Attachment 4).

The Company proposes to distribute NT\$293,732,195 from the distributable earnings of fiscal year 2024 as cash dividends to shareholders, representing NT\$3.97445568 per share. Upon approval by the Annual General Meeting of Shareholders, it is proposed that the Chairman be authorized to determine the ex-dividend date, the actual distribution date, and other related matters.

The cash dividend distribution shall be calculated to the nearest whole New Taiwan dollar; any fractional amounts below one dollar shall be disregarded. The total amount of disregarded fractions shall be adjusted by descending order of decimal value and ascending order of shareholder account numbers to ensure the total distribution amount matches the approved cash dividend allocation.

In the event of any changes in the Company's share capital resulting in a variation in the number of outstanding shares, thereby affecting the dividend payout ratio, it is proposed that the Chairman be authorized by the shareholders' meeting to make corresponding adjustments to the distribution.

#### **Resolved:**

## **Discussion Items**

### **1. Approval of the amendment to the Company's "Amended and Restated Memorandum and Articles of Association". (Proposed by the Board of Directors)**

#### **Explanatory Notes:**

In order to meet the Company's actual operational needs, it is proposed to amend "Memorandum and Articles of Association" (hereinafter referred to as "M&AA") of the Company in accordance with relevant laws and regulations of Republic of China. Please refer to "Attachment 5" for the Comparison Table of Amendments to the Company's M&AA, the amended M&AA and their Chinese translation.

The amended M&AA shall become effective immediately after being adopted and approved at the shareholders' meeting and shall entirely replace the existing M&AA of the Company.

the Registered Office Provider of the Company is hereby instructed and authorized, after the Company resolves to amend its M&AA by Special Resolution of the shareholders' meeting, to apply to the Registrar of Companies of Cayman Islands for submission and filing of necessary documents.

#### **Resolved:**

### **2. Approval of the amendment to the Company's "Operational Procedures for Loaning Funds to Others". (Proposed by the Board of Directors)**

#### **Explanatory Notes:**

In order to meet the Company's actual operational needs, it is proposed to amend "Operational Procedures for Loaning Funds to Others" of the Company in accordance with relevant laws and regulations of Republic of China. Please refer to "Attachment 6" for the Comparison Table of Operational Procedures for Loaning Funds to Others.

#### **Resolved:**

**Special Motions**

**Meeting Adjourned**



## B 、Attachments

### Attachment 1

## BORETECH Resource Recovery Engineering Co., Ltd. Business Report of 2024

### i. For the year ended December 31, 2024.

#### 1 、 Business overview

Unit: TWD thousands

Items	2024	2023	Increased	Growth rate
Consolidated sales revenue	5,444,066	4,463,717	980,349	21.96%
Consolidated gross profit	1,166,250	1,113,930	52,320	4.70%
Consolidated operating income	549,392	543,203	6,189	1.14%
Consolidated profit before income tax	639,414	600,711	38,703	6.44%
Consolidated profit for the period	489,554	457,419	32,135	7.03%
Profit attributable to: Owners of the parent	489,554	457,419	32,135	7.03%
Basic earnings per share (in NT dollars)	7.51	7.02	0.49	6.98%

#### 2 、 Financial and Profitability analysis

Financial and Profitability Analysis			2024	2023
Items				
Financial Structure	Debt to Asset Ratio		46.83%	53.63%
	Long-term Funds to Properties, Plants and Equipment Ratio		307.67%	289.97%
Liquidity	Current ratio		167.61%	149.89%
	Quick ratio		94.09%	99.64%
Profitability	Return on Assets		11.90%	12.05%
	Return on Equity		23.50%	25.22%
	to Capital Ratio	Operating income	86.79%	83.31%
		Income before tax	98.07%	92.13%
	Net Margin		8.99%	10.25%
	Earnings per share (TWD)		7.51	7.02

Under the concerted efforts of all employees, Boretech Group achieved record-breaking performance in fiscal year 2024, reaching the highest consolidated revenue and profit in the Group's history. Consolidated revenue totaled NT\$5.444 billion, representing a 21.96% increase compared to the previous year. Revenue from the Chemical Fiber Division grew by 5%, the Engineering Equipment Division by 24%, and the rPET Raw Material Washing and Pelletizing Division by 65%. The consolidated net profit for the year reached NT\$490 million, an increase of NT\$32.14 million year-over-year. Earnings per share after tax were NT\$7.51. The operational performance for each business unit is summarized as follows:

##### (1) Chemical Fiber Division

In recent years, the chemical fiber market has experienced oversupply, leading to price-driven competition in mass-produced, homogeneous products. In response, Boretech has adopted a product differentiation strategy in its chemical fiber division, focusing on niche markets rather than pursuing high market share. By doing so, the Company has successfully distanced itself from price wars and maintained profitability. The differentiated product strategy has enabled the division to meet operational targets while achieving strong profit margins.

## (2) Engineering Equipment Division

In 2024, the Engineering Equipment Division maintained a leading market share for plastic washing systems in China, India, and Southeast Asia. Washing systems accounted for approximately 82% of total equipment revenue, while the remaining 18% came from fiber and pelletizing systems. As a foundational component in rPET production lines, washing systems have evolved to meet market trends and customer demands, expanding into integrated solutions for fiber and food-grade applications. With Boretech's technical capabilities and service standards reaching a high level in recent years, the division has continued to secure new orders and expand its market presence.

## (3) rPET Raw Material Washing and Pelletizing Division

Driven by growing consumer awareness of environmental sustainability and advancements in rPET production technology, the use of rPET in food packaging has increased steadily. Food-grade rPET now represents a major growth driver for Boretech's revenue. The Company's products have obtained certifications from the U.S. FDA, Japan's container inspection authorities, and Taiwan's Food and Drug Administration. Shipments have been made to food and beverage manufacturers in Japan, the U.S., and other countries. In 2024, the division saw significant growth in rPET revenue. Looking ahead, global policies promoting recycling and the circular economy, combined with increasing consumer preference for sustainable packaging, are expected to further boost market demand for rPET.

## ii. Our Business Prospects for 2025

### 1 、 Chemical Fiber Division

Despite ongoing challenges in both domestic and international economic environments and intensifying market competition, the Chemical Fiber Division remained committed to the goals set by management and successfully achieved the performance targets for fiscal year 2024. In 2025, the division will continue to consolidate its existing achievements by expanding the sales of flame-retardant fibers and ensuring sustained growth in high-margin products.

For hygiene fiber products, efforts will focus on enhancing product diversity and controlling costs to improve competitiveness. For flame-retardant fiber products, the key strategy will be to increase sales in overseas markets while also boosting brand awareness abroad. Additionally, the division will strengthen the promotion of colored fibers with the aim of making them the second-largest profit contributor after flame-retardant products. Overall, optimizing the product portfolio remains a strategic priority in 2025. The division seeks to increase the share of high-margin products, phase out low-margin operations, and continuously enhance the Company's overall profitability.

### 2 、 Engineering Equipment Division

Driven by strong economic growth in India—with GDP growth projected at 6.5% for 2025, making it the fastest-growing major economy in the world—India has become one of the most promising markets for bottle-to-bottle PET recycling equipment, especially following regulatory approval for the use of recycled plastics in food-contact packaging. This development has made India an attractive destination for foreign investments in plastic recycling infrastructure. Accordingly, Boretech will continue to deepen its market penetration in India by incorporating more product lines and expanding local operations, positioning this as one of the Group's core development strategies going forward.

The year 2025 is also a milestone for global brands and retailers, who are expected to fulfill their plastic reduction commitments. Bearing the mission of sustainability and low-carbon innovation, Boretech's bottle-to-bottle integration capabilities and chemical recycling solutions will play a critical role in helping brands realize their sustainability roadmaps. These capabilities also form the foundation for Boretech's transformation into a comprehensive leader in the plastic recycling industry.

To achieve these objectives, the Engineering Equipment Division has established key operational strategies for its major product units as follows:

#### **Washing Systems Department:**

- A. Strengthen project management
- B. Control costs and improve product quality
- C. Establish standards for supporting products

#### **Fiber Equipment Department:**

- A. Enhance R&D in fiber production technologies
- B. Optimize use of recycled PET flakes to improve fiber quality and production efficiency

C. Expand presence in the Indian market

**Bottle-to-Bottle Systems Department:**

- A. Strengthen engineering integration capabilities
- B. Build communication mechanisms with brand clients
- C. Increase market promotion efforts
- D. Advance product certification processes

**3 、 PET Raw Material Washing and Pelletizing Division**

Taiwan generates approximately 100,000 metric tons of PET bottles annually. According to Taiwan's Ministry of Environment, by 2025, at least 25% of plastic materials used must be from recycled sources, increasing to over 50% by 2030. In line with this policy, Boretech plans to install a new pelletizing line with an annual capacity of 30,000 tons. This new capacity will be supported by recycled flakes produced from Zhejiang Boretech's newly developed PET flat-container washing systems, offering significant advantages in raw material control and cost efficiency.

In addition, Boretech Taiwan has partnered with 7-Eleven for PET bottle collection and collaborated with Carrefour on a demonstration project for packaging recycling, establishing a model for closed-loop recycling of plastic waste. These initiatives aim to scale up recycling capabilities and accelerate progress toward a circular economy.

**iii. Future Development Strategies**

**1 、 Chemical Fiber Division**

The Chemical Fiber Division aims to become a leading industry player in flame-retardant functional fibers and a key supplier to major hygiene brands in the composite fiber sector, driven by the dual engines of research and development as well as sales strategy. To achieve this vision, the division has established the following strategic operational plans for its core product departments:

**(1) Polyester Fiber Department:**

In recent years, intense competition in the flame-retardant fiber market has led to a gradual decline in prices. To maintain profitability and increase sales volume, expanding export markets has been identified as a key development strategy, supported by the following initiatives:

- A. Adjusting production line configurations to expand capacity and meet order demands
- B. Integrating the supply chain to ensure stable raw material sourcing and reduce costs
- C. Increasing the proportion of export sales
- D. Strengthening inventory management

**(2) Composite Fiber Department:**

Facing intensified market competition, low gross margins, and limited application scopes, the division plans to implement the following strategies to enhance performance:

- A. Developing differentiated products
- B. Diversifying the customer base
- C. Increasing export market share
- D. Executing a strategic raw material procurement plan

Since its establishment, the division's R&D team has successfully developed a series of specialty products, including nylon-polyester composite fibers, biodegradable "Eco-An" fibers, and antibacterial fibers, all of which have been well received by the market. Looking forward, the division intends to recruit PhD-level research talent to collaborate on the following R&D projects:

- A. Development of chemically spun short-staple fibers
- B. Development of composite ultra-short-cut fibers
- C. Development of specialty functional fibers

**2 、 Engineering Equipment Division**

With plastic recycling having become a global consensus, the Group is seizing significant industry development opportunities, driven by both national initiatives and the commitments of global brands. While facing uncertainties in the external environment and increasing industry competition, the Group remains committed to transforming the Engineering Equipment Division into a professional engineering service-oriented business model. To this end, the following key operational strategies have been set forth:

- (1) Establish a long-term and stable profit model by enhancing core capabilities in industrial technology, engineering services, marketing, and sales. At the same time, continue developing engineering service capabilities to support the growth of product businesses, ensuring that each product reaches world-class standards. The division will seek to integrate resources across the value chain and provide customers with high-quality equipment and engineering service experiences.
- (2) Strengthen the R&D, engineering design, and project management teams. Cultivate “T-shaped” talent with both deep professional expertise and cross-disciplinary capabilities, thereby building an operational model aligned with the Group’s strategic objectives.
- (3) Stay ahead of industry trends and product innovation cycles. Leverage leading innovation and technical strength to develop mid-to-high-end markets and large-scale production lines that deliver higher added value.
- (4) Establish a global after-sales service network. Utilize digital connectivity to build a remote service platform, significantly enhancing technical support and customer service efficiency, while improving overall customer satisfaction.

### **3 、 PET Raw Material Washing and Pelletizing Division**

Amid increasing global focus on ESG, energy efficiency, and carbon reduction, the recycled plastics industry is expected to thrive. The Basel Convention has called for countries to legislate restrictions on waste and promote recycling and reuse, further emphasizing the transition from virgin to recycled plastics. As international brands face mounting social responsibility, and with India already permitting food-grade recycled plastics and China expected to follow suit in 2025 (ROC Year 114), the world’s two most populous nations are opening up enormous demand for recycled raw materials.

As such, securing raw material sources will be critical to the PET Raw Material Washing and Pelletizing Division. In addition to actively developing suitable and stable-quality sources, the division will work closely with the Engineering Equipment Division’s R&D team to enhance both production capacity and product quality. Efforts will also focus on achieving greater energy efficiency to improve the competitiveness of its offerings—paving the way for a win-win outcome between equipment and pellet businesses.

Thanks to the steadfast support of our shareholders, Boretech Group continues to advance toward its goal of becoming a “Leading Global Enterprise in the Plastic Recycling Industry.” In light of the global surge in circular economy development driven by climate change, the Group is poised to expand into broader fields of recycling—promoting high-quality regeneration worldwide and contributing to a cleaner and more sustainable planet for future generations.

## Attachments 2

### **BORETECH Resource Recovery Engineering CO., LTD. Audit Committee's Review Report of 2024(Translation)**

The Board of Directors has duly prepared and submitted the Company's 2024 Consolidated Financial Statements, which have been audited and certified by CPAs Mr. HSU, MING-CHUAN and Mr. TIEN, CHUNG-YU of PricewaterhouseCoopers Taiwan. Together with the Business Report and the Earnings Distribution Proposal, these documents have been reviewed by the Audit Committee and found to be in compliance without any discrepancies. This report is hereby submitted in accordance with the relevant provisions of the Securities and Exchange Act and the Company Act.

Respectfully submitted for your review and approval.  
To the 2025 Annual General Shareholders' Meeting

BORETECH Resource Recovery Engineering Co., Ltd.

**[HSU Wen-Kuan]**  
**Convener of the Audit Committee**  
**Date : 2025.03.13**

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To Boretech Resource Recovery Engineering Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Boretech Resource Recovery Engineering Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

#### **Assessment of allowance for inventory valuation losses**

##### **Description**

Please refer to Note 4(12) for accounting policies on inventories, Note 5(2) for significant accounting estimates and assumptions and Note 6(5) for details of accounts.

The Group is primarily engaged in the manufacture and sales of recycled waste plastics, equipment and various chemical fibres. The management considers the selling price and purchase price of each inventory when the management calculates the net realisable value of inventory and assesses the age of inventory simultaneously to calculate the amount of allowance for inventory valuation losses. As the abovementioned process involves the management's subjective judgement and has a high degree of uncertainty, considering that inventory and its allowance for valuation losses have a significant impact on the financial statements, we considered the assessment of allowance for inventory valuation losses as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Assessed the reasonableness of policies and procedures on allowance for inventory valuation losses based on our understanding of the Group's operation and industry characteristic.
- B. Reviewed the annual physical inventory count plan and participated in the annual physical inventory count to assess the effectiveness of the management's control over obsolete inventories.
- C. Obtained the net realisable value report of inventory for evaluation, tested the accuracy of report preparation logic, sampled and reviewed the basis for calculating the net realisable value of individual inventory items and reviewed relevant supporting documents to verify the reasonableness of the net realisable value used.

#### ***Responsibilities of management and those charged with governance for the consolidated financial statement***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for



overseeing the Group's financial reporting process.

***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Hsu, Ming-Chuan

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Tien, Chung-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2025

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

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

**BORETECH RESOURCE RECOVERY ENGINEERING CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2024 AND 2023**

(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,300,669	31	\$	1,545,512	37
1110	Financial assets at fair value through	6(2)						
	profit or loss - current			-	-		-	-
1136	Current financial assets at amortised	6(1)(3) and 8						
	cost			80,936	2		117,862	3
1150	Notes receivable, net	6(4)		112,240	3		144,490	3
1170	Accounts receivable, net	6(4)		252,373	6		321,609	8
1200	Other receivables			12,786	-		18,514	-
130X	Inventories, net	6(5)		1,045,934	25		884,667	21
1410	Prepayments	6(6)		332,334	8		210,869	5
1470	Other current assets	6(21)		5,028	-		24,511	1
11XX	Current Assets			3,142,300	75		3,268,034	78
Non-current assets								
1600	Property, plant and equipment, net	6(7) and 8		743,980	18		699,925	17
1755	Right-of-use assets	6(8) and 8		140,806	4		143,092	3
1780	Intangible assets	6(9)		39,517	1		32,176	1
1840	Deferred income tax assets	6(28)		85,952	2		55,803	1
1900	Other non-current assets	6(11)		11,245	-		10,868	-
15XX	Non-current assets			1,021,500	25		941,864	22
1XXX	Total assets		\$	4,163,800	100	\$	4,209,898	100

(Continued)

**BORETECH RESOURCE RECOVERY ENGINEERING CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2024 AND 2023**

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12) and 8	\$ 430,080	10	\$ 172,924	4
2130	Current contract liabilities	6(21)	612,792	15	1,225,599	29
2150	Notes payable		65,064	2	57,642	1
2170	Accounts payable		224,539	5	252,147	6
2200	Other payables	6(13)	391,997	9	368,602	9
2230	Current income tax liabilities		56,334	1	28,993	1
2250	Current provisions	6(16)	69,830	2	55,907	1
2280	Current lease liabilities	6(8)	23,748	1	17,713	1
2300	Other current liabilities		419	-	771	-
21XX	Current Liabilities		1,874,803	45	2,180,298	52
Non-current liabilities						
2570	Deferred income tax liabilities	6(28)	44,059	1	34,892	1
2580	Non-current lease liabilities	6(8)	30,664	1	42,572	1
2600	Other non-current liabilities		354	-	-	-
25XX	Non-current liabilities		75,077	2	77,464	2
2XXX	Total Liabilities		1,949,880	47	2,257,762	54
Equity						
	Share capital	6(17)				
3110	Share capital - common stock		651,995	16	651,995	15
	Capital surplus	6(18)				
3200	Capital surplus		711,279	17	708,252	17
	Retained earnings	6(19)				
3350	Unappropriated retained earnings		785,498	19	595,125	14
	Other equity interest	6(20)				
3400	Other equity interest		65,148	1	( 3,236)	-
3XXX	Total equity		2,213,920	53	1,952,136	46
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 4,163,800	100	\$ 4,209,898	100

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

**BORETECH RESOURCE RECOVERY ENGINEERING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21)		\$ 5,444,066	100	\$ 4,463,717	100
5000 Operating costs	6(5)(22)(26)(27)	(	4,277,816)	( 79)	( 3,349,787)	( 75)
5900 Net operating margin			1,166,250	21	1,113,930	25
Operating expenses	6(26)(27) and 7					
6100 Selling expenses		(	275,320)	( 5)	( 229,644)	( 5)
6200 General & administrative expenses		(	293,755)	( 5)	( 225,982)	( 5)
6300 Research and development expenses		(	112,918)	( 2)	( 75,997)	( 2)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	6(26) and 12(2)		65,135	1	( 39,104)	( 1)
6000 Total operating expenses		(	616,858)	( 11)	( 570,727)	( 13)
6900 Operating profit			549,392	10	543,203	12
Non-operating income and expenses						
7100 Interest income	6(22)		56,409	1	25,117	-
7010 Other income	6(23)		38,848	1	30,953	1
7020 Other gains and losses	6(24)		6,920	-	6,282	-
7050 Finance costs	6(25)	(	12,155)	-	( 4,844)	-
7000 Total non-operating revenue and expenses			90,022	2	57,508	1
7900 Profit before income tax			639,414	12	600,711	13
7950 Income tax expense	6(28)	(	149,860)	( 3)	( 143,292)	( 3)
8200 Profit for the year			\$ 489,554	9	\$ 457,419	10
Other comprehensive income						
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences on translation of foreign financial statement	6(20)		\$ 68,384	1	( \$ 30,768)	-
8300 Other comprehensive income (loss) for the year			\$ 68,384	1	( \$ 30,768)	-
8500 Total comprehensive income for the year			\$ 557,938	10	\$ 426,651	10
Profit, attributable to:						
8610 Owners of the parent			\$ 489,554	9	\$ 457,419	10
Comprehensive income attributable to:						
8710 Owners of the parent			\$ 557,938	10	\$ 426,651	10
Earnings per share	6(29)					
9750 Basic earnings per share	6(29)		\$ 7.51		\$ 7.02	
9850 Diluted earnings per share	6(29)		\$ 7.42		\$ 7.02	

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

**BORETECH RESOURCE RECOVERY ENGINEERING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent					
		Capital Reserves				Financial statements translation differences of foreign operations	
Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Capital surplus, employee share options	Unappropriated retained earnings			Total equity
<u>Year ended December 31, 2023</u>							
	\$ 651,995	\$ 704,250	\$ -	\$ 291,319	\$ 27,532		\$ 1,675,096
	-	-	-	457,419	-		457,419
6(20)	-	-	-	-	( 30,768 )	( 30,768 )	
	-	-	-	457,419	( 30,768 )		426,651
6(19)	Appropriation and distribution of 2022 earnings:						
	-	-	-	( 153,613 )	-	( 153,613 )	
6(15)	-	-	4,002	-	-	4,002	
	<u>\$ 651,995</u>	<u>\$ 704,250</u>	<u>\$ 4,002</u>	<u>\$ 595,125</u>	<u>( \$ 3,236 )</u>	<u>\$ 1,952,136</u>	
<u>Year ended December 31, 2024</u>							
	\$ 651,995	\$ 704,250	\$ 4,002	\$ 595,125	( \$ 3,236 )	\$ 1,952,136	
	-	-	-	489,554	-	489,554	
6(20)	-	-	-	-	68,384	68,384	
	-	-	-	489,554	68,384	557,938	
6(19)	Appropriation and distribution of 2023 earnings:						
	-	-	-	( 299,181 )	-	( 299,181 )	
6(15)	-	-	3,027	-	-	3,027	
	<u>\$ 651,995</u>	<u>\$ 704,250</u>	<u>\$ 7,029</u>	<u>\$ 785,498</u>	<u>\$ 65,148</u>	<u>\$ 2,213,920</u>	

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

**BORETECH RESOURCE RECOVERY ENGINEERING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 639,414	\$ 600,711
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation charge	6(7)(8)(26)	121,964	92,255
Impairment loss	6(7)(10)(24)	13,471	7,399
Amortisations	6(26)	3,634	2,334
Expect credit impairment (gain) loss	6(26) and 12(2) (	65,135 )	39,104
Gain on financial assets at fair value through profit or loss	6(24)	-	( 6,247 )
Interest expense	6(25)	12,155	4,844
Interest income	6(22) (	56,409 ) (	25,117 )
(Gains) losses on disposal of property, plant and equipment	6(24) (	1,283 )	2,525
Overdue contract liabilities transferred to revenue	6(23)	-	( 513 )
Share-based payment transactions	6(15)	3,027	4,002
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		37,244 (	65,349 )
Accounts receivable		145,228 (	142,634 )
Other receivables		5,642 (	603 )
Inventories, net	(	131,991 ) (	286,866 )
Prepayments	(	114,653 )	2,377
Other current assets		19,483	6,796
Other non-current assets		-	( 3,787 )
Changes in operating liabilities			
Current contract liabilities	(	652,706 )	290,662
Notes payable		5,295 (	52,239 )
Accounts payable	(	40,187 )	10,274
Other payables		26,967	95,890
Other current liabilities	(	7,212 ) (	319 )
Current provisions		11,815	1,670
Cash (outflow) inflow generated from operations	(	24,237 )	577,169
Interest received		56,409	25,117
Interest paid	(	13,632 ) (	4,642 )
Income taxes paid	(	115,991 ) (	123,214 )
Net cash flows (used in) from operating activities		( 97,451 )	474,430

(Continued)



**BORETECH RESOURCE RECOVERY ENGINEERING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	2023
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from disposal of current financial assets at fair value through profit or loss		\$ -	\$ 270,157
Acquisition of current financial assets at amortised cost		( 80,428 )	( 111,998 )
Proceeds from disposal of current financial assets at amortised cost		120,871	147,935
Acquisition of property, plant and equipment	6(30)	( 157,014 )	( 100,990 )
Proceeds from disposal of property, plant and equipment		14	113
Acquisition of intangible assets	6(9)	( 9,111 )	( 8,704 )
Increase in guarantee deposits paid		( 783 )	( 988 )
Net cash flows (used in) from investing activities		( 126,451 )	195,525
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(31)	249,201	101,955
Lease liabilities paid	6(31)	( 23,467 )	( 18,230 )
Cash dividends paid	6(30)	( 299,181 )	( 153,613 )
Net cash flows used in financing activities		( 73,447 )	( 69,888 )
Effect of exchange rate changes on cash and cash equivalents		52,506	( 27,069 )
Net (decrease) increase in cash and cash equivalents		( 244,843 )	572,998
Cash and cash equivalents at beginning of year		1,545,512	972,514
Cash and cash equivalents at end of year		<u>\$ 1,300,669</u>	<u>\$ 1,545,512</u>

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

**Attachment 4****BORETECH Resource Recovery Engineering Co., Ltd.****Earnings Distribution Table****For the Year Ended December 31, 2024****Currency : TWD**

<b>Items</b>	<b>Amount</b>
<b>Unappropriated retained earnings from previous years</b>	<b>295,944,171</b>
<b>Add: Profit after income tax for 2024</b>	<b>489,553,658</b>
<b>Retained earnings available for distribution as of December 31, 2024</b>	<b>785,497,829</b>
<b>Cash dividends</b>	<b>(293,732,195)</b>
<b>Total</b>	<b>(293,732,195)</b>
<b>Unappropriated retained earnings</b>	<b>491,765,634</b>

## Attachments 5

### BORETECH Resource Recovery Engineering CO., LTD.

#### Table of Amendments to “Amended and Restated Memorandum and Articles of Association”

No.	Current Provisions	Proposed Amendments	Explanations
100	(2) During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than <b><u>three percent (3%)</u></b> and not more than <b><u>ten percent (10%)</u></b> of the profits for such year to the Employees as the Employees’ compensation in the form of shares and/or in cash and may distribute not more than two percent (2%) hereof to the Directors as the Directors’ compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. A report of such distribution	(2) During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than <b><u>one percent (1%)</u></b> and not more than <b><u>three percent (3%)</u></b> of the profits for such year to the Employees as the Employees’ compensation in the form of shares and/or in cash and may distribute not more than two percent (2%) hereof to the Directors as the Directors’ compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. A report of such distribution	In order to meet the Company’s actual operational needs

No.	Current Provisions	Proposed Amendments	Explanations
	<p>of Employee and Directors' compensation shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensation shall not be paid in the form of shares. The term "annual profits" as used herein shall mean the annual profits for such year before tax without deducting the amount of compensation distributed to the Employees and Directors as prescribed in this Paragraph (2) of this Article.</p>	<p>of Employee and Directors' compensation shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensation shall not be paid in the form of shares. The term "annual profits" as used herein shall mean the annual profits for such year before tax without deducting the amount of compensation distributed to the Employees and Directors as prescribed in this Paragraph (2) of this Article.</p>	

## BORETECH Resource Recovery Engineering Co., Ltd.

### Table of Amendments to “Operational Procedures for Loaning Funds to Others”

Article No.	Current Provisions	Amended Provisions	Explanation
Article 4 – Limit on Aggregate and Individual Fund Lending Amounts	<p>Fund lending conducted by the Company in accordance with the preceding Article shall comply with the following limits:</p> <ol style="list-style-type: none"> <li>1. The total amount of fund lending shall not exceed 40% of the Company’s net worth.</li> <li>2. The amount of fund lending to any single entity shall not exceed 40% of the Company’s net worth.</li> </ol> <p>The aforementioned lending limits shall not apply to fund lending between foreign companies in which the Company directly and indirectly holds 100% of the voting shares, or from such wholly-owned foreign subsidiaries to the Company.</p> <p><b><u>However, the amount lent shall not exceed 100% of the net worth of the lending company.</u></b></p> <p>The term “net worth” as used in this Article shall refer to the net worth shown in the most recent financial statements audited or reviewed by a certified public accountant.</p> <p>Where the responsible person of the Company violates the provisions of Paragraph 1 or the proviso of the preceding paragraph, such person shall be jointly and severally liable</p>	<p>Fund lending conducted by the Company in accordance with the preceding Article shall comply with the following limits:</p> <ol style="list-style-type: none"> <li>1. The total amount of fund lending shall not exceed 40% of the Company’s net worth.</li> <li>2. The amount of fund lending to any single entity shall not exceed 40% of the Company’s net worth.</li> </ol> <p>The aforementioned lending limits shall not apply to fund lending between foreign companies in which the Company directly and indirectly holds 100% of the voting shares, or from such wholly-owned foreign subsidiaries to the Company.</p> <p><b><u><del>However, the amount lent shall not exceed 100% of the net worth of the lending company.</del> However, both the aggregate amount and the amount lent to any single counterparty shall not exceed 100% of the Company’s net worth.</u></b></p> <p>The term “net worth” as used in this Article shall refer to the net worth shown in the most recent financial statements audited or reviewed by a certified public accountant.</p> <p>Where the responsible person</p>	<p>Amended in accordance with Paragraph 4, Article 3 of the “Regulations Governing the Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.”</p>

Article No.	Current Provisions	Amended Provisions	Explanation
	with the borrower for repayment. If the Company incurs damages as a result, the responsible person shall be liable for compensation.	of the Company violates the provisions of Paragraph 1 or the proviso of the preceding paragraph, such person shall be jointly and severally liable with the borrower for repayment. If the Company incurs damages as a result, the responsible person shall be liable for compensation.	
Article 15 – Establishment and Amendments	1. Date of Establishment: February 22, 2018 2. First Amendment: August 3, 2021 3. Second Amendment: June 15, 2022 4. Third Amendment: December 29, 2023	1. Date of Establishment: February 22, 2018 2. First Amendment: August 3, 2021 3. Second Amendment: June 15, 2022 4. Third Amendment: December 29, 2023 <b><u>5. Fifth Amendment: May 12, 2025</u></b>	Addition of the current amendment.

Company Number: BS-276954

THE CAYMAN ISLANDS  
THE COMPANIES ACT (AS REVISED)  
AMENDED AND RESTATED MEMORANDUM AND  
ARTICLES OF ASSOCIATION  
  
OF  
  
**BORETECH Resource Recovery Engineering CO., LTD.**  
**寶綠特資源再生工程股份有限公司**

Incorporated on the 08th day of April, 2013

(as adopted by a Special Resolution passed on 30<sup>th</sup> October, 2024)

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THE CAYMAN ISLANDS  
THE COMPANIES ACT (AS REVISED)  
COMPANY LIMITED BY SHARES

**AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION**

**OF**

**BORETECH Resource Recovery Engineering CO., LTD.**  
**寶綠特資源再生工程股份有限公司**

(as adopted by a Special Resolution passed on 30<sup>th</sup> October, 2024)

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1. The name of the Company is BORETECH Resource Recovery Engineering CO., LTD. 寶綠特資源再生工程股份有限公司.
2. The Registered Office of the Company shall be situated at the offices of Portcullis (Cayman) Ltd at The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands., Cayman Islands or such other place within the Cayman Islands as the Board may from time to time decide, being the registered office of the Company.
3. Subject to the following provisions of this Memorandum of Association, the objects for which the Company is established are unrestricted, and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Act (As Revised).
4. Subject to the following provisions of this Memorandum of Association, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Act (As Revised).
5. Nothing in this Memorandum of Association shall permit the Company to carry on a business of a bank or trust company without being licensed in that behalf under the Banks and Trust Companies Act (as revised) or to carry on insurance business from within the Cayman Islands or the business of an insurance manager, agent, sub-agent or broker without being licensed in that behalf under the Insurance Law (as revised) or to carry on the business of company management without being licensed in that behalf under the Companies Management Act (as revised).
6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman



Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

7. When conducting business, the Company shall comply with the laws and regulations as well as business ethics, and may take actions that will promote public interests in order to fulfil its social responsibilities.
8. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
9. The share capital of the Company is NT\$3,300,000,000 divided into 330,000,000 ordinary shares of a nominal or par value of NT\$10 each with power for the Company, subject to the provisions of the Companies Act (As Revised) and the Articles of Association, to redeem or purchase any of its shares and to sub-divide, increase or reduce the said capital and to issue any part of its capital, original, redeemed, increased or reduced, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that, unless the condition of issue shall otherwise expressly declare, every issue of shares, whether declared to be ordinary, preference or otherwise, shall be subject to the power hereinbefore contained.
10. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company and the interpretations section of the Articles of Association of the Company shall apply to this Memorandum of Association.

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THE CAYMAN ISLANDS  
THE COMPANIES ACT (AS REVISED)  
COMPANY LIMITED BY SHARES

**AMENDED AND RESTATED ARTICLES OF ASSOCIATION**

**OF**

**BORETECH Resource Recovery Engineering CO., LTD.**  
**寶綠特資源再生工程股份有限公司**

(as adopted by a Special Resolution passed on 30<sup>th</sup> October, 2024)

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**INTERPRETATION**

1. The Regulations contained or incorporated in Table A of the First Schedule of the Companies Act (As Revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time) shall not apply to this Company.
2. (1) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:

Applicable Listing Rules	the relevant laws, regulations, rules and codes as amended, from time to time, applicable as a result of the original and continued trading or listing of any shares on any Taiwan stock exchange or securities market, including, without limitation the relevant provisions of the Securities and Exchange Act of the R.O.C., the Company Act of the R.O.C., the Business Mergers And Acquisitions Act of the R.O.C., the Act Governing Relations Between Peoples of the Taiwan Area and the Mainland Area, and any similar laws, statutes and the rules and regulations of the R.O.C. authorities thereunder, and the rules and regulations promulgated by the Financial Supervisory Commission, the TPEx and the TWSE (where applicable);
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Articles	these Articles of Association of the Company in their present form, as amended, substituted or supplemented from time to time by a Special Resolution;
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Auditors	the certified public accountant (if any) retained by the Company to audit the accounts of the Company,
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	to audit and/or certify the financial statements of the Company or to perform other similar duties as assigned or requested by the Company for the time being;
Board	the board of Directors of the Company comprising all the Directors;
Capital Reserve	means (1) the Share Premium Account, (2) income from endowments received by the Company and (3) other items generated and treated as capital reserve pursuant to the Applicable Listing Rules or generally accepted accounting principles;
Chairman	has the meaning given thereto in Article 69;
Class or Classes	any class or classes of Shares as may from time to time be issued by the Company in accordance with these Articles;
Commission	the Financial Supervisory Commission of the R.O.C. or any other authority for the time being administering the Securities and Exchange Act of the R.O.C.;
Company	BORETECH Resource Recovery Engineering CO., LTD. 寶綠特資源再生工程股份有限公司;
Consolidation	the combination of two or more constituent companies into a consolidated company which is the new company that results from the consolidation of the constituent companies and the vesting of the undertaking, property and liabilities of such companies in the consolidated company within the meaning of the Law and the Applicable Listing Rules;
Director	a director of the Company or an Independent Director (if any) for the time being who collectively form the Board, and “Directors” means 2 or more of them (including any and all Independent Director(s));
Discount Transfer	has the meaning set out in Paragraph (4) of Article 23;
Electronic	shall have the meaning given to it in the Electronic Transactions Law (as revised) of the Cayman Islands and any amendment thereto or re-enactments thereof

	for the time being in force including every other law incorporated therewith or substituted therefore;
Emerging Market	the emerging market board of the TPEx in Taiwan;
Employees	employees of the Company and/or any of the Subordinate Companies of the Company, as determined by the Board from time to time in its sole discretion, and “Employee” shall mean any one of them;
Financial Statements	has the meaning set out in Article 104;
Independent Directors	those Directors designated as "Independent Directors" who are elected by the Members at a general meeting and appointed as "Independent Directors" for the purpose of these Articles and the requirements of the Applicable Listing Rules, and “Independent Director” means any one of them;
Juristic Person	a firm, corporation or other organization which is recognised by the Law and the Applicable Listing Rules as a legal entity;
Law	the Companies Act (As Revised) of the Cayman Islands and any amendment or other statutory modification thereof and every other act, order, regulation or other instrument having statutory effect (as amended from time to time) for the time being in force in the Cayman Islands applying to or affecting the Company, the Memorandum and/or these Articles, and where in these Articles any provision of the Law is referred to, the reference is to that provision as modified by any law for the time being in force;
Member or Shareholder	a Person who is duly registered as the holder of any Share or Shares in the Register for the time being, including persons who are jointly so registered and “Members” or “Shareholders” means 2 or more of them;
Memorandum	the memorandum of association of the Company, as amended or substituted from time to time;
Merger	the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving

	company within the meaning of the Law and the Applicable Listing Rules;
Month	a calendar month;
NTD	New Taiwan Dollars;
Ordinary Resolution	<p>a resolution:</p> <ul style="list-style-type: none"> <li>(a) passed by a simple majority of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Members being Juristic Persons, by their respective duly authorised representatives or, where proxies are allowed, by proxy, present at a general meeting of the Company held in accordance with these Articles;</li> <li>(b) at any time other than during the Relevant Period, approved in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being Juristic Persons by their duly authorized representatives); or</li> <li>(c) where the Company has only one Member, approved in writing by such Member signed by such Member and the effective date of the resolution so adopted shall be the date on which the instrument is executed;</li> </ul>
Person	any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
Preferred Shares	has the meaning given thereto in Article 4;
Private Placement	an offer by the Company of its Shares, bonds and other securities approved by the Commission to specific persons pursuant to the Applicable Listing Rules;
Register	the register of Members of the Company maintained in accordance with the Law at such place within or outside the Cayman Islands;

Register of Beneficial Ownership	the register of beneficial ownership of the Company maintained in accordance with the Law at such place within the Cayman Islands;
Registered Office	the registered office of the Company for the time being as required under the Law;
Relevant Period	the period commencing from the date on which any of the securities of the Company first become public offering or registered or listed on the Emerging Market, the TPEX, the TWSE or any Taiwan stock exchange or securities market to and including the date immediately before the day on which none of such securities are so registered or listed (and so that if at any time registration or listing of any such securities is suspended for any reason whatsoever and for any length of time, they shall nevertheless be treated, for the purpose of this definition, as registered or listed);
R.O.C. or Taiwan	the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;
R.O.C. Courts	the Taiwan Taipei District Court or any other competent courts in the R.O.C.;
Seal	the common seal of the Company;
Secretary	any Person for the time being appointed by the Directors to perform any of the duties of the secretary of the Company and including any assistant, deputy, acting or temporary secretary;
Share	any share in the capital of the Company. All references to "Shares" herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression "Share" shall include a fraction of a Share;
Share Premium Account	the share premium account of the Company established in accordance with these Articles and the Law;
Shareholder Service Agent	the agent licensed by the R.O.C. authorities and having its offices in the R.O.C. to provide

shareholder services, in accordance with the Applicable Listing Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C. (as revised), to the Company;

signed

bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a Person with the intent to sign the electronic communication;

Special Reserve

has the meaning set out in Article 95;

Special Resolution

a special resolution of the Company passed in accordance with the Law, being a resolution:

- (a) passed by a majority of at least two-thirds of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Members being Juristic Persons, by their respective duly authorised representatives or, where proxies are allowed, by proxy, present at a general meeting of the Company held in accordance with these Articles, of which notice, specifying (without prejudice to the power contained in these Articles to amend the same) the intention to propose the resolution as a Special Resolution, has been duly given;
- (b) at any time other than during the Relevant Period, approved in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being Juristic Persons by their duly authorized representatives); or
- (c) where the Company has only one Member, approved in writing by such Member signed by such Member and the effective date of the special resolution so adopted shall be the date on which the instrument is executed.

A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is

expressed to be required under any provision of these Articles;

Spin-off	an act wherein a transferor company transfers all of its independently operated business or any part of it to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to give shares, cash or other assets to the transferor company or to shareholders of the transferor company;
Statutory Reserve	a reserve set aside in an amount equal to ten percent (10%) of the total amount of after-tax net profit for the period and other items adjusted to the then-current year's undistributed earnings other than after-tax net profit for the period as calculated by the Company under the Applicable Listing Rules;
Subordinate Company	any company (a) of which a majority of the total outstanding voting shares or the total amount of the capital stock is held by the Company; (b) in which the Company has a direct or indirect control over the management of the personnel, financial or business operation of that company; (c) of which a majority of directors in such company are contemporarily acting as directors in the Company; or (d) of which a majority of the total outstanding voting shares or the total amount of the capital stock of such companies and that of the Company are held by the same Members;
TDCC	the Taiwan Depository & Clearing Corporation;
TPEX	the Taipei Exchange in Taiwan;
Treasury Shares	Shares that have been purchased by the Company and have not been cancelled but have been held continuously by the Company since they were purchased in accordance with the Law; and
TWSE	the Taiwan Stock Exchange Corporation.

- (2) Unless the context otherwise requires, expressions defined in the Law and used herein shall have the meanings so defined.
- (3) In these Articles unless the context otherwise requires:



- (a) words importing the singular number shall include the plural number and vice-versa;
  - (b) words importing the masculine gender shall include the feminine gender and neuter genders;
  - (c) a notice provided for herein shall be in writing unless otherwise specified and all reference herein to "in writing" and "written" shall include printing, lithography, photography and other modes of representing or reproducing words in permanent visible form; and
  - (d) "may" shall be construed as permissive and "shall" shall be construed as imperative.
- (4) Headings used herein are intended for convenience only and shall not affect the construction of these Articles.

## SHARES

3. Subject to these Articles and any resolution of the Members to the contrary, the Board may, in respect of all Shares for the time being unissued:
- (a) offer, issue and allot of such Shares to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine, but so that no Share shall be issued at a discount, except in accordance with the provisions of the Law and, if during the Relevant Period, the Applicable Listing Rules; and
  - (b) grant options with respect to such Shares and issue warrants or similar instruments with respect thereto, in accordance with the provisions of the Law and, if during the Relevant Period, the Applicable Listing Rules; and, for such purposes, the Board may reserve an appropriate number of Shares for the time being unissued.
4. Subject to Article 5 and the sufficiency of the authorised share capital of the Company, the Company may issue Shares of different Classes with rights which are preferential or inferior to those of ordinary Shares issued by the Company ("**Preferred Shares**") with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors.
5. (1) Where the Company is to issue Preferred Shares, the following shall be expressly set out in these Articles:
- (a) the total number of Preferred Shares that have been authorised to be issued and the numbers of the Preferred Shares already issued;
  - (b) the order, fixed amount or fixed ratio of allocation of dividends, bonuses and other distributions on such Preferred Shares;

- (c) the order, fixed amount or fixed ratio of allocation of surplus assets of the Company, upon its liquidation, to the holders of the Preferred Shares;
  - (d) the order of or restrictions on the voting right(s) (including, where applicable, a statement that such Preferred Shares have no voting rights whatsoever) of the holders of such Preferred Shares;
  - (e) other matters concerning rights and obligations incidental to the Preferred Shares; and
  - (f) the method by which the Company is authorised or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply.
- (2) Subject to the Law, the Memorandum and these Articles shall be amended with the sanction of a Special Resolution to stipulate the rights, benefits and restrictions of such Preferred Shares and the number of the Preferred Shares the Company is authorised to issue.
6. During the Relevant Period, subject to the sufficiency of the authorised share capital of the Company and these Articles, the issue of new ordinary Shares in the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors.
7. (1) The Company shall issue Shares without printing share certificates, provided that the Register shall be conclusive evidence of the entitlement of a Person to Shares recorded against his/her/its name. During the Relevant Period, whenever the Company issues Shares, the Company shall, in compliance with the Law and the Applicable Listing Rules and subject to receipt of the subscription price from each subscriber, deliver or cause the Shareholder Service Agent to deliver Shares by advising TDCC to record the number of Shares against the name of each subscriber within thirty (30) days from the date the Board resolves to issue Shares. The Company shall make a public announcement in accordance with the Applicable Listing Rules prior to the delivery of such Shares.
- (2) When the total number of Shares in every issuance has been subscribed to in full, the Company shall immediately request each of the subscribers for payment. Where the Company issues Shares at a premium, the amount in excess of par value shall be collected at the same time with the payment for Shares. Where a subscriber delays payment for Shares as mentioned above, the Company shall prescribe a period of not less than one (1) month and call upon each subscriber to pay up, declaring that in case of default of payment within that prescribed period the subscriber's right shall be forfeited. After the Company have made the aforesaid call, the subscribers who fail to pay accordingly shall forfeit their rights and the Shares subscribed to by them shall be otherwise sold. Under such circumstances, the Company may hold the subscriber liable for compensating the damage, if any, resulting from such default in payment.

- (3) The Company shall not issue bearer Shares.
- (4) The Company shall not issue any unpaid Shares or partial paid-up Shares to any Person. For the avoidance of doubt, a subscriber who fails to pay up the Shares pursuant to Paragraph (2) of this Article will not be considered a Member until the Shares to be subscribed are paid in full, and only if the Shares the subscriber subscribed have been paid in full may the subscriber's name be entered in the Register.
- (5) The Company shall neither issue Shares without par value nor convert its Shares from Shares with par value to Shares without par value.

8. During the Relevant Period:

- (a) upon each issuance of new Shares, the Board may reserve not more than fifteen percent (15%) of the new Shares for subscription by the Employees pursuant to the Law and the Applicable Listing Rules; and
- (b) where the Company issues new Shares for cash consideration, after the Board reserving certain percentage of the new Shares for subscription by the Employees pursuant to Subparagraph (a) of this Article, the Company shall allocate ten percent (10%) (or such greater percentage as the Company by an Ordinary Resolution determines) of the total number of the new Shares to be issued for offering in the R.O.C. to the public unless (i) the Commission, the TPEx and/or the TWSE (where applicable) considers such public offering unnecessary or inappropriate or (ii) the Applicable Listing Rules provide otherwise.

9. During the Relevant Period, subject to an Ordinary Resolution, upon each issuance of new Shares for cash consideration, the Company shall, after reserving the portion of new Shares for subscription by the Employees and public offering in the R.O.C. pursuant to Article 8, first offer such remaining new Shares, by a public announcement and a written notice to each existing Member respectively, stating that in case any such existing Member fails to confirm his/her/its subscription within the prescribed period his/her/its subscription right shall be forfeited, for the subscription of each such existing Member in proportion to the number of Share(s) held by him/her/it, provided that:

- (a) where any fractional Share held by a Member is insufficient to subscribe for one new Share, the fractional Shares being held by several Members may be combined for joint subscription of one or more integral new Shares or for subscription of new Shares in the name of a single Member;
- (b) the existing Member(s) may assign and transfer his subscription right to other Persons independently of his original Shares; and
- (c) new Shares left unsubscribed may be offered to the public or to specific Persons through negotiation.

10. (1) Subparagraph (a) of Article 8 and Article 9 shall not apply whenever the new Shares are issued due to the following reasons:

- (a) in connection with a Merger or a Consolidation of the Company or a Spin-off of the Company's business, or pursuant to any reorganisation of the Company save as otherwise provided by these Articles;
- (b) in connection with meeting the Company's obligation under Share subscription warrants and/or options granted to the Employees;
- (c) in connection with distribution of the Employees' compensation;
- (d) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;
- (e) in connection with meeting the Company's obligation under share subscription warrant or Preferred Shares vested with rights to acquire Shares; or
- (f) in connection with issuance of new Shares to the existing Members by capitalisation of the Company's reserves in accordance with these Articles.

(2) Article 8 and Article 9 shall not apply to any of the following circumstances:

- (a) the Company, as the surviving company, issues new Shares for a Merger, or the Company issues new shares for the Merger between its subsidiary and other companies;
- (b) all new Shares are issued as consideration for being acquired by the other company with the intention of takeover;
- (c) all new Shares are issued as consideration for the acquisition of issued shares, business, or assets of other companies;
- (d) new Shares are issued for the share exchange entered into by the Company,
- (e) new Shares are issued for a Spin-off effected by the transferor company;
- (f) new Shares are issued in connection with any Private Placement conducted pursuant to Article 13; or
- (g) new Shares are issued in connection with any other event otherwise prohibited, limited, restricted or exempted to so apply pursuant to the Law and/or the Applicable Listing Rules.

(3) New Shares issued for any of the circumstances in the preceding Paragraph may be paid up in cash or assets as required for the business of the Company.

11. During the Relevant Period, subject to the Applicable Listing Rules, the Company may, upon adoption of a resolution passed by a majority of the Directors present at a meeting of the Board attended by two-thirds or more of the total number of Directors, enter into a share subscription right agreement with the Employees whereby such Employees may subscribe, within a specific period of time, for a specific number of Shares of the Company at an agreed subscription price. Upon execution of the said agreement, the Company shall issue to each of such Employees a share subscription warrant. Such issued share subscription warrant shall be non-assignable, except for transfer by inheritance or intestacy.
12. During the Relevant Period, the Company may issue new Shares with restricted rights to Employees of the Company and/or its Subordinate Companies, subject to approval of Shareholders at a general meeting by a majority of the Shareholders present who represent two-thirds or more of the total issued and outstanding Shares, and in the event the total number of shares represented by the Shareholders present at a general meeting is less than the percentage of the total issued and outstanding Shares required in the preceding sentence, a resolution related thereto may be adopted by two-thirds of the voting rights exercised by the Shareholders present at the general meeting who represent a majority of the total issued and outstanding Shares, provided that Articles 8 and 9 shall not apply. In respect of the issuance of Shares to Employees in the preceding sentence, the number of Shares to be issued, issue price, issue conditions, restrictions and other matters shall be subject to the Applicable Listing Rules and the Law.
13. (1) During the Relevant Period and subject to the Applicable Listing Rules, the Company may, with the sanction of a Special Resolution, conduct a Private Placement with any of the following Persons in the R.O.C.:
  - (a) banks, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, or other Juristic Persons or institutions approved by the Commission;
  - (b) natural persons, Juristic Persons, or funds meeting the conditions prescribed by the Commission; or
  - (c) directors, supervisors, officers and managers of the Company or its affiliated enterprises.
- (2) Subject to the preceding paragraph, the Board may resolve by a majority of the Directors presents at a meeting attended by two-thirds or more of the total numbers of the Directors that a Private Placement of ordinary corporate bonds be carried out by installments within one year of the date of such resolution.
14. The Company may by a Special Resolution reduce its share capital in the manner authorised, and subject to any conditions prescribed, by the Law and the Applicable Listing Rules.
15. During the Relevant Period, any issuance, conversion or cancellation of the Shares or any

other equity securities (including but not limited to warrants, options or bonds), capitalisation and shareholder services, shall comply with the Law, the Applicable Listing Rules and the Regulations Governing the Administration of Shareholder Services of Public Companies of the R.O.C. (as revised).

### **MODIFICATION OF RIGHTS**

16. Whenever the share capital of the Company is divided into different Classes of Shares, including where Preferred Shares are issued, subject to Article 46 and in addition to a Special Resolution, the special rights attached to any Class shall be varied or abrogated with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of such Class. To every such separate general meeting and all adjournments thereof, all the provisions of these Articles relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply.
17. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that Class, be deemed to be materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of Shares of any Class by the Company.

### **REGISTER AND REGISTER OF BENEFICIAL OWNERSHIP**

18. (1) Subject to the Law, the Board shall cause to be kept the Register at such place within or outside the Cayman Islands as it deems fit. During the Relevant Period, the Register shall be entered therein the particulars required under the Law and the Applicable Listing Rules, and shall be made available at its Shareholder Service Agent's office in the R.O.C. The Board or any other authorized conveners of general meetings of the Company may request that the Company or the Company's Shareholder Service Agent provide a copy of the Register for inspection.
- (2) The Board shall cause to be kept and maintained the Register of Beneficial Ownership at the Registered Office of the Company as may be required under the applicable laws.
19. Notwithstanding anything contained in these Articles and subject to the Law, during the Relevant Period, the relevant information of the Members shall be recorded by TDCC, and the Company shall recognize each person identified in the records provided by TDCC to the Company as a Member and such records shall form part of the Register as at the date of receipt of such records by the Company.

### **REDEMPTION AND REPURCHASE OF SHARES**

20. (1) Subject to the Law and these Articles, Shares may be issued on the terms that they are, or at the option of the Company or the holder are, to be redeemed on such terms and in such manner as the Company, before the issue of the shares, may by Special Resolution determine.

- (2) All Preferred Shares may be redeemed in accordance with the provisions of the Law, provided that the privileges accorded to holders of the Preferred Shares by these Articles shall not be impaired under the Law and the Applicable Listing Rules.
- 21.
  - (1) Subject to the Law, the Applicable Listing Rules and these Articles, upon the approval of a majority of the Directors present at a Board meeting attended by two-thirds or more of Directors, the Company may purchase its own Shares.
  - (2) During the Relevant Period:
    - (a) The number of Shares to be purchased by the Company from time to time shall not exceed ten percent (10%) of the total number of issued and outstanding Shares and the total amount of the Shares to be purchased by the Company shall not exceed the aggregate amount of retained profits, premium on capital stock, and realized Capital Reserve.
    - (b) Such resolutions of the Board approving purchases of Shares and the implementation thereof (including the failure of any purchase of Shares as approved by such resolutions, if any) shall be reported to the Shareholders at the next general meeting of the Company.
- 22.
  - (1) Shares repurchased, redeemed or acquired (by way of surrender or otherwise) by the Company shall be cancelled immediately or held as Treasury Shares, upon such terms and manner and subject to such conditions as the Board thinks fit.
  - (2) During the Relevant Period, all matters relating to the Company's redemption and repurchase of Shares shall be subject to the Law and the Applicable Listing Rules.
- 23.
  - (1) Subject to the Law, for so long as the Company holds Treasury Shares, the Company shall be entered in the Register as the holder of the Treasury Shares, provided that:
    - (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
    - (b) the Treasury Shares shall not be pledged or encumbered in any manner whatsoever;
    - (c) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued Shares at any given time, whether for the purposes of these Articles or the Law; and
    - (d) no dividend/bonus may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any

distribution of assets to Members on a winding up) may be made to the Company, in respect of a Treasury Share.

- (2) Subject to the Law and these Articles, any or all Treasury Shares may at any time be canceled or transferred to any person (including the Employees; the qualifications of such employees shall be determined by the Board, subject to Paragraph (5) of this Article) upon such terms and manner and subject to such conditions as the Board thinks fit. The Board may determine, at its discretion, the terms and conditions (including a lock-up period restricting the transfer of any Treasury Shares transferred to the Employees pursuant to this Paragraph (2) for a term of up to two (2) years) of such transfer.
- (3) A sum equal to the consideration (if any) received by the Company pursuant to the transfer of Treasury Share(s) shall be credited in accordance with the Law.
- (4) Subject to Paragraph (5) of this Article and the Law, the Company may, by way of a Special Resolution passed at the next general meeting of the Company, transfer the Treasury Shares to the Employees for a price that is below the average price that the Company has paid to purchase such Treasury Shares (the “**Discount Transfer**”), provided that the following matters shall be specified in the notice of such general meeting with the description of their major contents, and shall not be proposed as ad hoc motions:
  - (a) the transfer price of the Treasury Shares as determined by the Board, the discount rate used for the Discount Transfer, and the calculation basis of the Discount Transfer, and the basis of such determination;
  - (b) the amount of the Treasury Shares to be transferred pursuant to, and the purpose of, the Discount Transfer, and the basis of such determination;
  - (c) the qualification and terms of the Employees to whom the Treasury Shares are transferred and the amount of Treasury Shares for which such Employees may subscribe pursuant to the Discount Transfer;
  - (d) matters that the Board is of the opinion that may affect Shareholders' equity, including:
    - (i) any expenses that may be incurred and dilution of per share profit, if any, due to the Discount Transfer in accordance with the Applicable Listing Rules; and
    - (ii) any burden on the Company caused by the Discount Transfer in accordance with the Applicable Listing Rules.
- (5) The total aggregate amount of the Treasury Shares to be transferred to the Employees pursuant to the Discount Transfer in accordance with Paragraph (4) of this Article shall not exceed five percent (5%) of the total number of issued and



outstanding Shares of the Company, and each Employee shall not subscribe for more than point five percent (0.5%) of the total issued and outstanding Shares of the Company in aggregate.

24. (1) Notwithstanding anything to the contrary contained in these Articles but subject to the Law, the Company may carry out a compulsory purchase and cancellation of its Shares on a pro rata basis (rounded up or down to the nearest whole number) among the Shareholders in proportion to the number of Shares held by each such Shareholder subject to approval by a Special Resolution. The purchase price payable to the Shareholders in connection with a purchase of Shares described in the preceding sentence may be paid in cash or in kind. Where any purchase price is paid in kind, the type of such payment in kind and the corresponding amount of such substitutive distribution shall be subject to approval by a Special Resolution as well as individual consent by the Shareholder(s) receiving such payment in kind. Prior to convening the general meeting for approving such purchase of Shares, the Board shall determine the monetary equivalent value of any purchase price to be paid in kind and have such value audited and certified by a certified public accountant in the R.O.C.
- (2) *[Intentionally Deleted]*.

#### **TRANSFER AND TRANSMISSION OF SHARES**

25. Subject to the Law and the Applicable Listing Rules and unless otherwise provided by these Articles, the Shares shall be freely transferable.
26. The Company shall not be obligated to recognize any transfer or assignment of Shares unless the name/title and residence/domicile of the transferor and transferee have been recorded in the Register. The registration of transfers may be suspended when the Register is closed in accordance with Article 28.

#### **NON-RECOGNITION OF TRUSTS**

27. Except as required by Law or the Applicable Listing Rules, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not, unless required by Law or the Applicable Listing Rules, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or actual interest in any Share (except only as otherwise provided by these Articles, the Law or the Applicable Listing Rules otherwise requires or under an order of a court of competent jurisdiction) or any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

#### **CLOSING REGISTER OR FIXING RECORD DATE**

28. (1) The Board may fix in advance the record date(s) for (a) determining the Members

entitled to receive any dividend/bonus, distribution or issue; (b) determining the Members entitled to receive notices of, attend or vote at any general meeting or any adjournment thereof in person, by proxy, way of a written ballot or by way of electronic transmission; and (c) any other purposes as determined by the Board. In the event the Board designates the record date(s) for (b) in accordance with this Article, such record date(s) shall be date(s) prior to the general meeting.

- (2) During the Relevant Period, subject to the Law, for the purposes of (a) determining the Members entitled to receive any dividend/bonus, distribution or issue; and (b) determining the Members entitled to receive notices of, attend or vote at any general meeting or any adjournment thereof, the Board shall fix the period that the Register shall be closed for transfers (the “**Book Closure Period**”) at least for a period of sixty (60) days before the date of each annual general meeting, thirty (30) days before the date of each extraordinary general meeting and five (5) days before the target date for a dividend, bonus or other distribution. For the purpose of calculating the Book Closure Period, the respective convening date of the general meeting or the relevant target date shall be included.

## GENERAL MEETINGS

29. The Company shall in each year hold a general meeting as its annual general meeting, and the day and the time of an annual general meeting shall be determined by the Board PROVIDED HOWEVER that during the Relevant Period, an annual general meeting shall be convened within six months after close of each financial year or such other period as may be permitted by the Commission, the TPEX or the TWSE (where applicable). The annual general meeting shall be convened by the Board.
30. All general meetings other than annual general meetings shall be called extraordinary general meetings. The Board may, whenever they think fit, convene an extraordinary general meeting of the Company.
31. During the Relevant Period, all general meetings to be held in physical locations shall be held in the R.O.C. At any time other than during the Relevant Period, the Board may convene any general meeting at such place as it deems fit.
32.
  - (1) Any one or more Member(s) may, by depositing the requisition notice specifying the proposals to be resolved and the reasons thereof, request the Board to convene an extraordinary general meeting, provided that such Member or Members continuously holds at least three percent (3%) of the issued Shares of the Company as at the date of deposit of the requisition notice for a period of at least one year immediately prior to that date. If the Board does not give notice to Members to convene such meeting within fifteen (15) days after the date of the requisition notice, the proposing Member(s) may convene a general meeting.
  - (2) Any one or more Member(s) continuously holding more than half of the total issued Shares of the Company for a period of no less than three (3) months may convene an extraordinary general meeting. The number of Shares held by such Member or

Members and the holding period of which such Member or Members hold such Shares shall be calculated and determined based on the Register as of the first day of the Book Closure Period.

33. During the Relevant Period, the Company shall engage a Shareholder Service Agent within the R.O.C. to handle the administration of general meetings, including but not limited to, the voting matters.

### **NOTICE OF GENERAL MEETING**

34. (1) During the Relevant Period, at least thirty (30) days' notice of an annual general meeting and fifteen (15) days' notice of an extraordinary general meeting shall be given to each Member. The period of notice shall be exclusive of the day on which it is served and of the day on which the general meeting is to be held. Such notice shall be in writing, shall specify the place, the day and the time of meeting and the agenda and the proposals to be resolved at the general meeting and shall be given in the manner hereinafter described or be given via electronic communications if previously consented by the Members and permitted by the Law and the Applicable Listing Rules.
- (2) At any time other than the Relevant Period, at least five (5) days' notice in writing shall be given of an annual general meeting or any other general meeting PROVIDED HOWEVER that notice may be waived by all the Member either at or before the meeting is held PROVIDED FURTHER that notice or waiver thereof may be given by email, telex or telefax. At any time other than the Relevant Period, a general meeting may be convened by such shorter notice with the consent of a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five percent (95%) in nominal value of the Shares giving that right.
35. (1) During the Relevant Period, the Company shall make public announcements with regard to notice of general meeting, proxy form, summary information and details about items to be proposed at the meeting for approval, discussion, election or dismissal of Directors at least thirty (30) days prior to any annual general meeting or at least fifteen (15) days prior to any extraordinary general meeting.
- (2) During the Relevant Period, if the Company allows the Shareholders to exercise the votes and cast the votes in writing or by way of electronic transmission in accordance with Article 57, the Company shall also send to the Shareholders the information and documents as described in the preceding paragraph, together with the voting right exercise forms.
36. The following matters shall not be considered, discussed or proposed for approval at a general meeting unless they are specified in the notice of general meeting with the description of their major contents; the major contents may be posted on the website designated by the R.O.C. competent authorities or the Company, and such website shall be

indicated in the notice:

- (a) any election or removal of Director(s);
- (b) any alteration of the Memorandum and/or these Articles;
- (c) any capital reduction or compulsory purchase and cancellation of Shares pursuant to Paragraph (1) of Article 24;
- (d) applying for the approval of ceasing the status as a public company;
- (e) any dissolution, voluntary winding-up, Merger, share exchange, Consolidation or Spin-off of the Company;
- (f) entering into, amending, or terminating any contract for lease, management or regular joint operation of the Company's whole business;
- (g) the transfer of the whole or any material part of the Company's business or assets;
- (h) the acquisition of the whole business or assets of a Person, which has a material effect on the operation of the Company;
- (i) carrying out a Private Placement of any equity-type securities issued by the Company;
- (j) granting a waiver to a Director's non-competition obligation or approving a Director to engage in activities in competition with the Company;
- (k) distributing dividends, bonuses or other distributions payable on or in respect of the Share in whole or in part by way of issuance of new Shares; and
- (l) capitalisation of the Company's Statutory Reserve, the Share Premium Account and/or the income from endowments received by the Company in the Capital Reserve, by issuing new Shares and/or cash to its existing Members.

37. During the Relevant Period, the Company shall prepare a manual for each general meeting, and such manual and relevant materials shall be published on the website designated by the Commission, the TPEX or the TWSE (where applicable) twenty-one (21) days prior to the scheduled date of the relevant annual general meeting and fifteen (15) days prior to the scheduled date of the relevant extraordinary general meeting pursuant to the Applicable Listing Rules. However, in the event the Company's total paid-in capital as of the close of the most recent financial year reaches NT\$2 billion or more, or when the aggregate number of Shares held by the foreign investors and Mainland Chinese investors reached thirty percent (30%) or more as recorded in the Register at the time of holding of the general meeting in the most recent financial year, the Company shall upload the electronic files of the abovementioned manual and relevant materials thirty (30) days prior to the scheduled date of the relevant annual general meeting.

38. The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any Member entitled to receive notice shall not invalidate the proceedings of that general meeting.

### **PROCEEDINGS AT GENERAL MEETINGS**

39. (1) No business, other than the appointment of a chairman of the meeting, shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, at least two Members present in person or by proxy or (in the case of a Member being a corporation) by its duly authorised representative representing more than one-half of the total issued and outstanding Shares with voting rights shall be a quorum of Members for all purposes.
- (2) When a general meeting is held, a Member may participate in the general meeting through the medium of video conference call or any other form of communications designated and announced by the competent authority set forth in the Company Act of the R.O.C.; provided that in case of calamities, unforeseen incidents, or force majeure, the competent authority set forth in the Company Act of the R.O.C. may announce and designate that during a prescribed period the Company shall hold a general meeting by means of video conference call or any other form of communications without regard to lack of express provisions in these Articles. A Member participating in this way is deemed to be present in person at the general meeting.
- (3) During the Relevant Period, with respect to participation of a general meeting through the medium of video conference call referred to in the preceding Paragraph, the Company shall comply with the conditions, operating procedures and other matters prescribed by the Applicable Listing Rules.
40. (1) During the Relevant Period, one or more Member(s) holding one percent (1%) or more of the total issued Shares of the Company may submit to the Company not more than one proposal in writing or by way of electronic transmission for resolution at an annual general meeting.
- (2) During the Relevant Period, prior to the commencement of the period in which the Register is closed for transfers before an annual general meeting, the Company shall make a public announcement of the place and the period for Members to submit proposals; provided that the period for submitting such proposals shall not be less than ten (10) days.
- (3) The Member who has submitted a proposal shall attend, in person or by a proxy, such general meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.
- (4) The Board shall include a proposal submitted by Member(s) unless:

- (a) the proposal involves matters which cannot be settled or resolved at a general meeting under the Law, the Applicable Listing Rules and these Articles;
  - (b) the number of Shares held by the proposing Member(s) is less than one percent (1%) of the total issued Shares in the Register upon commencement of the Book Closure Period before the relevant annual general meeting of the Company;
  - (c) the proposal contains more than one matter;
  - (d) the proposal contains more than three hundred (300) words; or
  - (e) the proposal is submitted after the expiration of the specified period announced by the Company for submitting proposals.
- (5) If a proposal submitted by Member(s) is intended to urge the Company to promote public interests or fulfil its social responsibilities, the Board may include the proposal notwithstanding that the circumstances set forth in the Subparagraph (a) of the preceding Paragraph (4) of this Article applies.
- (6) The Company shall, prior to the despatch of a notice of the relevant annual general meeting, inform all the proposing Members of whether their proposals are accepted or not, and shall list in the notice of the relevant annual general meeting all the accepted proposals. The Board shall explain at the relevant annual general meeting the reasons for excluding any proposal submitted by Members.
41. The Chairman shall preside as chairman at every general meeting of the Company convened by the Board. For a general meeting convened by any Person other than the Board, such Person shall act as the chairman of that meeting; provided that if there are two or more Persons jointly convening such meeting, the chairman of the meeting shall be elected from those Persons.
42. If at any general meeting the Chairman is not present or is unwilling to act as chairman, he shall appoint one of the Directors to act on his behalf. In the absence of such appointment, the Directors present may choose one of them to be the chairman of that general meeting.
43. A general meeting may be adjourned by the Company by an Ordinary Resolution from place to place within five (5) days, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for more than five (5) days, notice of the time and location of the adjourned meeting shall be given as in the case of an original meeting.
44. At any general meeting, a resolution put to the vote of the meeting shall be decided on a poll.
45. Unless otherwise expressly required by the Law, the Applicable Listing Rules or these Articles, any matter proposed for approval by the Members at a general meeting shall be passed by an Ordinary Resolution.

46. (1) Subject to the Law and the Applicable Listing Rules, the Company may by a Special Resolution:
- (a) enter into, amend, or terminate any contract for lease, management or regular joint operation of its whole business;
  - (b) transfer the whole or any material part of its business or assets;
  - (c) acquire the whole business or assets of a Person, which has a material effect on the operation of the Company;
  - (d) distribute dividends, bonuses or other distributions in whole or in part by way of issuance of new Shares;
  - (e) effect any Spin-off of the Company;
  - (f) enter into any share exchange;
  - (g) authorise a plan of Merger or Consolidation involving the Company;
  - (h) resolve that the Company be wound up voluntarily for reasons other than the reason provided in Article 47;
  - (i) carry out a Private Placement;
  - (j) grant a waiver to a Director's non-competition obligation, or approve a Director to engage in activities in competition with the Company;
  - (k) change its name;
  - (l) change the currency denomination of its share capital;
  - (m) increase the share capital by such sum, to be divided into new Shares of such Classes of such par value, as the resolution shall prescribe;
  - (n) consolidate and divide all or any of its share capital into Shares of a larger par value than its existing Shares;
  - (o) subdivide its existing Shares, or any of them, into Shares of a smaller par value than is fixed by the Memorandum;
  - (p) cancel any Shares that, at the date of the resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the Shares so cancelled;
  - (q) subject to these Articles (including without limitation Articles 16 and 17), alter

or amend the Memorandum or these Articles, in whole or in part;

- (r) reduce its share capital and any fund of the capital redemption reserve in any manner authorised by the Law and the Applicable Listing Rules;
- (s) appoint an inspector to examine the affairs of the Company under the Law;
- (t) *[Intentionally Deleted]*; and
- (u) apply for the approval of ceasing the status as a public company.

- (2) Notwithstanding anything contained in these Articles, unless otherwise provided by the Law and the Applicable Listing Rules, in case the Company is dissolved after participating in the merger/consolidation or the Company is delisted from the TPEx or TWSE due to the general transfer (or the assignment of all rights and delegation of all duties of the Company), the transfer of business or assets of the Company, any share exchange or any Spin-off entered into or carried out by the Company while the surviving, transferee, existing or newly incorporated company is not a listed company (including TWSE/TPEx listed company), any such action aforementioned shall be approved by the affirmative vote of at least two-thirds (2/3) of the total votes cast by the Members of the Company.

47. Subject to the Law and the Applicable Listing Rules, the Company may by an Ordinary Resolution resolve that the Company be wound up voluntarily if the Company is unable to pay its debts as they fall due.

48. (1) Subject to the compliance with the Law, in the event any of the resolutions with respect to the matter(s) as set out in Subparagraph (a), (b) or (c) of Paragraph (1) of Article 46 is adopted at a general meeting, a Member who has notified the Company in writing of his objection to such proposal prior to that meeting and subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Member shall have the abovementioned appraisal right if the resolution to be adopted is in relation to the matter(s) set out in Subparagraph (b) of Paragraph (1) of Article 46 and at the same meeting the resolution for the winding up of the Company is also adopted.

(2) Subject to the compliance with the Law, in the event that the Company resolves to carry out any Spin-Off, Consolidation, Merger, acquisition or share exchange (collectively, the "**Merger and Acquisition**"), a Member expressing his dissent in accordance with the Applicable Listing Rules may request the Company to purchase all of his Shares at the then prevailing fair price.

(3) Without prejudice to the Law, a Member who votes against or waives his voting right at the meeting may request the Company to repurchase all of his Shares pursuant to Paragraphs (2) of this Article. In the event the Company and such Member fail to reach an agreement on the purchase price within sixty (60) days following the date of the resolution, the Company shall, within thirty (30) days after such sixty (60) days



period, file a petition against all Members who fail to reach such an agreement (collectively, the "**Dissenting Members**") with the R.O.C. Courts for a ruling on the appraisal price, and may designate Taiwan Taipei District Court of the R.O.C. as the court of first instance. Any and all votes waived by a Member referred to in this Paragraph shall not be counted toward the number of votes represented by the Members present at a general meeting.

- (4) Without prejudice to the Law, a Member making a request pursuant to Paragraphs (1) or (2) of this Article shall make such request in writing within twenty (20) days after the date of the general meeting adopting resolutions with respect to the matter(s) as set out in Subparagraph (a), (b) or (c) of Paragraph (1) of Article 46 or the Merger and Acquisition, and specify the repurchase price. If the Member and the Company reach an agreement on the repurchase price, the Company shall pay for the Shares to be repurchased within ninety (90) days after the date of the general meeting adopting such resolutions. In case no agreement is reached, the Company shall pay the fair repurchase price determined at its discretion to the Dissenting Members with whom the Company fail to reach an agreement within ninety (90) days after the date of the general meeting adopting such resolutions. If the Company fails to pay the price, it shall be considered to have accepted the repurchase price proposed by such Dissenting Members.
  - (5) Notwithstanding Paragraphs (2), (3) and (4) of this Article, nothing under this Article shall restrict or prohibit a Member from exercising his right under section 238 of the Companies Act (As Revised) of the Cayman Islands and any amendment or other statutory modification thereof to payment of the fair value of his shares upon dissenting from a Consolidation or Merger.
49. In case the procedure for convening a general meeting in which a resolution is adopted or the method of adopting a resolution is in violation of the Law, the Applicable Listing Rules or these Articles, a Member may, if and to the extent permitted under the Law, within thirty (30) days from the date of the resolution, submit a petition to the Taiwan Taipei District Court of the R.O.C., as applicable, for an appropriate remedy, including but not limited to, requesting the court to invalidate and cancel the resolution adopted therein.
50. Notwithstanding anything to the contrary provided for in these Articles, at any time other than during the Relevant Period, a resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being Juristic Persons by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.
51. The proceedings regarding general meetings and the voting in general meetings not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and amended by the Company by an Ordinary Resolution from time to time; during the Relevant Period, such internal rules shall be in compliance with the Law and the Applicable Listing Rules.

## VOTES OF MEMBERS

52. Subject to any rights and restrictions as to voting for the time being attached to any Share by or in accordance with these Articles, at any general meeting, every Member present in person (or in the case of a Member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each Share registered in his/her/its name in the Register.
53. In the case of joint Members, the joint Members shall select a representative among them to exercise their voting powers and the vote cast by such representative, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Members.
54. A Shareholder who holds Shares for the benefit of others need not use all his votes or cast all the votes he holds in the same way as he uses his votes in respect of Share he holds for himself. The qualifications, scope, methods of exercise, operating procedures and other requirements for separate votes shall be in compliance with the Applicable Listing Rules.
55. Any corporation which is a Member of the Company may, by resolution of its board or other governing body, authorise such natural person as it thinks fit to act as its representative at any general meeting or at any meeting of a Class of Members of the Company.
56. (1) Subject to the Law and the Applicable Listing Rules, Shares held by the following persons shall not be counted in the total number of issued Shares of the Company which are entitled to vote for when calculating the quorum at a general meeting and Members belonging to the following persons shall abstain from voting in respect of all Shares held by them:
  - (a) the Company itself (if such holding is permitted by the Law);
  - (b) any entity in which the Company is legally or beneficially interested in more than fifty percent (50%) of its issued and voting share capital or equity capital; or
  - (c) any entity in which the Company and (i) its holding company, and (ii) its Subordinate Company are legally or beneficially, directly or indirectly, interested in more than fifty percent (50%) of its issued and voting share capital or equity capital.
- (2) Any Member who bears a personal interest that may conflict with and impair the interest of the Company in respect of any matter proposed for consideration and approval at a general meeting shall abstain from voting in respect of all the Shares that such Member should otherwise be entitled to vote, on his behalf or as a proxy or corporate representative, with respect to the said matter. Any and all votes cast by such Member(s) shall not be counted in determining the number of votes for or against such matter.
- (3) Where any Director, who is also a Shareholder of the Company, creates or has created any charge, mortgage, encumbrance or lien in respect of Shares held by such Director (the "**Charged Shares**") exceeding fifty percent (50%) of total Shares held by such

Director at the time of his/her latest appointment as Director, such Director shall refrain from exercising its voting rights on the Shares representing the difference between the Charged Shares and fifty percent (50%) of total Shares held by such Director at the time of his/her latest appointment as Director, and such Shares shall not carry the voting rights and shall not be counted toward the number of votes represented by the Shareholders present at a general meeting but shall be included in the quorum.

57. To the extent permitted by the Law, the Board may resolve that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or electronic transmission. Notwithstanding the foregoing, during the Relevant Period, subject to the Applicable Listing Rules, the Company shall adopt the written ballot and electronic transmission as the methods for exercising the voting power of a Member. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two (2) days prior to the date of such general meeting. Where more than one voting decision are received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his Shares at the general meeting only in the manner directed by his written instrument or electronic document. The chairman of the general meeting as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electronic document, impromptu proposal and/or any amendment to resolution(s) proposed at the said general meeting. For the purpose of clarification, such Members voting in such manner shall be deemed to have waived their voting rights with respect to any extemporary matters or amendment to resolution(s) proposed at the general meeting.
58. In case a Member who has cast his votes by a written instrument or by way of electronic transmission intends to attend the relevant general meeting in person, he shall, at least two (2) day prior to the date of the general meeting, revoke such votes by serving a notice in the same manner as he cast such votes. In the absence of a timely revocation of such votes, such votes shall remain valid.

## **PROXY**

59. (1) A Member may appoint a proxy to attend a general meeting on his behalf by executing a proxy form produced by the Company stating therein the scope of power authorized to the proxy. A proxy need not be a Member.
- (2) During the Relevant Period, subject to the Law and unless otherwise provided in these Articles, forms of instrument of proxy for use at a general meeting shall be produced by the Company specifying therein (a) the instructions for filling out the form, (b) the

matters to be entrusted by the Member or to be voted upon pursuant to such proxy, and (c) the basic information of the Member as appointor, the proxy and the proxy solicitor (if any) and shall be sent out together with the notice of general meeting to all Members on the same day.

60. A Member may only appoint one proxy for each general meeting irrespective of how many Shares he holds and shall serve an executed proxy in compliance with the preceding Article to the Company or its Shareholder Service Agent as the case may be no later than five (5) days prior to the date of the general meeting. In case the Company receives two or more proxies from one Member, the one received first by the Company shall prevail unless an explicit statement by the Member to revoke such proxy is made in the subsequent proxy, provided this subsequent proxy is received no later than five (5) days prior to the date of the general meeting.
61. In case a Member who has served a proxy intends to attend the relevant general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two (2) days prior to the date of the general meeting, revoke such proxy by serving a separate written notice to the Company or Shareholder Service Agent. Otherwise, the votes cast by the proxy at the general meeting shall prevail.
62. A Member who has served the Company with his voting decision in accordance with Article 57 for the purpose of exercising his voting power by way of a written ballot or by way of electronic transmission may appoint a person as his proxy to attend the meeting in accordance with these Articles, in which case the vote cast by such proxy shall be deemed to have revoked his previous voting decision served on the Company and the Company shall only count the vote(s) cast by such expressly appointed proxy at the meeting.
63. During the Relevant Period, except for trust enterprises or shareholder service agencies duly licensed under the R.O.C. competent authorities or the chairman of a general meeting who is deemed appointed as proxy pursuant to Article 57, where a Person acts as a proxy for two or more Members, the number of voting Shares that the proxy may vote in respect thereof shall not exceed three percent (3%) of the total number of issued and outstanding voting Shares; otherwise, such number of voting Shares in excess of the aforesaid threshold shall not be counted towards the number of votes cast for or against the relevant resolution or the number of voting Shares present at the relevant general meeting but shall be included in the quorum. Upon such exclusion, the number of voting Shares being excluded and attributed to each Member represented by the same proxy shall be determined on a pro-rata basis based on the total number of voting Shares being excluded and the number of voting Shares that such Members have appointed the proxy to vote for.
64. The use and solicitation of proxies not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and amended by the Board from time to time, which shall be in compliance with the Law and the Applicable Listing Rules (in particular, the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of R.O.C. Public Companies (as amended, supplemented or otherwise modified from time to time)).

## **DIRECTORS AND THE BOARD**

65. (1) The Board shall consist of not less than five (5) or more than twelve (12) Directors (including Independent Directors). Subject to the foregoing, the number of Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Directors will be held.
- (2) A Director can be a natural person or a Juristic Person. Where a Director is a Juristic Person, it shall designate a natural person as its authorized representative to exercise, on its behalf, the powers of a Director and may replace such representative from time to time so as to fulfil its remaining term of the office. A Director shall not be required to hold any Shares in the Company.
- (3) Directors shall be elected by Members at general meetings. Any Juristic Person which is a Member shall be entitled to appoint a natural person or natural persons as its representative(s) to be nominated for election as Director in accordance with these Articles.
- (4) The principle of cumulative voting shall apply in any election of Directors pursuant to this Article. Each Member entitled to vote in such election shall have a number of votes equal to the product of (a) the number of votes conferred by such Member's Shares and (b) the number of Directors to be elected at the general meeting. Each Member may divide and distribute such Member's votes, as so calculated, among any one or more candidates for the directorships to be filled, or such Member may cast such Member's votes for a single candidate. At such election, the candidates receiving the highest number of votes, up to the number of Directors to be elected, shall be elected. Notwithstanding anything to the contrary in these Articles, at any time other than the Relevant Period, the Company may by Ordinary Resolution appoint any Person to be a Director or remove any Director from office.
- (5) The proceedings and the voting regarding the election of Directors not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and amended by an Ordinary Resolution from time to time, which shall be in compliance with the Law and the Applicable Listing Rules.
66. The Company may, whenever it thinks fit, adopt and apply a candidate nomination mechanism for election of any of the Directors in accordance with the Applicable Listing Rules. Notwithstanding the foregoing, during the Relevant Period, a candidate nomination mechanism shall be adopted for election of all Directors. Upon adoption of candidate nomination mechanism, the Directors and Independent Directors shall be elected by the Members at a general meeting from among the nominees listed in the respective rosters of director candidates and independent director candidates. Subject to the Law and the Applicable Listing Rules, the Board may establish detailed rules and procedures for such candidate nomination.
67. Subject to these Articles, each Director shall be appointed to a term of office not exceeding three (3) years and is eligible for re-election. In case no election of new Directors is effected

prior to the expiration of the term of office of existing Directors, the term of office of such existing Directors shall be extended until the time such Directors are re-elected or new Directors are duly elected and assume their office subject to these Articles. In the event of any vacancy in the Board, the new Director elected in the general meeting shall fill the vacancy for the residual term of office.

68. (1) Unless otherwise provided by these Articles, a Director may be removed from office at any time by a Special Resolution adopted at a general meeting.
- (2) Without prejudice to other provisions of these Articles, the Directors may be put up for re-election at any time before the expiration of the term of office of such Directors. In the event where all Directors are subject for re-election at a general meeting before the expiration of the term of office of such Directors, subject to the successful election of the new Directors at the same meeting, the term of office of all current Directors is deemed to have expired on the date of the re-election if the Members do not resolve that all current Directors will only retire at the expiration of their present term of office or any other date as otherwise resolved by the Members at the general meeting.
69. A chairman of the Board (the “**Chairman**”) shall be elected from among the Directors and appointed in term by a majority of the Directors present at a Board meeting attended by at least two-thirds of all of the Directors then in office. The Chairman shall externally represent the Company and internally preside as the chairman at every Board meeting and at every general meeting convened by the Board. In the event the Chairman is not present at a meeting or cannot or will not exercise his power and authority for any cause, he shall designate one of the Directors to act on his behalf. In the absence of such designation, the Directors present at the meeting shall elect from among themselves an acting chairman.
70. The remuneration of a Director may differ from other Directors, and shall be determined by the Board, regardless of the Company profits or losses of respective years, based on (a) the extent of a Director's involvement with the operations of the Company, (b) the contribution of a Director to the Company, (c) the prevailing industry standard and (d) such other relevant factors.
71. When the number of Directors then in office falls below five (5) due to any Director(s) vacating his office for any reason, the Company shall hold an election for such number of Directors at the next general meeting to fill the vacancy for the remainder of the term of such outgoing Director(s). When the number of Directors then in office falls short by one-third of the total number of Directors initially constituting the existing Board, the Company shall convene an extraordinary general meeting within sixty (60) days of the occurrence of that fact for the purposes of electing such number of Directors to fill the casual vacancy.
72. Subject to these Articles, a Director other than an Independent Director may hold any other office (except that of Auditor) or place of profit under the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine, and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other

office or place of profit nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

73. (1) Without prejudice to the duties owed by a Director to the Company under common law of the Cayman Islands and subject to the Law, the Directors shall assume fiduciary duties to the Company and without limitation, the due care of a good administrator, exercise due care and skill and act in the best interest of the Company in conducting the business operation of the Company, including matters in connection with Spin-off, Consolidation, Merger, or acquisition of the Company. A Director may be liable to the Company if he acts contrary to his duties. In circumstances where a Director breaches any of such duties and acts for his/her or other Person's interest, the Company may, with the sanction of an Ordinary Resolution, take all such actions and steps as may be appropriate and to the maximum extent legally permissible to seek to recover any and all earnings derived from such act as if such misconduct is done for the benefit of the Company.
- (2) If a Director violates any law in the course of conducting the business of the Company, he shall be jointly and severally liable with the Company for the damages resulting from such violation.
- (3) The preceding two paragraphs of this Article shall apply, mutatis mutandis, to the officers of the Company who are authorised to act on its behalf in a senior management capacity.
74. Subject to these Articles, a Director other than an Independent Director may act by himself or his firm in a professional capacity for the Company (except that of Auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
75. To the extent permitted by the Law, the Company may pay, or agree to pay, a premium in respect of a contract insuring each of the following persons against risks determined by the directors, other than liability arising out of that person's negligence and/or dishonestly: an existing or former director (including alternate director), secretary or officer or Auditor of the Company; a company which is a subsidiary of the Company; and a company in which the Company has or had an interest (whether direct or indirect).
76. During the Relevant Period, the qualifications, election, removal, power, authority and other requirements for Directors (including Independent Directors), which are not covered by these Articles, shall be in compliance with the Applicable Listing Rules.

## **INDEPENDENT DIRECTORS**

77. (1) During the Relevant Period, the number of Independent Directors of the Company shall not be less than three (3) or one-third of the total number of Directors at any time, whichever is greater. Two (2) of the Independent Directors shall have resident status of the R.O.C. (such resident status being registered with local government authorities)

PROVIDED HOWEVER that the number of Independent Directors of the Company shall not be less than four (4) when the Chairman is also the general manager or holds an office equivalent to the general manager or when a spousal relationship or a familial relationship within the first degree of kinship as defined under the Civil Code of Taiwan exists between the Chairman and the general manager of the Company or between the Chairman and an officer equivalent to the general manager of the Company.

- (2) Subject to the foregoing, the number of Independent Directors to be elected and hold the office shall be stated in the notice of the general meeting in which an election of Independent Directors will be held. When an Independent Director ceases to act, resulting in a number of Independent Directors then in office lower than the prescribed minimum number, an election for an Independent Director shall be held at the next general meeting. When all Independent Directors cease to act, the Company shall convene an extraordinary general meeting to hold an election of Independent Directors within sixty (60) days from the date on which the situation arose.

78. Independent Directors shall possess professional knowledge and shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions held by the Independent Directors shall be as prescribed by the Applicable Listing Rules, and the assessment of independence of such Independent Directors shall be in compliance with the Applicable Listing Rules. The Board or other Persons calling a general meeting at which an election for Independent Directors is proposed shall ensure that the requirements of this Article have been satisfied and complied with in relation to any candidate for Independent Director.

## **POWERS AND DUTIES OF THE BOARD**

79. (1) Subject to the Law, these Articles, the Applicable Listing Rules and any resolutions passed in a general meeting, the business of the Company shall be managed by the Board in such manner as it shall think fit, which may pay all reasonable expenses in connection with business management, including but not limited to expenses incurred in forming and registering the Company and may exercise all powers of the Company.
- (2) If the Board fails to comply with the Applicable Listing Rules, these Articles and any resolutions passed in a general meeting in dealing with matters in connection with Spin-off, Consolidation, Merger, or acquisition of the Company, as a result of which the Company suffers damages, any Director involved in decision-making related thereto shall be liable to the Company in respect of the damages suffered by the Company. However, a Director may be exempted from the liability if the minutes of the Board meeting or written statement demonstrates such Director's dissent.
- (3) Except as otherwise provided by these Articles, the compensation to be paid to the Directors shall be determined by the Board in accordance with the standard prevalent in the industry by reference to recommendation made by the remuneration committee (if established). Such compensation shall be deemed to accrue from day to day, and the Directors shall also be entitled to be paid their travelling, hotel and other expenses



properly incurred by them in going to, attending and returning from Board meetings of the Directors, or any committee established under Article 82, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Board from time to time, or a combination partly of one such method and partly the other.

80. The Board may from time to time appoint any Person to hold such office in the Company as the Board may think necessary for the management of the Company, including but not limited to officers and managers, and for such term and at such remuneration as the Board may think fit. Any Person so appointed by the Board may be removed by the Board.
81. The Board may appoint a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as the Board thinks fit. Any Secretary or assistant Secretary so appointed by the Board may be removed by the Board. The Secretary shall attend all general meetings and shall keep correct minutes of such meetings. Subject to the Applicable Listing Rules, the Secretary shall also perform such other duties as are prescribed by the Law or as may be prescribed by the Board.

## **COMMITTEES**

82. Subject to the Law and the Applicable Listing Rules, the Board may, or the Company may by an Ordinary Resolution, establish any committee(s) and delegate any of their powers, authorities and discretions to such committee(s) (including but not limited to an audit committee and a remuneration committee) consisting of such member or members of their body or any other Persons as the Board thinks fit. Any committee(s) so formed shall, in the exercise of the powers, authorities and discretions so delegated, and in conducting its proceedings, conform to any regulations that may be imposed on it by the Board pursuant to the Applicable Listing Rules. If no regulations are imposed by the Board, the proceedings of a committee with two (2) or more members shall be, as far as is practicable, governed by these Articles regulating the proceedings of the Board.
- 82.1(1) During the Relevant Period, unless otherwise provided by the Law and the Applicable Listing Rules, the Company shall establish an audit committee; regulations governing the professional qualifications for its members, the formation of audit committee, the exercise of their powers of office, and related matters shall be prescribed and amended from time to time by the Board in accordance with the Applicable Listing Rules.
- (2) The audit committee of the Company shall be composed of all the Independent Directors. The audit committee shall not be fewer than three Persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. A resolution of the audit committee shall have the concurrence of one-half or more of the members of the audit committee.
- (3) The following matters shall be subject to the consent of one-half or more of all members of the audit committee of the Company and shall be thereafter submitted to

the Board for a resolution:

- (a) Adoption or amendment of an internal control system.
  - (b) Assessment of the effectiveness of the internal control system.
  - (c) Adoption or amendment of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
  - (d) A matter bearing on the personal interest of a Director.
  - (e) A material asset or derivatives transaction.
  - (f) A material monetary loan, endorsement, or provision of guarantee.
  - (g) The offering, issuance, or Private Placement of any equity-type securities.
  - (h) The hiring or dismissal of an Auditor, or the compensation given thereto.
  - (i) The appointment or discharge of a financial, accounting, or internal auditing officer.
  - (j) Annual and semi-annual financial reports.
  - (k) Any other material matter so required by the Company or the competent authority.
- (4) With the exception of Subparagraph (j) above, any matter under a subparagraph of the preceding paragraph that has not been approved with the consent of one-half or more of all members of the audit committee of the Company may be undertaken upon the approval of two-thirds or more of the Directors, without regard to the restrictions of the preceding paragraph, and such resolution of the audit committee of the Company shall be recorded in the minutes of the Board meeting.
- 82.2(1) During the Relevant Period, unless otherwise provided by the Law and the Applicable Listing Rules, the Company shall establish a remuneration committee; regulations governing the professional qualifications for its members, the formation of remuneration committee, the exercise of their powers of office, and related matters shall be prescribed and amended from time to time by the Board in accordance with the Applicable Listing Rules. Remuneration referred to in this Paragraph shall include salary, stock options, and any other substantive incentive measures for Directors and managerial officers under the Law or the Applicable Listing Rules.
- (2) The members of the remuneration committee of the Company shall be appointed by the Board and shall not be fewer than three members, a majority of whom shall be the Independent Directors.

- (3) The remuneration committee of the Company shall exercise the care of a good administrator and in good faith when performing the official powers listed below, and shall submit its recommendations for deliberation by the Board:
    - (a) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for Directors and officers.
    - (b) Periodically evaluate and prescribe the remuneration of Directors and officers.
    - (c) Any other material matter so required by the Company or the competent authority.
- 82.3(1) During the Relevant Period, prior to any resolution of the Merger and Acquisition by the Board, the audit committee of the Company shall review the fairness and reasonableness of the plan and transaction of the Merger and Acquisition, and then submit review results to the Board and the general meeting of the Company. However, the audit committee of the Company may elect not to submit the aforesaid review results to the Members at a general meeting if the Law provides that the Merger and Acquisition to be resolved requires no approval by the Members.
- (2) When reviewing the abovementioned matters, the audit committee of the Company shall seek opinions from an independent expert on the reasonableness of the share exchange ratio or the distribution of cash or other assets.
  - (3) The Company shall send the review results of the audit committee of the Company and opinions of independent experts to all Members together with the notice of general meeting in which the Merger and Acquisition is to be resolved. However, the Company shall report the Merger and Acquisition to the Members at the most recent general meeting if the Law provides that the Merger and Acquisition to be resolved requires no approval by the Members.
  - (4) If the Company posted the aforesaid review results and opinions of independent experts on a website designated by the R.O.C. competent authorities and arranged for the same documents to be made available at the venue of the general meeting of the Company for inspection by Members, those documents shall be deemed as having been sent to all Members.

## **DISQUALIFICATION AND VACATION OF OFFICE OF DIRECTORS**

83. (1) During the Relevant Period, a person who is under any of the following circumstances shall not act as a Director of the Company; if he has already held office of a Director, he shall cease to act as a Director and be removed from the position of Director automatically:
  - (a) commits a felony (including but not limiting to an offence under Statute for Prevention of Organizational Crimes of the R.O.C.) and has been convicted thereof, and either (i) he has not started serving the sentence, (ii) he has not

completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than five (5) years;

- (b) has been imposed a final sentence involving imprisonment for a term of more than one year for commitment of fraud, breach of trust or misappropriation, and either (i) he has not started serving the sentence, (ii) he has not completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two (2) years;
  - (c) has been imposed a final sentence due to violation of the Anti-corruption Act, and either (i) he has not started serving the sentence, (ii) he has not completed serving the sentence, or (iii) the time elapsed after completion of serving the sentence, expiration of the probation, or pardon is less than two (2) years;
  - (d) becomes bankrupt or is adjudicated of commencement of liquidation proceeding by a court under the laws of any jurisdiction, and has not been reinstated to his rights and privileges;
  - (e) has allowed cheques and other negotiable instruments to be dishonoured and the records thereof have not been cancelled or expunged by the relevant regulatory authorities;
  - (f) dies or an order has been made by any competent court or authority on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and such order has not been revoked, or his legal capacity is restricted according to the applicable laws;
  - (g) ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under any provisions of the Law and/or Applicable Listing Rules;
  - (h) ceases to be a Director by virtue of Article 84;
  - (i) resigns his office by notice in writing to the Company;
  - (j) is removed from office pursuant to these Articles; or
  - (k) has been ordered to be removed from office by the R.O.C. Courts on the grounds that such Director, in the course of performing his duties, committed serious violations of the Law, Applicable Listing Rules or these Articles, or acts resulting in material damage to the Company, upon a petition by the Company or Member(s) to the R.O.C. Courts.
- (2) During the Relevant Period, in case a Director (other than Independent Director) has transferred some or all his Shares during the term of his office as a Director, such that the remaining Shares held by him are less than one half of the Shares being held by

him at the time he was elected, he shall, ipso facto, cease to act as a Director and be removed from the position of Director automatically.

- (3) During the Relevant Period, if a Director (other than Independent Director), (a) after having been elected and before his inauguration of the office of a Director, has transferred some or all his Shares held by him such that the remaining Shares are less than one half of the Shares held by such Director at the time of his election or, (b) within the Book Closure Period fixed by the Board in accordance with Article 28(2) prior to the general meeting for the election of such Director, has transferred some or all his Shares held by him such that the remaining Shares are less than one half of the Shares held at the commencement of the Book Closure Period, his election as a Director shall be deemed invalid and void.
84. Except as approved by the Commission, the TPEX or the TWSE (where applicable), the following relationships shall not exist among half or the majority of the Directors: (a) a spousal relationship; or (b) a familial relationship within the second degree of kinship as defined under the Civil Code of Taiwan. If any of the foregoing relationships exists among half or the majority of the elected Directors, the election with respect to the one who received the lowest number of votes among those related Directors shall be deemed invalid and void; and if he has already held office of a Director, he shall cease to act as a Director and be removed from the position of Director automatically. For the remaining Directors, if the foregoing requirements are still not satisfied, the same procedure set out above shall be applied again to the remaining related Directors, until such time as the foregoing requirements can be complied with.
85. In case a Director has, in the course of performing his/her/its duties, committed any act resulting in material damage to the Company or in serious violation of the Law, the Applicable Listing Rules or these Articles, but has not been removed from office by a resolution in a general meeting, one or more Members holding three percent (3%) or more of the total number of issued Shares of the Company may, within thirty (30) days after that general meeting, submit a petition to Taiwan Taipei District Court of the R.O.C. or a competent court, but only if and to the extent permitted under the Law and the Applicable Listing Rules, for removing such Director from office.
86. Subject to the Law, one or more Members holding one percent (1%) or more of the total number of the issued Shares continuously for a period of six months or a longer time may request in writing the audit committee to file, on behalf of the Company, an action against a Director who has, in the course of performing his/her duties, committed any act resulting in damage to the Company or in violation of the Law, the Applicable Listing Rules or these Articles, with the Taiwan Taipei District Court of the R.O.C. or a competent court. In case the audit committee fails to file such action within thirty (30) days after receipt of such request, to the extent permitted under the laws of the Cayman Islands, the Members making such request may file the action for the Company.

## **PROCEEDINGS OF THE BOARD**

87. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate and shall from time to time establish internal rules in this regard, which shall be in compliance with the Law and the Applicable Listing Rules. During the Relevant Period, the Board meetings shall be held at least once in each quarter or within such period and frequency as may be prescribed by the Applicable Listing Rules. The quorum necessary for the transaction of the business of the Board shall be a majority of the Directors. Subject to the Law, the Applicable Listing Rules and these Articles, any matter proposed for consideration and approval at a Board meeting shall be decided by a majority of votes entitled so to do.
88. A Director may, and the Secretary on the requisition of a Director shall, summon a Board meeting by, during the Relevant Period, at least seven (7) days' notice in writing, or at any time other than during the Relevant Period, at least forty eight hours' notice in writing, to every Director which notice shall set forth the general nature of the business to be considered PROVIDED HOWEVER, without prejudice to the prescribed notice, in the event of emergency, as determined by the Board in its sole discretion, a Board meeting may be called at any time upon a written notice given in accordance with the Applicable Listing Rules. Notwithstanding the forgoing, at any time other than during the Relevant Period, a notice of Board meeting may be waived by all the Directors at, before or retrospectively after the relevant Board meeting is held. Any notice or waiver thereof may be given by email, telex or telefax.
89. A Director may participate in a meeting of Board, or of any committee appointed by the Board of which such Director is a member, by means of visual communication facilities which permit all Persons participating in the meeting to see and communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute presence in person at the meeting.
90. A Director may appoint another Director as his proxy to attend a meeting of the Board in writing with regard to a particular meeting, and state therein the scope of authority with reference to the subjects to be discussed at such meeting, in which event the presence and vote of the proxy shall be deemed to be that of the Director appointer. No Director may act as proxy for two (2) or more other Directors. Subject to these Articles, if a Director attends a Board meeting on his behalf and as the proxy of another Director, he is entitled to vote both as a proxy and for his own.
91. A Director who is in any way, whether directly or indirectly, interested in a matter discussed, considered or proposed in a meeting of the Board shall declare the nature of his interest and its essential contents at such relevant meeting. When the Company conducts any Spin-Off, Consolidation, Merger, or acquisition, a Director who bears any interest in the transaction shall explain the essential contents of such personal interest and the reason of approval or disapproval of the resolution in connection with the transaction in a meeting of the Board and the general meeting of the Company. The Company shall specify in the notice of general meeting with descriptions of the essential contents of a Director's personal interest and the reason of approval or disapproval of the resolution in connection with the transaction. The essential contents may be posted on the website designated by the R.O.C. competent authorities or the Company, and such website shall be indicated in the above notice. Where

the spouse, a blood relative within the second degree of kinship of a Director as defined under the Civil Code of Taiwan, or any company which has a controlling or subordinate relation with a Director bear any interest in the matter under discussion at a Board meeting, such Director shall be deemed to bear a personal interest in the matter. Any Director who bears a personal interest that may conflict with and impair the interest of the Company in respect of any matter proposed for consideration and approval at a meeting of Board shall abstain from voting, on his own behalf or as a proxy or corporate representative, with respect to the said matter. Any and all votes cast by such Director(s) shall not be counted in determining the number of votes for or against such matter.

92. Subject to these Articles, the continuing Directors may act notwithstanding any vacancy in their body.
93. Notwithstanding anything to the contrary provided for in these Articles, at any time other than during the Relevant Period, a resolution in writing signed by all of the Directors then in office or all of the members of a committee of Directors, including a resolution signed in counterpart or by way of signed email, telex or telefax transmission, shall be as valid and effectual as if it had been passed at a Board meeting or of a committee of Directors duly called and constituted.
94. The proceedings regarding Board meetings not provided for in these Articles shall be governed by the internal rules of the Company, as adopted and amended by the Board and reported to the Members at a general meeting from time to time, which shall be in compliance with the Law and the Applicable Listing Rules (in particular, the Regulations Governing Procedure for Board of Directors Meetings of Public Companies of the R.O.C.).

## **RESERVES AND CAPITALISATION**

95. During the Relevant Period, the Company shall set aside out of the profits of the Company for each financial year: (a) a reserve for payment of tax for the relevant financial year; and (b) an amount to offset losses incurred in previous year(s); and (c) a Statutory Reserve in accordance with the Applicable Listing Rules, and after the aforesaid sums as set aside from the profits for such relevant financial year for any purpose to which the profits of the Company may be properly applied, the Board shall, before recommending any dividend or bonuses, set aside the remaining profits of the Company in whole or in part for the relevant financial year as a special reserve or reserves in accordance with the order from the Commission, and the Company may also, under these Articles or by Special Resolution of the general meeting, set aside another sum as a special reserve or reserves (collectively, the "**Special Reserve**").
96. Unless otherwise provided in the Law, the Applicable Listing Rules and these Articles, neither the Statutory Reserve nor the Capital Reserve shall be used except for offsetting the losses of the Company. The Company shall not use the Capital Reserve to offset its capital losses unless the Statutory Reserve and Special Reserve set aside for purposes of loss offset is insufficient to offset such losses.

97. (1) During the Relevant Period, subject to the Law, where the Company incurs no loss, it may, by a Special Resolution, distribute its Statutory Reserve, the Share Premium Account and/or the income from endowments received by the Company, which are in the Capital Reserve which are available for distribution, in whole or in part, by issuing new, fully paid Shares and/or by cash to its Members.
- (2) At any time other than during the Relevant Period, subject to the Law, the Board may distribute cash dividends/bonuses out of or capitalise any sum for the time being standing to the credit of the Share Premium Account or any of the other Company's reserve accounts which are available for distribution or any sum standing to the credit of the profit and loss account or otherwise available for distribution and to appropriate such sums to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend//bonus and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.
98. Where any difficulty arises in regard to any declaration of share dividends or share bonuses or other similar distributions under these Articles due to any fraction held by Member(s), the Board may determine that cash payments should be made to any Members in full, or part thereof, as may seem expedient to the Board. Such decision of the Board shall be effective and binding upon the Members.

### **COMPENSATION, DIVIDENDS AND BONUSES**

99. At any time other than during the Relevant Period, subject to the Law and these Articles and except as otherwise provided by the rights attaching to any Shares, the Board may from time to time declare dividends/bonuses (including interim dividends/bonuses), and other distributions to the Members by issuing new, fully paid Shares and/or by cash in proportion to the number of Shares held by them respectively and authorise payment of the same out of the funds of the Company lawfully available therefore. The Directors may, before declaring any dividends, bonuses or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business or investments of the Company.
- 100.(1) As the Company is in the growing stage, the dividend/bonuses of the Company may be distributed in the form of cash dividends/bonuses and/or stock dividends/bonuses. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development needs in assessing the amount of dividends/bonuses the Company wishes to distribute.
- (2) During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year,



upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than three percent (3%) and not more than ten percent (10%) of the profits for such year to the Employees as the Employees' compensation in the form of shares and/or in cash and may distribute not more than two percent (2%) hereof to the Directors as the Directors' compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. A report of such distribution of Employee and Directors' compensation shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensation shall not be paid in the form of shares. The term "annual profits" as used herein shall mean the annual profits for such year before tax without deducting the amount of compensation distributed to the Employees and Directors as prescribed in this Paragraph (2) of this Article.

- (3) During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles and except as otherwise provided by the rights attaching to any Shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total paid-in capital), and setting aside the Special Reserve (if any), the Company may distribute not less than thirty percent (30%) of the remaining balance (including the amounts reversed from the Special Reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an Ordinary Resolution passed at an annual general meeting of the Company duly convened and held in accordance with these Articles to the Members as dividends/bonuses in proportion to the number of Shares held by them respectively pursuant to these Articles, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to Members.
- (4) The Board may deduct from the dividends, bonuses or any other amount payable to the Member in respect of the Share any amount (if any) due by such Member to the Company on account of calls or otherwise in relation to the Share.
- (5) Any dividend, bonus or other monies payable on or in respect of the Share may be paid by wire transfer to the bank account nominated by the Member or by cheque or warrant sent through a post to the registered address of the Member, or to such Person and to such address as the holder may nominate in writing. In the case of joint Members, any of them may give a valid receipt for the dividend, bonus or other monies payable on or in respect of the Share.
- (6) Subject to the Law and the Applicable Listing Rules, any Special Reserve may be

reversed to undistributed profits of the Company.

101. During the Relevant Period, subject to the Law, the Applicable Listing Rules and these Articles, the Company may by a Special Resolution distribute any part or all of the dividends or bonuses to the Members declared in accordance with the preceding article by way of applying such sum in paying up in full unissued Shares for allocation and distribution to the Members.
102. No dividend, bonus or other distribution shall be paid otherwise than out of profits or out of monies otherwise available for dividend, bonus or other distribution in accordance with the Law. No dividend, bonus or other distribution or other money payable by the Company on or in respect of any Share shall bear interest against the Company.

#### **ACCOUNTS, AUDIT, AND ANNUAL RETURN AND DECLARATION**

103. (1) The Directors shall cause to be kept accounting records and books of account sufficient to give a true and fair view of the state of the Company's affairs and to show and explain the transactions of the Company and otherwise in accordance with the Law, at the Registered Office or at such other place(s) in such manner as may be determined from time to time by the Board and shall always be open to the inspection by the Directors.
- (2) If the Company keeps its accounting records and books of account at any place outside the Cayman Islands in accordance with the preceding paragraph, it shall, upon service of an order or notice pursuant to the Tax Information Authority Act and any amendment or other statutory modification thereof, make available, in electronic form or any other medium at its Registered Office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.
104. During the Relevant Period, at the end of each financial year, the Board shall prepare: (a) the business report; (b) the financial statements which include all the documents and information as required by the Law and the Applicable Listing Rules (the "**Financial Statements**"); and (c) any proposal relating to the distribution of net profit and/or loss offsetting in accordance with these Articles, for adoption by the annual general meeting of the Company. Upon adoption at the annual general meeting of the Company, the Board shall distribute to each Member copies of the Financial Statements and the resolutions relating to profit distribution and/or loss offsetting. However, during the Relevant Period, the Company may make a public announcement of the abovementioned statements and resolutions instead of distributing those to each Member.
105. During the Relevant Period, the documents prepared by the Board in accordance with the preceding article shall be made available at the Shareholder Service Agent's office in the R.O.C. for inspection during normal business hours by the Members, ten (10) days prior to the annual general meeting.
106. Subject to the Law and the Applicable Listing Rules, the Board may determine (or revoke, alter or amend any such determination) that the accounts of the Company be audited and

the appointment of the Auditors.

107. During the Relevant Period, the Board shall keep copies of the Memorandum, these Articles, the minutes of every general meeting, the Financial Statements, the Register and the counterfoil of corporate bonds issued by the Company at its Shareholder Service Agent's office in the R.O.C. Any Member may request at any time, by submitting evidentiary document(s) to show his interests involved and indicating the scope of requested matters, access to inspecting, transcribing and making copies of the above documents; the Company shall make Shareholder Service Agent provide the above documents.
108. The Board in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

### **TENDER OFFER**

109. Subject to the Law and the Applicable Listing Rules, during the Relevant Period, within fifteen (15) days after receipt of the copy of the public tender offer report form, the public tender offer prospectus, and relevant documents, the Company shall make a public announcement of the following:
- (a) the types, number and amount of shares held by the Directors and any Member holding more than ten percent (10%) of the total issued and outstanding Shares;
  - (b) the recommendations made by the Board to the Members on such tender offer, which shall set forth the identity and financial status of the tender offeror, fairness of the tender offer conditions, verification on rationality of source of fund for tender offer, and the names of the Directors who abstain or object to the tender offer and the reason(s) therefor;
  - (c) whether there is any material change in the financial condition of the Company after the delivery of its most recent financial report and the contents of such change, if any;
  - (d) the types, number and amount of the shares of the tender offeror or its affiliates held by the Directors and the Members holding more than ten percent (10%) of the total issued and outstanding Shares; and
  - (e) other relevant significant information.

### **WINDING UP**

110. Subject to the Law, the Company may be wound up by a Special Resolution passed by the Members. If the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Members

shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

111. Subject to the Law, if the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Law, divide and distribute amongst the Members the whole or any part of the property of the Company (whether they shall consist of property of the same kind or not) in cash or asset and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different Classes. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any asset whereon there is any liability.
112. The Company shall keep all statements, records of account and documents for a period of ten (10) years from the date of the completion of liquidation, and the custodian thereof shall be appointed by the liquidator or the Company by an Ordinary Resolution.

## **NOTICES**

113. Subject to the Law and except as otherwise provided in these Articles, any notice or document may be served by the Company to any Member either personally, or by facsimile, or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to such Member at his address as appearing in the Register, or, to the extent permitted by the Law and the Applicable Listing Rules, by posting it on a website designated by the Commission, the TPEX or the TWSE (where applicable) and/or the Company's website, or by electronic means by transmitting it to any electronic mail number or address such Member may have positively confirmed in writing for the purpose of such service of notices. In the case of joint Members, all notices shall be given to that one of the Members whose name stands as their representative in the Register in respect of the joint holding.
114. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting including the purpose for which such meeting was convened.
115. Any notice or other document, if served by:
  - (a) post, shall be deemed to have been served on the day following that on which the letter containing the same is posted or delivered to the courier;
  - (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;

- (c) courier service, shall be deemed to have been served forty-eight (48) hours after the time when the letter containing the same is delivered to the courier service; or
  - (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail, subject to the Law.
116. Any notice or document served to the registered address of any Member in accordance with these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Member as sole or joint Member.

#### **REGISTERED OFFICE OF THE COMPANY**

117. The Registered Office of the Company shall be at such address in the Cayman Islands as the Board shall from time to time determine.

#### **FINANCIAL YEAR**

118. Unless the Board otherwise prescribes, the financial year of the Company shall end on December 31<sup>st</sup> in each year and shall begin on January 1st in each year.

#### **SEAL**

119. The Company shall adopt a Seal by resolution of the Board and, subject to the Law, the Company may also have a duplicate Seal or Seals for use in any place or places outside of the Cayman Islands. The use and management of the Seal (or duplicate Seals) may be determined by the Board from time to time pursuant to the adoption of any regulation governing the use and management of seals of the Company in accordance with the Applicable Listing Rules.

#### **LITIGATION AND NON-LITIGATION AGENT IN THE R.O.C.**

- 120.(1) Subject to the provisions of the Applicable Listing Rules, the Company shall, by a resolution of the Directors, appoint or remove a person as its litigation and non-litigation agent and such agent will be deemed as the responsible person of the Company in the R.O.C. under the Applicable Listing Rules.
- (2) The preceding agent shall have residence or domicile in the R.O.C.
- (3) The Company shall report the name, residence/domicile of the preceding agent and power of attorney to the competent authority in the R.O.C. This reporting requirement shall also apply if there is any change.

#### **CHANGES TO CONSTITUTION**

121. Subject to the Law and the Applicable Listing Rules, the Company may, by Special Resolution, alter or amend the Memorandum or these Articles, in whole or in part.

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# **BORETECH Resource Recovery Engineering Co., Ltd.**

## **Rules Governing Procedure for Shareholders' Meetings**

### **Article 1 Purpose**

These Rules are established in accordance with Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEx-listed Companies to ensure sound governance of the Company's shareholders' meetings, to strengthen supervisory functions, and to reinforce management functions for compliance.

### **Article 2 Scope**

Unless otherwise provided by law or the Articles of Incorporation, the shareholders' meetings of the Company shall be conducted in accordance with these Rules. In matters not addressed herein or in the event of amendments to relevant laws, the Company shall act in accordance with the applicable legal provisions in effect at the time.

### **Article 3 Convening Shareholders' Meetings**

Unless otherwise provided by law, the Company's shareholders' meetings shall be convened by the Board of Directors.

If the Company holds a virtual shareholders' meeting, it shall be explicitly provided in the Articles of Incorporation and resolved by the Board of Directors, with at least two-thirds of directors present and a majority of attending directors in agreement.

Changes in the method of convening the shareholders' meeting shall be approved by the Board of Directors and completed before the notice of meeting is issued.

At least 30 days prior to a regular shareholders' meeting or 15 days prior to a special shareholders' meeting, the Company shall upload electronic files of the meeting notice, proxy forms, and explanatory materials for proposals (including ratification, discussion, election, or dismissal of directors) to the Market Observation Post System (MOPS).

The shareholders' meeting agenda handbook and supplementary materials shall also be uploaded 21 days prior to a regular meeting and 15 days prior to a special meeting. If the Company's paid-in capital reaches NT\$10 billion or the combined shareholding ratio of foreign and Chinese investors reaches 30% or more, this shall be done 30 days in advance. All materials must be available for shareholders' inspection at the Company and its stock affairs agent at least 15 days before the meeting.

These materials shall be made available to shareholders as follows:

For physical meetings: distributed on-site.

For hybrid meetings: distributed on-site and uploaded to the virtual platform.

For fully virtual meetings: uploaded to the virtual platform.

Notices and public announcements must include the purpose of the meeting. Electronic notices are allowed with recipient consent.

If the agenda includes matters such as election or dismissal of directors, amendments to the Articles of Incorporation, capital reduction, delisting, director competition approval, capitalization of earnings or capital reserves, dissolution, merger, or demerger, or any matters under Article 185 of the Company Act or Articles 26-1, 43-6, 56-1, and 60-2 of the Securities and Exchange Act, such matters must be explicitly listed and described in the meeting notice and cannot be raised as extempore motions.

If the meeting notice specifies a full re-election of directors with their assumed date of office, the date cannot be changed during the same meeting through any extempore motion.

Shareholders holding 1% or more of the issued shares may propose one agenda item for the regular shareholders' meeting. Proposals exceeding one item will not be included. If the proposal falls under Article 172-1, paragraph 4 of the Company Act, the Board may exclude it. Shareholders may submit non-binding proposals related to corporate social responsibility, also limited to one item.

The Company shall, before the book closure date, publicly announce the proposal submission period, method (written or electronic), and location. The proposal period shall be no less than 10 days. Proposals must be within 300 words; otherwise, they will not be included. The proposing shareholder or their proxy must attend the meeting and discuss the proposal.

The Company shall notify the proposing shareholder of the result before the meeting notice is issued. Included proposals will be listed in the notice. Excluded proposals must be explained at the meeting.

#### **Article 4 Proxy Attendance**

Shareholders may issue proxy forms, specifying the scope of authorization, for another person to attend the shareholders' meeting. Each shareholder may authorize one proxy only and must submit the proxy form to the Company at least five days before the meeting. If multiple proxy forms are received, the one received first shall prevail, unless a withdrawal statement is made for the earlier form.

If a proxy form has been submitted and the shareholder later wishes to attend in person or vote electronically or in writing, they must notify the Company in writing at least two days before the meeting to revoke the proxy. If the revocation is late, the proxy's vote shall prevail.

If the shareholder wishes to attend via video after submitting a proxy form, the same two-day rule for revocation applies.

#### **Article 5 Meeting Location and Time**

Shareholders' meetings shall be held at a location within the Company's registered address or another convenient and appropriate location. Meetings shall not start before 9:00 a.m. or after 3:00 p.m., and the location and time shall consider the opinions of independent directors.

Virtual shareholders' meetings are not subject to the above location restriction.

#### **Article 6 Shareholder Registration and Materials**

The meeting notice shall specify the registration time, location, and other relevant matters for shareholders, solicitors, and proxy agents (collectively referred to as "shareholders").

Registration shall begin at least 30 minutes before the meeting. The registration area shall be clearly marked and staffed with adequate personnel. For virtual meetings, registration shall be conducted on the video conference platform 30 minutes before the meeting. Shareholders who complete registration shall be deemed present in person.

Shareholders must attend with an attendance card, sign-in slip, or other identifying documents. The Company shall not require any other documentation. Solicitors using proxy solicitation shall present identification documents for verification.

The Company shall prepare a sign-in book for shareholders to sign or accept signed attendance cards. The Company shall distribute the agenda handbook, annual report, attendance cards, speaking slips, voting ballots, and other materials. Where elections are held, ballots shall also be distributed.



If the shareholder is a government entity or a corporate body, it may appoint multiple representatives to attend. A corporate body acting as proxy may appoint only one representative.

Shareholders intending to attend via video must register with the Company at least two days prior to the meeting.

For video meetings, the Company shall upload the agenda handbook, annual report, and relevant materials to the video conference platform at least 30 minutes prior to the meeting and maintain them until the meeting concludes.

#### **Article 6-1 Virtual Meeting Disclosure**

When holding a virtual shareholders' meeting, the meeting notice shall include:

Method for shareholders to participate and exercise their rights.

Procedures for handling disruptions due to natural disasters or force majeure, including:

Time for postponement or continuation of the meeting.

Shareholders who did not register for the original meeting may not attend the rescheduled meeting.

If quorum is met after deducting video participants, the meeting proceeds; video attendees shall be deemed to have abstained on all motions.

Handling of motions already resolved or not addressed.

Alternative measures for shareholders with difficulty attending virtually. The Company shall provide connection equipment and assistance, and announce the application period and related precautions, unless exempted under regulations.

#### **Article 7 Chairperson of the Meeting**

If the meeting is convened by the Board of Directors, the Chairperson shall be the Chairman of the Board. If the Chairman is on leave or unable to exercise duties, the Vice Chairman shall act. If there is no Vice Chairman or the Vice Chairman is also unavailable, a Managing Director or Director shall be appointed by the Chairman. If not designated, the Directors shall elect one from among themselves.

The acting Chairperson must have served for more than six months and be familiar with the Company's operations. If the Chairperson is a representative of a legal entity, the same applies.

For meetings convened by the Board, it is advisable that the Chairman preside in person and that a majority of the Directors and at least one member of each functional committee attend, with their attendance recorded in the minutes.

If the meeting is convened by a party other than the Board, that party shall act as Chairperson. Where there is more than one convener, they shall elect one among themselves.

The Company may invite legal counsel, accountants, or relevant personnel to attend.

### **Article 8 Recording of Meeting**

The Company shall audio and video record the registration process, meeting proceedings, and vote counting process continuously without interruption.

The recordings shall be kept for at least one year, or until the conclusion of litigation if one is filed under Article 189 of the Company Act.

For video meetings, the Company shall record registration, check-in, questions, votes, and the results. The video conference platform interface shall also be recorded.

Recordings must be properly stored during their retention period and made available to the party managing the video platform.

### **Article 9 Quorum and Opening**

Shareholders' attendance is calculated based on shares. Attendance is counted by the sign-in book, submitted sign-in cards, and virtual check-ins, including those who voted electronically or in writing.

At the scheduled time, the Chairperson shall announce the start of the meeting and disclose the number of shares present and those without voting rights.

If less than half of the total issued shares are represented, the Chairperson may delay the meeting up to two times, for a total not exceeding one hour. If still under one-third of total issued shares, the Chairperson shall declare the meeting void. For video meetings, this must also be announced on the platform.

If the meeting reaches one-third of issued shares, it may proceed as a tentative resolution under Article 175 of the Company Act. Shareholders must re-register for a rescheduled meeting as per Article 6.

If, before the meeting concludes, the number of shares represented reaches a majority, the tentative resolutions may be re-submitted for official vote under Article 174.

### **Article 10 Meeting Agenda and Voting Procedure**

Where the shareholders' meeting is convened by the Board of Directors, the agenda shall be determined by the Board. Each proposal, including extempore motions and amendments to original proposals, shall be voted on item by item. The meeting shall proceed in accordance with the scheduled agenda and may not be altered unless resolved by the shareholders' meeting. Where the meeting is convened by a party other than the Board of Directors, the preceding provisions shall apply mutatis mutandis.

Before all matters on the agenda (including extempore motions) have been concluded, the Chairperson shall not declare the meeting adjourned without a resolution. If the Chairperson violates the rules of procedure and declares adjournment, other members of the Board shall promptly assist the attending shareholders to elect a new Chairperson by majority consent of the voting rights present, in accordance with legal procedures, to continue the meeting.

The Chairperson shall provide adequate explanation and opportunity for discussion on all proposals and on any amendments or extempore motions proposed by shareholders. When the Chairperson deems a proposal ready for voting, they may declare the discussion closed, proceed with the vote, and allocate sufficient time for casting ballots.

### **Article 11 Shareholder Statements**

Shareholders who wish to speak shall fill out a speaking slip indicating the topic, shareholder account number (or attendance card number), and name. The Chairperson shall determine the order of speaking.

If a shareholder submits a speaking slip but does not speak, it shall be deemed that no speech was made. If the content of the speech differs from the slip, the actual speech prevails.

Each shareholder may speak no more than twice on the same proposal, with each speech limited to five minutes unless otherwise approved by the Chairperson. If the speech violates the rules or deviates from the topic, the Chairperson may stop the shareholder.

While another shareholder is speaking, others may not interrupt unless consent is given by both the Chairperson and the speaker. The Chairperson shall stop interruptions.

Where a corporate shareholder appoints multiple representatives, only one may speak on the same proposal.

After a shareholder has spoken, the Chairperson or a designated person may respond.

For video meetings, shareholders may raise written questions on the virtual platform from the opening to the adjournment of the meeting. Each proposal may be addressed with up to two questions, limited to 200 characters each. These provisions override the preceding clauses.

Valid questions that are relevant to the proposal should be disclosed on the platform for all participants.

## **Article 12 Voting Restrictions and Principles**

Voting rights are based on the number of shares held.

When a shareholder has a conflict of interest that may harm the Company's interests, they shall abstain from voting and may not vote on behalf of others.

The shares for which voting rights may not be exercised shall not be counted in the total voting rights of shareholders present.

Except for trust companies or authorized shareholder services agents, an individual proxy representing more than 3% of total voting rights shall have the excess disregarded.

## **Article 13 Voting Method and Procedure**

Each share shall have one vote, except where voting rights are restricted or not granted under Article 179-2 of the Company Act.

The Company shall allow shareholders to exercise their voting rights electronically and may also allow written voting. Methods shall be stated in the meeting notice. Those voting electronically or in writing are deemed present in person. However, they are deemed to abstain on any amendments or extempore motions, so such proposals should be avoided.

Electronic or written votes must reach the Company at least two days before the meeting. If multiple votes are received, the earliest shall prevail unless withdrawn.

If a shareholder votes electronically or in writing and later wishes to attend the meeting in person, they must withdraw their vote two days before the meeting using the same method; otherwise, the original vote shall prevail. If they also issue a proxy, the proxy vote shall take precedence.

Unless otherwise provided by law or the Articles of Incorporation, resolutions require a majority of voting rights of shareholders present. The Chairperson or designee shall announce total voting rights present before each vote, which shall proceed on a case-by-case basis. Results shall be reported on the Market Observation Post System the same day.

If there are amendments or alternatives to a proposal, the original and other versions shall be voted in a pre-determined order. Once one is approved, the others are considered rejected.

Vote counting and monitoring shall be conducted by personnel appointed by the Chairperson, with monitors being shareholders.

Vote counting shall occur openly at the meeting venue, with results announced immediately, including tallies.

For video meetings, voting shall be conducted on the platform after the Chairperson announces

the opening and must be completed before voting closes; otherwise, votes are considered abstained.

Vote counting shall be done once at the end of voting, and results announced immediately.

Shareholders registered for video participation under Article 6 must cancel registration two days before the meeting if switching to physical attendance. Late cancellations will be limited to video participation.

Shareholders who vote electronically or in writing and join the video meeting may not vote again on proposals or propose amendments unless regarding extempore motions.

#### **Article 14 Director Elections**

When electing Directors (including Independent Directors), the Company shall follow its relevant election rules and announce the results on-site, including the elected names, their vote counts, and the vote counts of non-elected candidates.

Ballots for such elections shall be sealed and signed by the vote monitors and retained for at least one year, or until the conclusion of any litigation under Article 189 of the Company Act.

#### **Article 15 Meeting Minutes**

Resolutions of the shareholders' meeting shall be recorded in the meeting minutes, signed or sealed by the Chairperson, and distributed to shareholders within 20 days. Distribution may be done electronically.

The Company may also publish the minutes via the Market Observation Post System.

Minutes shall include the year, month, day, venue, Chairperson's name, method of resolution, summary of proceedings, and voting results, including tallies. If Directors are elected, the vote count for each candidate shall be disclosed. The Company shall retain the minutes permanently during its existence.

For video meetings, the minutes shall also include the meeting's start and end times, method of convening, names of Chairperson and record-keeper, and handling of any disruptions due to force majeure.

The minutes shall note any alternative measures provided for shareholders who faced difficulty attending virtually.

#### **Article 16 Disclosure of Shareholding and Voting Information**

On the day of the shareholders' meeting, the Company shall prepare a statistical table showing the number of shares obtained by solicitors, proxies, and shareholders who exercised their voting rights in writing or electronically, using the prescribed format. This table shall be clearly displayed at the meeting venue. For video meetings, this information shall be uploaded to the video conferencing platform at least 30 minutes before the meeting begins and remain available until the meeting ends.

At the start of a virtual meeting, the total number of shares represented shall be disclosed via the video platform. If during the meeting the shareholding or voting counts are updated, they shall also be disclosed accordingly.

If a resolution passed at the meeting constitutes material information under the applicable laws or Taiwan Stock Exchange (or Taipei Exchange) regulations, the Company shall file such content on the Market Observation Post System within the prescribed timeframe.

#### **Article 17 On-site Management**

Meeting staff shall wear identification badges or armbands.

The Chairperson may direct disciplinary officers or security personnel to maintain order. Such personnel shall wear badges or armbands marked "Disciplinary Officer."

If amplification equipment is provided, shareholders may not use non-company devices to

speak. The Chairperson may stop such actions.

Shareholders who violate meeting rules or disrupt the meeting after warnings may be removed by disciplinary officers or security personnel as directed by the Chairperson.

#### **Article 18 Recess and Venue Changes**

The Chairperson may declare recesses as needed during the meeting. In the event of force majeure, the Chairperson may temporarily suspend the meeting and announce the time to resume.

If the meeting venue becomes unavailable before proceedings conclude, the shareholders may resolve to move to a different location.

A shareholders' meeting may be resolved to be postponed or continued within five days, pursuant to Article 182 of the Company Act.

#### **Article 19 Vote Disclosure in Virtual Meetings**

For virtual shareholders' meetings, the Company shall disclose all voting and election results in real time on the virtual meeting platform after voting concludes and shall continue to display this information for at least 15 minutes after the Chairperson announces adjournment.

#### **Article 20 Location of Chairperson and Recorder**

For virtual shareholders' meetings, the Chairperson and the person taking minutes must be at the same location within Taiwan. The Chairperson shall announce the address at the opening of the meeting.

#### **Article 21 Technical Assistance and Meeting Continuation**

For virtual shareholders' meetings, the Company shall provide shareholders with simple connectivity tests prior to the meeting and real-time assistance before and during the meeting to resolve technical issues.

At the beginning of the meeting, the Chairperson shall also announce that—except under circumstances defined in Paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services by Public Companies—if a natural disaster, incident, or other force majeure causes a disruption to the virtual platform for over 30 minutes before the Chairperson announces adjournment, the meeting must be postponed or continued within five days.

Shareholders who did not register for the original meeting may not participate in the postponed or continued meeting.

Shareholders who registered and checked in for the original meeting but do not attend the postponed or continued meeting shall still have their previously cast votes and attendance included in the calculation for quorum and voting rights of the continued meeting.

For items that were fully voted on and results announced before the disruption, no re-vote or re-discussion is required during the continued meeting.

For hybrid meetings, if a virtual disruption occurs but quorum is still met excluding virtual attendees, the meeting shall continue and virtual attendees will be deemed to have abstained from all items.

For such continued meetings, the Company shall follow preparatory procedures based on the original meeting date in accordance with Paragraph 7, Article 44-20 of the aforementioned regulations.

Deadlines and procedures prescribed in the Regulations Governing the Use of Proxy Forms by Public Companies and Articles 44-5(2), 44-15, and 44-17(1) of the Regulations Governing the Administration of Shareholder Services by Public Companies shall follow the new date of the continued meeting.

**Article 22 Support for Virtual Participation**

When holding virtual shareholders' meetings, the Company shall provide appropriate alternative measures for shareholders who have difficulty participating virtually.

Unless exempted under Paragraph 6, Article 44-9 of the relevant regulations, the Company must at least provide necessary connection devices and assistance. The application period and relevant instructions shall be clearly stated.

**Article 23 Implementation and Amendment**

These Rules shall take effect from the date the Company is listed on the Taiwan Stock Exchange, upon approval by the shareholders' meeting. Any amendments shall follow the same procedure.

Established: August 18, 2021

Amended: June 27, 2022

Amended: May 29, 2023

# **BORETECH Resource Recovery Engineering Co., Ltd.**

## **Operational Procedures for Loaning Funds to Others**

### **(Before Amendment)**

#### **Article 1 – Preamble**

In order to strengthen the Company's capital management, reduce operational risks, and establish a foundation for internal control, these Regulations are hereby enacted pursuant to Article 36-1 of the Securities and Exchange Act of the Republic of China and the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."

#### **Article 2 – Counterparties for Fund Lending**

The Company shall not lend funds to shareholders or any other parties except for the following entities:

1. Subsidiaries in which the Company holds, directly or indirectly, 50 percent or more of the voting shares.
2. Investee companies in which the Company and its subsidiaries referred to in the preceding paragraph collectively hold 50 percent or more of the voting shares.

#### **Article 2-1 – Determination of Fund Lending Nature**

In the event of the following circumstances, the Company shall determine whether such transactions constitute fund lending:

1. Where accounts receivable (from related or unrelated parties) remain uncollected for more than three months after the normal credit term and the amount is material, unless there is clear evidence showing that the Company has no intention of lending funds (such as initiating legal proceedings or implementing concrete and feasible control measures).
2. Where other types of payments (e.g., "Other Receivables," "Prepayments," or "Deposits-Out") are material or of a special nature, and any of the following applies and remains unresolved for more than three months:
  - (1) The payment was made without a contractual relationship.
  - (2) The payment amount does not match the obligations stipulated in the contract.
  - (3) The reason for the payment no longer exists.
3. The aforementioned accounts receivable, other receivables, prepayments, and deposits-out shall be submitted to the Audit Committee and the Board of Directors at least quarterly for a resolution on whether they constitute fund lending.
4. Payments determined to be of the nature of fund lending shall be publicly disclosed in accordance with Article 13 from the date of the Board resolution. Additionally, due to the change in the nature of such payments, they shall be reclassified under the appropriate accounting item (e.g., "Other Receivables").

#### **Article 3 – Purpose and Necessity of Fund Lending**

The Company's lending of funds to others shall be based on the necessity of meeting short-term

financing needs. The term “short-term” refers to a period of one year; however, if the Company's operating cycle exceeds one year, such cycle shall prevail.

#### **Article 4 – Limit on Aggregate and Individual Fund Lending Amounts**

Fund lending conducted by the Company in accordance with the preceding Article shall comply with the following limits:

1. The total amount of fund lending shall not exceed 40% of the Company’s net worth.
2. The amount of fund lending to any single entity shall not exceed 40% of the Company’s net worth.

The aforementioned lending limits shall not apply to fund lending between foreign companies in which the Company directly and indirectly holds 100% of the voting shares, or from such wholly-owned foreign subsidiaries to the Company. However, the amount lent shall not exceed 100% of the net worth of the lending company.

The term “net worth” as used in this Article shall refer to the net worth shown in the most recent financial statements audited or reviewed by a certified public accountant.

Where the responsible person of the Company violates the provisions of Paragraph 1 or the proviso of the preceding paragraph, such person shall be jointly and severally liable with the borrower for repayment. If the Company incurs damages as a result, the responsible person shall be liable for compensation.

#### **Article 5 – Loan Term and Interest Calculation**

The term for fund lending to others shall not exceed one year.

The interest rate for such loans shall not be lower than the average short-term borrowing rate from financial institutions applicable to the Company. The repayment and interest payment method shall be clearly stipulated in the loan agreement. Any necessary changes thereto shall be approved by the Board of Directors and adjusted according to actual needs.

#### **Article 6 – Procedures for Fund Lending**

##### **1. Credit Investigation and Risk Assessment**

Fund lending applications must be submitted in writing by the borrower along with relevant corporate and financial documents.

Upon acceptance, the Company’s accounting and finance department shall investigate and evaluate the borrower’s business activities, financial and operational conditions, profitability, repayment capability, creditworthiness, and loan purpose, and prepare a written report.

##### **2. Collateral for Debt**

A written contract shall be executed for all fund lending. Where it is deemed necessary, equivalent value collateral such as promissory notes or secured rights on movable or immovable property shall be provided.

Such collateral may be substituted with a joint guarantor possessing sufficient financial strength and credit standing. Where a company acts as the guarantor, it must be explicitly authorized in its Articles of Incorporation to do so.

##### **3. Review**

Prior to lending, a thorough evaluation must be conducted to determine compliance with



these Regulations, including but not limited to:

- (1) Understanding the purpose and use of the loan, and assessing its necessity and reasonableness.
- (2) Analyzing the borrower's operations, financial condition, and repayment plan to assess risk.
- (3) Evaluating the impact on the Company's operational risk, financial condition, and shareholder equity.
- (4) Determining whether collateral is needed and assessing its value.

#### **4. Approval**

The fund lending risk assessment report, review report, written contract, collateral documents, and other related materials shall be submitted for approval according to the Company's authority delegation matrix.

Where an Audit Committee has been established, the case must be approved by the Audit Committee before being submitted to the Board of Directors for resolution. The Board may authorize the Chairperson to lend to the same counterparty within the limits and duration (not exceeding one year) approved by the Board, on a revolving or installment basis.

The authorized lending amount to a single entity by the Company or its subsidiaries shall not exceed 10% of the net worth in their most recent financial statements.

### **Article 7 – Approval Authority**

The Board of Directors shall be the approving authority for all fund lending matters. No delegation of this authority to any other person shall be permitted.

Fund lending cases may only proceed after review confirms compliance with these Regulations and necessity is substantiated, followed by Board resolution.

### **Article 8 – Post-Lending Control and Overdue Claims Procedures**

The Company shall maintain a registry book for fund lending, recording the counterparty, amount, date of Board approval, loan disbursement date, and the details of evaluation conducted per Article 6.

After loan disbursement, the accounting and finance department shall regularly monitor the borrower's and guarantor's financial, business, and credit status, as well as changes in collateral value, and document such observations in writing.

In the event of significant changes, the highest finance officer, the Chairperson, and related departments shall be notified immediately for prompt action.

Upon loan maturity or early repayment, the borrower must repay both principal and interest before promissory notes are returned or mortgage rights are released. In case of default, the Company may dispose of the collateral or seek recourse from the guarantor in accordance with the law.

Internal audit personnel shall audit the implementation of these Regulations at least quarterly and document the findings. Any material violations must be reported in writing to the Audit Committee immediately.

If any claims become overdue and remain uncollected after attempts to recover, the Company shall promptly initiate legal proceedings to safeguard its rights.

### **Article 9 – Accounting Treatment**

The Company shall evaluate fund lending in accordance with accounting principles, set aside appropriate allowance for doubtful accounts, and disclose relevant information in the financial statements. Related information shall also be provided to the certifying CPA for necessary audit procedures.

#### **Article 10 – Changes in Circumstances**

If, after lending, the circumstances change such that the borrower no longer meets the requirements of these Regulations or the outstanding loan amount exceeds the permitted limit, an improvement plan shall be formulated and submitted to the Audit Committee. Such plan must be implemented within the prescribed timeline.

#### **Article 11 – Penalties**

If any manager or staff member of the Company violates these Regulations or relevant laws and regulations, they shall bear legal liability and be subject to disciplinary actions pursuant to the Company's personnel management rules.

#### **Article 12 – Control Procedures for Subsidiary Fund Lending**

Any subsidiary of the Company intending to lend funds to others shall establish its own fund lending management regulations in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," and handle all lending in accordance with those regulations.

#### **Article 13 – Public Disclosure and Reporting**

1. The Company shall, by the 10th of each month, disclose and report the previous month's fund lending balance of the Company and its subsidiaries via the information reporting system designated by the competent authority.
2. The Company shall disclose and report within two days of occurrence if any of the following conditions are met:
  - (1) The combined fund lending balance of the Company and its subsidiaries to others reaches 20% or more of the Company's net worth in the latest financial statements.
  - (2) The fund lending balance of the Company and its subsidiaries to a single entity reaches 10% or more of the Company's net worth.
  - (3) The newly increased fund lending amount by the Company or its subsidiaries reaches NT\$10 million or more and accounts for 2% or more of the Company's net worth.
3. If a subsidiary is not a publicly listed company in Taiwan, the Company shall disclose and report the above-mentioned items on behalf of the subsidiary.

The date of occurrence shall refer to the earlier of the contract signing date, payment date, Board resolution date, or any date sufficient to confirm the counterparty and amount.

#### **Article 14 – Implementation**

These Regulations shall be approved by a majority of the Audit Committee members, then submitted to the Board of Directors for resolution. If any independent directors express dissent or reservation, it shall be noted in the minutes of the Board meeting.

If the Audit Committee fails to reach the required majority, the Regulations may still be adopted with the approval of two-thirds or more of all directors. In such case, the Audit Committee's

resolution shall be stated in the Board meeting minutes.

The term “all Audit Committee members” and “all directors” refers to those currently in office. Once approved by the Board, these Regulations shall be submitted to the shareholders’ meeting for approval; the same procedure shall apply to any amendments.

#### **Article 15 – Establishment and Amendments**

1. Date of Establishment: February 22, 2018
2. First Amendment: August 3, 2021
3. Second Amendment: June 15, 2022
4. Third Amendment: December 29, 2023

**BORETECH Resource Recovery Engineering Co., Ltd.****Shareholdings of All Directors****Record Date: April 25, 2025**

<b>Title</b>	<b>Name</b>	<b>Shares</b>	<b>%</b>	<b>Representative</b>
<b>Chairman</b>	<b>OU Che-Wen</b>	<b>0</b>	<b>0%</b>	
<b>Director</b>	<b>ECOVE Environment Corporation</b>	<b>12,039,903</b>	<b>16.24%</b>	<b>TIAO Hsiu-Hua</b>
<b>Director</b>	<b>BRAINTREE INDUSTRIES LIMITED</b>	<b>22,905,914</b>	<b>30.91%</b>	<b>KO Yung-Chun</b>
<b>Director</b>	<b>GUANG SHUN PETTECHS FIBRE INDUSTRY L.L.C.</b>	<b>13,832,371</b>	<b>18.66%</b>	<b>OU Po-Hao</b>
<b>Independent Director</b>	<b>HSU Wen-Kuan</b>	<b>0</b>	<b>0%</b>	
<b>Independent Director</b>	<b>TSAO Mihn</b>	<b>0</b>	<b>0%</b>	
<b>Independent Director</b>	<b>LIN Hui-Ping</b>	<b>0</b>	<b>0%</b>	
<b>Independent Director</b>	<b>HUANG Kuo-Ming</b>	<b>0</b>	<b>0%</b>	
<b>Total number of shares held by all Directors</b>		<b>48,778,188</b>	<b>65.81%</b>	

(1) Total shares issued as of April 25, 2025: 74,116,512 Common Shares.

(2) The minimum required combined shareholding of all Directors by law: 5,929,321 shares.

## Appendix 5

### Others

1、The process of proposals raised by shareholders during this annual general meeting:

- 1) According to Article 172-1 of the Company Act, shareholders with more than 1% ownership interest are entitled to raise a maximum of one proposal less than 300 words to the Company in writing, which will be addressed during the annual general meeting.
- 2) This year's annual general shareholders' meeting was open to shareholders' proposals from April 15 to April 25, 2025, and these dates have been published on the Market Observation Post System in compliance with the relevant regulations.
- 3) The Company did not receive any proposals from shareholders.