

# Articles of Association of Phison Electronics Corporation

## Chapter I General Provisions

Article 1: The Corporation shall be incorporated, as a company limited by shares, under the Company Act the Republic of China, and its name shall be 「群聯電子股份有限公司」 in the Chinese language, and 「Phison Electronics Corp.」 in the English language.

Article 2: The scope of business of the Corporation shall be as follows:

- (i) CC01080 Electronic Parts and Components Manufacturing
- (ii) I301010 Software Design Services
- (iii) F218010 Retail Sale of Computer Software
- (iv) F119010 Wholesale of Electronic Materials
- (v) F219010 Retail Sale of Electronic Materials
- (vi) CE01030 Photographic and Optical Equipment Manufacturing
- (vii) CC01120 Data Storage Media Manufacturing and Duplicating
- (viii) I501010 Product Designing
- (ix) F401010 International Trade
- (x) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The Company provides external guarantees for its business needs, and its procedures are in accordance with the Company's Procedures for Endorsement and Guarantee.

Article 2-2: The total amount of the Company investment shall not exceed 40 percent of its paid-up capital as provided in Article 13 of the Company Act.

Article 3: The Company set up its headquarters in HsinChu County, and if necessary, it may set up branch offices domestically or abroad with a resolution by the board of directors.

Article 4: (Deleted).

## Chapter II Shares

Article 5: The total capital of the company is rated at NT\$3.0 billion, divided into 300 million shares, and the amount per share is NT\$10, of which no shares are issued and the board of directors is authorized to issue shares on a separate basis.

In the first total capital, NT\$290 million was reserved, and the shares were divided into 29 million shares at par value of NT\$10 per share, which is for the issuance of employees' share subscription warrants in order to exercise the subscription right. It shall be issued separately based on the resolution of the board of directors.

Article 5-1: The company issues employee stock warrants, the exercise price can be lower than the closing price of the company stocks as of the issuing date which is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares and allowed to register multiple issues over a period of 1 year from the date of the shareholders resolution.

Article 5-2: If the Company plans to repurchase its own shares and transfer them to employees at less than the average actual share repurchase price, it must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares, and must have listed the following matters in the notice of reasons for that shareholders meeting, it may not raise the matter by means of an extraordinary motion:

1. The exercise price, the valuation percentage, the bases of calculations, and the reasonableness thereof.
2. The number of shares to be transferred, the purpose, and the reasonableness thereof.
3. Qualification requirements for employees subscribing to shares, and the number of shares they are allowed to subscribe for.
4. Factors affecting shareholders' equity:
  - A. The expensable amount, and dilution of the company's earnings per share.
  - B. Explain what financial burden will be imposed on the company by transferring shares to employees at less than the average actual share repurchase price.

Article 6: (Deleted).

Article 7: The Company's stock are all registered share certificates and shall be signed or stamped by the directors who is authorized, recorded, and issued after it is

legally registered. For the new shares to be issued by the Company offering its shares to the public. The Corporation may be exempted from printing any stock certificate for the shares issued. However, the Corporation shall appoint a centralized securities custody enterprise/institution to make registration of such shares.

Article 8: The registration of stock transfer shall be halted within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the record date fixed by the Company for distribution of dividends, bonus or other benefits.

The period of the preceding paragraph shall be counted from the date of the meeting or the record date.

Article 8-1: The Company's shareholder services are performed according to "Regulations Governing the Administration of Shareholder Services of Public Companies" by competent authority.

### Chapter III Shareholders' Meeting

Article 9: Shareholders' meeting can be divided into regular meetings and special meetings. Regular meetings are convened once a year and usually within six months of the end of each fiscal year. The regular meeting is convened by the board of directors according to the law. Special meetings may be convened according to the law when necessary.

The shareholders' meeting of the Company may be held by means of visual communication network or other methods promulgated by the central competent authority. In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 10: If a shareholder cannot attend a Shareholders Meeting for any reason, it may designate another person to represent it by submitting a proxy that is printed by the Company, specifying the scope of authorization. Shareholders' attendance by designated representatives shall be handled in accordance with Article 177 of the Company Act as well as the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public

Companies” promulgated by the governing authorities.

Article 11: A shareholder of the Company shall be entitled to one vote for each share held, except in the circumstances set forth in paragraph 3, article 157 and article 179 of the Company Act.

Article 11-1: Shareholders’ Meeting shall be convened by the board of directors and chaired by the Chairman of the Board. When the Chairman of the Board is on leave, the Chairman shall appoint one of the directors to act as meeting Chairman, or, if there are no appointment, one of the directors shall be selected from among themselves to act as meeting Chairman. If a shareholders' meeting is convened by a rightful person outside the board of directors, the person convening the meeting shall chair the meeting. When there are two or more conveners, a meeting Chairman shall be elected between them.

Article 12: Unless otherwise stated in the Company Act, any resolution made by the Shareholders Meeting shall be made during a Shareholders Meeting attended by more than half of all shares and passed by the majority of voting rights in attendance.

#### Chapter IV: Directors and Board of directors

Article 13: The Company appoints seven to eleven directors under candidates’ nomination system. The term of directors shall be three years. Directors are elected from the list of candidates and may be eligible for re-election. The total sum of all registered shares certificates held by all directors shall not be less than that as regulated in "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" from the regulatory authority.

Article 13-1: In the aforementioned quota of directors of the Company, the number of independent directors shall be at least two and not less than one-fifth, which are elected from the list of candidates of independent directors in the shareholders' meeting under the candidate nomination system. In accordance with the relevant regulations of the competent authority, the professional qualifications, shareholding, prohibition on positions held at other companies, nomination and selection process and other matters of the Company's Independent Directors, are processed under

relevant legal regulations.

Article 13-2: The Company has established the audit committee. Its composition, scope of duties and power, rules of procedure, and other compliance matters shall be in accordance with the relevant regulations of the competent authority.

Article 14: The board of directors is formed by the directors. The Chairman, who is to represent the Company externally, is elected by a majority voting of the directors present at a meeting of its board of directors attended by two-thirds or more of the directors of the Company.

Article 15: In case the Chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, his representative shall be selected according to Article 208 of the Company Act. The board of directors shall be convened by the Chairman of the board of directors. The conduct of the board of directors shall be conducted in accordance with the "Rules of Procedure for Meetings of Board of Directors" of the company.

Directors should attend the board of directors in person. If the board of directors takes the video conference, the director's participation in the video conference is regarded as personal in person. In case a director cannot attend a Board meeting in person, he/she may appoint another Director to attend on his/her behalf, he/she shall, in each time, issue a written proxy and state the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other Director only.

The Company shall inform each Director seven days prior to a Board meeting, and in case of emergency, the Company may call the board of directors to a meeting at any time. The Company's board of directors was convened in writing, e-mail, or fax method.

Article 16: Compensations for the Chairman and directors of the Company shall be determined by the board of directors according the involvement and contribution of the Chairman and each director, with reference to the industry standards.

The Company shall purchase liability insurance for its Directors for carrying out the scope of their responsibilities during the terms of office for said Directors.

## Chapter V Manager

Article 17 This Company may have managers and their appointment, dismissal and remuneration shall be conducted in accordance with Article 29 of the Company Act.

## Chapter VI Accounting

Article 18: At the close of each fiscal year of the Company, the board of directors shall prepare, 1) business report, 2) financial statement and 3) the surplus earning distribution or loss off-setting proposal, etc. subsequently submit them to the meeting of shareholders for its ratification.

Article 19: If the company makes profits in the year, it shall appropriate 8% to 19% for employees' compensation and no more than 1.5% for directors' compensations, but the Company shall reserve a portion of profit to make up for accumulated losses, if any.

Employee's remuneration may be distributed in shares or cash, and the compensation of directors shall be paid in cash.

The term "profit" as mentioned in the first paragraph refers to pre-tax profits before deducting the distributed employees and directors' remuneration.

Employee and director remuneration allocation must be approved by the board of directors in a meeting attended by more than two-thirds of all board members, where half of attending directors approve. The remuneration resolution shall be reported in the annual general meeting.

Employee treasury stocks, employee stock options, new shares purchased by employees, employee restricted stock awards, and employee compensation shall be provided by the Company to controlling or subordinate employees who meet certain conditions. The board of directors is authorized to determine its conditions and allocation method.

Article 19-1: The annual earnings in the financial statements of the Company shall first be allocated to pay income tax and offset the accumulated losses of the preceding years before allocating 10% of the remaining earnings to the legal reserve, which is not applicable where the legal reserve has reached the total paid-in capital of the Company. In accordance with law or the competent authority, the Company shall also appropriate or reverse special reserves. With regard to the earnings and accumulated

undistributed earnings, the Board of Directors shall submit an earnings distribution proposal to distribute dividends to shareholders, subject to the approval at the shareholders' meeting.

Where the above earnings, legal reserves, and capital reserves are distributed in cash, the Board of Directors is authorized to approve the distribution by a resolution approved by a majority vote at a meeting attended by over two-thirds of the Directors and report to the shareholders' meeting. Where they are distributed by issuing new shares, it shall be resolved at the shareholders' meeting.

Profit distribution or loss appropriation of the Company may be made upon the conclusion of every half fiscal year. When distributing earnings, the Company shall first estimate and retain the tax to be made, offset the accumulated losses, estimate and retain the employees' and directors' remuneration pursuant to paragraph, Article 19, before allocating 10% of the remaining earnings to the legal reserve, which is not applicable where the legal reserve has reached the total paid-in capital of the Company. In accordance with law or the competent authority, the Company shall also appropriate or reverse special reserves. With regard to the earnings and accumulated undistributed earnings, the Board of Directors shall submit an earnings distribution proposal. Where the earnings are distributed in cash, the Board of Directors is authorized to approve the distribution by a resolution approved by a majority vote at a meeting attended by over two-thirds of the Directors and report to the shareholders' meeting. Where they are distributed by issuing new shares, it shall be resolved at the shareholders' meeting.

The Company's dividend policy complies with the laws and regulations and the Articles of Association, takes into account the current and future competitions of the Company with domestic and foreign companies, investment environment, capital demand, capital budget, and shareholders' interests, striking a balance between dividends and the long-term financial planning of the Company, so as to foster sustainable operation and stable development. The dividend distribution of the shareholders of the Company can be distributed in cash dividends or share dividends, in which the proportion of shareholders' cash dividend

distribution shall be no less than 10% of the total dividends of the shareholders.

#### Chapter VII Supplementary Provisions

Article 20: Any matters not prescribed in the Articles, if any, shall be conducted in accordance with the provisions of the Company Act.

Article 21: The Articles were established on October 24, 2000.

The first amendment was made on November 21, 2000.

The second amendment was made on September 5, 2001.

The third amendment was made on February 15, 2002.

The fourth amendment was made on April 9, 2002.

The fifth amendment was made on June 25, 2002.

The sixth amendment was made on March 26, 2003.

The seventh amendment was made on November 12, 2003.

The eighth amendment was made on June 15, 2004.

The ninth amendment was made on March 17, 2005.

The tenth amendment was made on June 16, 2005.

The eleventh amendment was made on June 14, 2006.

The twelfth amendment was made on November 1, 2006.

The thirteenth amendment was made on June 13, 2007.

The fourteenth amendment was made on June 13, 2008.

The fifteenth amendment was made on May 8, 2009.

The sixteenth amendment was made on June 15, 2010.

The seventeenth amendment was made on June 15, 2011.

The eighteenth amendment was made on June 11, 2013.

The nineteenth amendment was made on June 17, 2014.

The twentieth amendment was made on June 2, 2015.

The twenty-first amendment was made on June 15, 2016.

The twenty-second amendment was made on June 13, 2017.

The twenty-third amendment was made on June 12, 2019.

The twenty-four amendment was made on June 3, 2020.

The twenty-fifth amendment was made on July 26, 2021.

The twenty-sixth amendment was made on May 24, 2022.