

# **The Articles of Incorporation of Jih Sun Financial Holding Co., Ltd.**

## **Chapter 1. General Provisions**

Article 1 The Company is incorporated under the Financial Holding Company Act and the Company Act, and is officially entitled “日盛金融控股股份有限公司” in Chinese and “JIHSUN FINANCIAL HOLDING CO., LTD. in English, also known as “JIHSUN FHC” for short.

Article 2 The businesses that the Company engage in are as below:  
1. H801011 Financial holding company.  
2. Other enterprises approved by the competent authority.

Article 3 The following is the business scale of the Company:  
1. The Company may invest in the following enterprises:  
(1) Banking enterprises;  
(2) Bills finance enterprises;  
(3) Credit card enterprises;  
(4) Trust enterprises;  
(5) Insurance enterprises;  
(6) Securities enterprises;  
(7) Futures enterprises;  
(8) Venture capital enterprises;  
(9) Foreign financial institutions which have been approved for investment by the competent authority; and  
(10) Other enterprises for which the competent authority determines to be financial related.  
2. Management of the investee enterprises in the preceding paragraph.  
3. The Company may apply to the competent authority for investment in enterprises other than that in the first paragraph; however, it shall not take part in the operation of such enterprises.  
4. Other enterprises approved by the competent authority.

The Company is a professional investment company, and the total amount of its investments in such other companies shall not to limited to forty percent of the amount of its own paid-in capital set forth in Article 13 of the Company Act.

Article 4 (Deleted)

Article 5 The Company has established its headquarter in Taipei City, and it may establishes domestic and overseas branches, when necessary, after resolved by the board of directors.

Article 6 (Deleted)

## **Chapter 2. Shares**

Article 7 The total amount of the capital stock of the Company is set at NT\$80 billion, which is divided into 8 billion shares that are NT\$10 at par value per share and authorized to the board of directors for issuance in installments. 100 million shares of which are retained for the number of shares available for subscription when the Company issues share subscription warrants, preferred stocks with warrants or corporate bonds with warrants. When the exercise price of the employee stock warrant is lower than the closing price of the Company's stocks on the issue date, or the price of treasury stocks transferred to the employee is lower than the average price of stocks bought back by the Company, the resolution may be adopted by the concurrence of shareholders representing at least two-thirds of all shares present at the meeting attended by shareholders representing more than one half of the total outstanding shares.

Article 7-1 The Company may issue 689,655,172 A type shares by installments. Following are the rights and other material issuance terms:

1. If there are earnings after the final accounting of the fiscal year, the Company shall, after all taxes and dues have been paid and adjustments have been made according to financial accounting guidelines, cover its losses in the past. If there are still earnings, it shall first set aside legal reserve and special reserve pursuant to relevant rules set forth in the laws and regulations and the Articles of Incorporation of the Company, and subsequently issue the dividends that shall be allocated for A type shares of the year from the residue.
2. The aforementioned A type preferred share dividends is set at 5.5% annually, which is calculated based on the issue price and issued in cash at once each year. After the financial statements are acknowledged by the annual shareholders' meeting, the board of directors shall stipulate the base date of ex-right for dividend distribution of A type preferred share additionally so as to pay the dividends that shall be issued for the previous year. The dividends of A type preferred shares in the year of share issuance and redemption shall be calculated and issued based on the actual issue days, and the issue day is defined as the base date of capital increment.
3. If there are no earnings or insufficient earnings for fully allocation of A type preferred share dividends after the final accounting of the fiscal year, the dividends that are undistributed or distributed in insufficient amount shall not be accumulated for recovery in the subsequent years.
4. In addition to the dividends prescribed in Paragraph 2 of the issue terms, A type preferred shares are not entitled to the allocation from cash and capital increment derived from earnings and capital reserve pertaining to common stocks.
5. The shareholders of A type preferred shares have no voting power at the shareholders' meetings, nor do they have the rights of electing directors. Nevertheless, they may be elected directors.
6. When the Company issues new shares via cash, except that otherwise is specified in the laws and regulations, the shareholders of A type preferred shares enjoy the pre-emptive rights same as the shareholders of common stocks.
7. A type preferred shares are prioritized in advance of common shares in the order of distribution of the residual properties. However, the distribution shall not

exceed the issue price.

8. The shareholders of A type preferred shares may apply for partial of total holding of A type preferred shares to be converted into common stocks based on the conversion ratio of 1 A type preferred share = 1 common share (conversion ratio = 1:1) starting from the next day after 5 years of issuance, except for the legal book closure period and the period starting from 3 business days prior to the announcement date of ex-right for book closure of bonus shares, announcement date of ex-dividend for book closure of cash dividends or announcement date of ex-right for book closure of subscription of cash increment decided by the board of directors meeting held by the Company to the end date of base date of equity distribution, or other legal non-conversion period. The rights and obligations of A type preferred shares remain the same as that of common shares after the conversion.
9. If A type preferred shares are converted into common shares before the base date of ex-right (dividend) for the distribution of dividends of the year, they shall not be entitled to the dividends of preferred shares to be issued in the year or the years to come. If A type preferred shares have been allocated with dividends of preferred shares in the year of conversion into common shares, they shall not be entitled to the dividends and bonus of common shares to be issued in the year.
10. The Company may redeem all or partial outstanding A type preferred shares at any time based on the issue price via earnings, issuance of new shares or other stock payments obtained under legal permission from the next day after 7 years of issuance. When the Company redeems A type preferred shares, it shall advise the shareholders of A type preferred shares in written form 30 days earlier, while the rights of converting A type preferred shares, which are owned by shareholders of A type preferred shares, into common shares are not affected due to receiving the advice of redemption prior to the redemption of the Company.

Article 8      The shares of the Company are in registered form, which are affixed with seals or signatures of three (3) or more directors and conducted in accordance with the rules set forth by the competent authority of securities. The Company shall handle its stock affairs for shareholders in accordance with the “Regulations Governing the Administration of Stock Affairs of Public Companies” and the relevant regulations. The share certificates of the Company may be issued in book-entry, or printed in separated or combination form for the aggregate number of shares of each issuance.

Article 9      Share transfer shall be suspended within sixty (60) days before ordinary meetings of every term of shareholders, thirty (30) days before temporary meetings of shareholders, or five (5) days before the base date of distribution of dividends, bonus or other benefits decided by the Company.

### **Chapter 3. Shareholders’ Meeting**

Article 10      Shareholders’ meetings are divided into ordinary meetings and temporary meetings.

Unless otherwise is specified in the laws and regulations, an ordinary meeting shall be convened by the board of directors within 6 months from the end of each fiscal year pursuant to the laws. A temporary meeting shall be convened based on the laws when necessary.

Article 11 When a shareholder is unable to attend a shareholders' meeting for some reason, he or she may submit the proxy statement issued by the Company to state the range of authorization, provided that a shareholder may appoint only one proxy for attendance. Except for trust business or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her may not exceed 3% of the total number of outstanding voting shares; otherwise, the portion of excessive voting power may not be counted.

Article 12 The shareholders of the Company have one voting power for each share, unless those having no voting right pursuant to Article 179 of the Company Act, the Articles of Incorporation of the Company or other laws and regulations.

The representative of a juristic person is not limited to one person, only the exercise of voting power is calculated based on the total number of its shareholding. When there are more than two representatives, such representatives shall exercise the voting power jointly.

Article 13 Unless otherwise prescribed by the laws and regulations, the resolution of shareholders' meetings must have obtained the consent of at least a half of the voting rights present at the shareholders' meeting attended by shareholders representing a majority of total issued shares.

Article 14 Matters concerning resolution and execution in the shareholders' meeting are described as below:

1. To ratify and amend the Company's Articles of Incorporation.
2. Election of directors.
3. To audit the tables and books prepared by the board of directors and reports of the Audit Committee; resolve the agendas related to distribution of earnings or loss coverage.
4. Decision for capital increment or reduction.
5. Resolution for distribution of dividends and bonus.
6. Resolution for other important matters, and matters prescribed in the Company Act and Financial Holding Company Act.

Article 14-1 The resolutions of a shareholders' meeting shall be compiled into the proceedings, which is signed or sealed by the meeting chairman and delivered to the shareholders within 20 days after the meeting.

The proceedings shall record the year, month, day, location, name of the meeting chairman and the resolution method, as well as the key procedures and outcomes of agendas.

The proceedings shall be retained together with the attendance list bearing the signatures of the shareholders present at the shareholders' meeting and the powers of attorney of the proxies.

## Chapter 4. Directors

- Article 15 The Company has eleven (11) directors, including three (3) independent directors. The directors are entitled for a term of three years, whom are elected in the shareholders' meeting from persons with legal capacity, and are eligible for re-election.  
The Company adopts a candidate nomination system for the election of the directors of the Company, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The professional qualification, shareholding, limit on concurrent serving, acknowledgement of independence, nomination and election method and other matters to be complied with shall be conducted in accordance with the relevant laws and regulations.
- Article 15-1 (Deleted)
- Article 16 The board of directors is composed of directors. The Company does not set up the managing directors and the managing board.  
The Chairman of the board of directors shall internally preside the shareholders' meeting and the meeting of the board of directors; and shall externally represent the Company. The Chairman of the board of directors shall be elected among at least a half of the voting rights present at a board of directors meeting attended by over two-thirds of the directors.  
The Company may assign a Vice Chairman to assist the Chairman when necessary, the appointment of the Vice Chairman shall be conducted pursuant to the Company Act.
- Article 17 The Chairman of the board of directors shall convene the board of directors meetings. Unless otherwise prescribed by Financial Holding Company Act, Company Act or other laws the regulations, the resolution must have obtained the consent of at least a half of the voting rights present at the board of directors meetings attended by a majority of directors. Proceedings shall be signed/ sealed and retained by the Chairman. The reasons for convention of a board of directors meeting shall be stated and notified to each director seven (7) days prior to the meeting. However, a meeting may be convened at any time when there is an emergency. The notice of the convention of the board of directors meeting may be conducted in written form, fax, email or other electronic means.  
The directors shall attend the meeting in person when a meeting is held. When a director is unable to attend the meeting for some reason, he or she may consign other directors to act as his/her proxy, provided that the proxy may only represent one absent director.
- Article 18 The representative of the chairman shall meet the provision of Article 208 of Company Act if the Chairman is on the leave of absence or unable to exercise his/her authority for some reason.
- Article 19 The authorities of the board of directors are as follows:
1. Proposing the article of incorporation of the Company.
  2. Reviewing organizational and business rules of the Company.
  3. Proposing the capital increment or capital reduction.
  4. Proposing the distribution of earnings or loss coverage.

5. Deciding the issuance of corporate bonds.
6. Assigning directors and supervisors of the subsidiaries.
7. Deciding establishment, abolition or change of domestic and overseas branches.
8. Preparing and reviewing financial statements.
9. Ratifying and amending the internal control system.
10. Establishing and amending the procedures for material financial business actions, including acquisition or disposal of assets, derivatives transaction, and fund utilization other than interbank deposits.
11. Issues involving the directors' interests.
12. Material transactions of assets or derivatives.
13. Public offering, issuance, or private placement of equity securities.
14. Commission, dismissal or compensation of attesting CPA.
15. Appointment/ dismissal of finance, accounting or internal audit managers.
16. Other issues that shall be resolved by the board of directors in accordance with the laws and regulations and the article of incorporation; material issues prescribed by the competent authority or issues authorized by the shareholders' meeting.

Article 19-1 The board directors of the Company has an Audit Committee, which is formed by all of the independent directors. One of them should be the convener, and at least one of them should have background in either accounting or finance. The Audit Committee's execution of duties and other relevant matters to be complied with shall be conducted in accordance with regulations prescribed in the Articles of Incorporation or the relevant laws and regulations or the rules of the Company.

The Company has an Audit Committee, and it may not assign a supervisor in accordance with the laws.

The board of directors may set up a Corporate Governance Committee as well as other functional specialist committees, and the organization regulation shall be stipulated by the board of directors.

Article 19-2 (Deleted)

Article 19-2-1 The following items can be submitted to the board of directors meetings for resolution only when agreed by over a half members of the Audit Committee:

1. Amending, modifying, or limiting the rights, benefits, or priority of the Company's shares or equity securities.
2. Public offering, issuing or private placement of shares, convertible bonds, stock warrants, or other equity securities or preferred securities, buying back of treasury stocks, dividend distribution, increasing the Company's paid-in capital and other items to change the Company's paid-in capital.
3. Change of the Company's accounting and audit policy, with exception for changes according to the ROC laws or GAAP.
4. Amending the Articles of Incorporation of the Company.
5. Merging or selling, transferring or pledging of over 10% of the Company's or the Company's securities subsidiary or bank subsidiary' assets or shares with voting power.

6. Declare of the Company's dissolution, liquidation, reorganization, or bankruptcy.
7. Change of the title of the Company.
8. Change of the number of board members of the Company.
9. Change of the Company's dividend policy.
10. Reviewing the Company's operational plan and annual budget.
11. Commission, dismissal, or compensation of attesting certified public accountants.
12. Authorizing the Chairman to set up committees under the board of directors of the Company.
13. Acquisition, or entering agreements of joint-venture or strategic alliance.
14. Transaction with interested parties of the Company.
15. Acquiring other company's total or partial assets, which has material impact on the Company.
16. Applying for terminating securities traded over-the-counter.
17. Reviewing the annual and the semi-annual financial reports.

Article 19-2-2 In addition to the preceding article, the following items are also belonged to the duties of the Audit Committee.

1. Establishing or amending the internal control system according to Article 14-1 of the Securities and Exchange Act.
2. Conducting performance appraisal on the validation of the internal control system of the Company.
3. Enacting or amending the procedures for material financial business actions, including the Company's acquisition or disposal of assets, derivatives transaction, and fund utilization other than interbank deposit in accordance with Article 36-1 of the Securities and Exchange Act.
4. Reviewing issues involving directors' interests.
5. Appointment/dismissal of finance, accounting, or audit managers.
6. Reviewing the Company's material transactions of assets or derivatives.
7. Reviewing other material matters prescribed by the Company of the competent authority.

The resolution of the matters in the preceding paragraph shall obtain consent from over a half of the Audit Committee members, and then be submitted to the board of directors.

However, matters in Paragraph 1 that are not agreed by a half or more of the Audit Committee members may adopted by two-thirds or more of the board members.

Article 19-3 The President, Vice President, and the relevant staff members may be invited to attend the meetings of the board of directors or the Audit Committee to answer interpellation.

Article 19-4 Where a board of directors meeting is conducted via video conference facilities, the directors' participation in such meeting via such facilities shall be deemed to constitute presence in person.

Article 19-5 When a director of the Company executes the duties of the Company, the Company

may pay remuneration, such as monthly salary and bonus, to him or her. The board of directors is authorized to deliberate the remuneration based on degree of a director's involvement in the business, the value of contribution and the status of surplus profits, as well as with reference to the standard of the peers.

The Company sets up reasonable remuneration for the independent directors different from general directors after consideration.

Article 19-6 (Deleted)

Article 19-7 Subject to applicable laws, the Company may procure liability insurance for its directors to indemnify their liabilities based on the range of his or her business execution during his or her tenure.

### **Chapter 5. Managers**

Article 20 The Company has one President and several Vice Presidents. The appointment and dismissal of the President and Vice Presidents shall be conducted in accordance with Article 29 of the Company Act.

### **Chapter 6. Accounting**

Article 21 The fiscal year is from January 1 to December 31 of each year. The annual accounts shall be prepared at the end of the year.

Article 22 The board of directors shall prepare the following documents, which shall be deliberated and audited based on legal procedures before submitting to the shareholders' ordinary meeting for acknowledgement:

1. Business operation report.
2. Financial statements.
3. Proposal for earnings distribution or loss coverage.

Article 23 If the Company poses profits in the fiscal year, it shall set aside no less than 0.001% as the remuneration for employees and no higher than 1% as remuneration for directors. However, if the Company still suffers accumulated losses, it shall retain a certain amount to cover the losses in advance.

The subjects to receive shares or cash as remuneration for employees in the preceding paragraph may include the employees of its subordinate companies that meet certain criteria.

If there are earnings after the final accounting of the fiscal year, the Company shall pay all taxes and dues, cover losses in the past, set aside legal reserve, and set aside or reverse special reserve pursuant to the laws and regulations. If there is still balance of the year, the residue plus the undistributed earnings at the beginning of the term are the distributable amount of dividends and bonus to shareholders. In addition, the allocation of 30% to 100% of the distributable amount is proposed by the board of directors with an earnings distribution scheme to the shareholders' meeting for resolution.

Article 24 The Company adopts a residual dividend policy by retaining the capital needed for operation and investment in advance and then distributing stock dividend or cash dividend from the balance based on the plan of future capital budget of the Company. The cash dividend shall account for no less than 10% of the total balance.

## **Chapter 7. Supplementary Articles**

Article 25 Others Matters not mentioned herein, if any, shall be conducted pursuant to the Financial Holding Company Act, Company Act and other relevant laws and regulations.

Article 26 The Articles of Incorporation were enacted on December 14, 2001; the first amendment was on June 11, 2004; the second amendment was on June 10, 2005; the third amendment was on June 9, 2006; the fourth amendment was on April 10, 2007; the fifth amendment was on June 19, 2009; the sixth amendment was on May 6, 2010; the seventh amendment was on June 21, 2013; the eighth amendment was on June 12, 2015; the ninth amendment was on June 8, 2016.