

# Articles of Incorporation

## Chapter One General Provisions

Article 1 The Company shall be incorporated as a company limited by shares under *The Company Act* and its name shall be “Concord Securities Co., Ltd.”(hereinafter referred to as the “Company”).

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

- I. H301011 Securities merchant .
- II. H408011 Futures introducing broker.
- III. H401011 Futures commission merchants (business is limited by the approval of the competent authorities) .

Article 2-1 The Company shall engage in the following business activities::

- I. To accept orders to trade securities on the centralized securities exchange market.
- II. To trade securities on its own account on the centralized securities exchange market.
- III. To underwrite securities.
- IV. To accept orders to trade securities at its own business location.
- V. To trade securities on its own account at its own business location.
- VI. To act as an agent in stock and equity-related affairs.
- VII. To take charge of securities margin-purchase and short-sale business.
- VIII. To engage in securities-related futures brokerage and services.
- IX. To accept orders to trade foreign securities.
- X. To engage in securities-related futures proprietary trading.
- XI. To engage in other business which is approved by the competent authority.

Article 3 The head office of the Company is established in Taipei and may, subject to business requirement with the resolution of the Board of Directors and the approval of competent authority, set up branch office(s) in/outside Taiwan.

Article 4 (Deleted)

## Chapter Two Shares

Article 5 The total authorized capital of the Company shall be NT\$15 billion, divided into 1500 million shares with a par value of NT\$10 each, which the Board has been authorized to issue in stages, of which 200 million shares shall be reserved for exercising options.

Article 5-1 The Company may, with the resolution of the most recent shareholders’ meeting which is attended by shareholders holding at least 50% of the issued capital stock and resolved by more than two-thirds of the voting rights by shareholders attending the meeting, transfer the treasury shares to its employees at a price lower than the average repurchased price.

Article 5-2 The Company may, with the resolution of a shareholders' meeting which is attended by shareholders holding at least 50% of the issued capital stock and resolved by more than two-thirds of the voting rights by shareholders attending the meeting, issue employee stock options to its employees at a price below the market price and by installments within one year of the said shareholders' meeting.

Article 6 Share certificates of the Company shall only be issued if they bear the names of the shareholders, be signed by or affixed with the personal seals of three or more Directors of the Company, and be duly signed and authenticated by the regulatory authority or a share registry endorsed by the regulatory authority. The Company may deliver shares by wiring into account books pursuant to relevant regulations rather than printing physical shares. When issuing other forms of securities, the same rule also applies.

Article 7 The Company's stock affairs shall be governed by *Regulations Governing the Administration of Shareholder Services of Public Companies*.

Article 8 (Deleted)

Article 9 (Deleted)

Article 10 (Deleted)

Article 11 Registration of share transfers shall be suspended in the following circumstances: for a 60-day period prior to an annual meeting of the shareholders; for a 30-day period prior to a special meeting of the shareholders; and for a 5-day period prior to the record date for distribution of dividend, bonuses or other benefits.

**Chapter Three Shareholders' Meetings**

Article 12 Shareholders' meetings of the Company are of two types, namely: (1) annual meetings and (2) special meetings. Annual meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened at such time as necessary in accordance with the relevant laws, rules and regulations.

Article 13 If a shareholder is unable to attend a meeting, he or she may appoint a proxy to attend and vote on behalf of the shareholder at the shareholders' meeting by completing and submitting to the Company, a form prescribed by the Company stating the scope of authorization. All proxy appointments must comply with Article 177 of The Company Act and Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 14 Except where other legal requirements apply, shareholders of the Company shall be entitled to one vote for each share held at the shareholders' meeting.

Article 15 Unless otherwise required by *The Company Act*, all resolutions of a shareholders' meeting of the Company shall be passed at a meeting attended by shareholders holding at least 50% of the issued capital stock and resolved by more than 50% of the shareholders attending the meeting.

#### **Chapter Four      Directors and the board of directors**

- Article 16      The Company shall have 11 to 25 Directors. The number of independent directors shall be no less than three and shall represent no less than one fifth of the total number of directors. Directors shall be persons with legal capacity and shall be elected and appointed by the shareholders at a shareholders' meeting. The total percentage of shareholdings by all Directors must comply with the relevant rules and regulations. The election of directors (including independent directors) shall make use of a candidate nomination system pursuant to the provisions of Article 192-1 of the Company Act. The receipt, announcement etc. of nominations for directorship candidates shall be handled in accordance with the relevant rules and regulations prescribed by the securities governing authorities.
- Article 17      The tenure of offices for Directors shall be three years and the Directors shall be eligible for re-election and re-appointment.
- Article 18      Where vacancies of the Board of Directors exceed one-third of the total number of the Directors or all the independent directors are dismissed, the Board shall convene a special shareholders' meeting within 60 days to elect new Directors to fill the vacancies until the incumbent term expires. With respect to a director appointed by a corporate shareholder or its representative, the corporate shareholder may re-appoint its representative at any time due to a change in official functions and duties of the original representative until the incumbent term expires.
- Article 19      The Board shall be formed by the directors. A Chairman and a Vice Chairman shall be elected from the Directors by a majority vote of the Directors at a Board meeting attended by at least two thirds of all the Directors. The Chairman shall have the right to execute the resolutions of the Board of Directors and the shareholders' meeting. The Chairman of the Board shall chair all shareholders' and directors' meetings internally and represent the Company externally.
- Article 19-1      The resolutions of the Board, unless otherwise required by *The Company Act*, shall be resolved by a simple majority of the Directors at a Board meeting attended by at least 50% of all the Directors. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. If the Board meeting is held in the form of a video conference, participation via video conference is deemed as participation in person.
- Article 19-2      Board meetings shall be convened in accordance with The Company Act. The notice of the Board meetings may be made and delivered by writing, email or facsimile to the Directors.
- Article 19-3      The Company shall establish an Audit Committee pursuant to the provisions of Article 14-4 of the Securities and Exchange Act. The Audit Committee and its members shall fulfill their supervisory duties pursuant to the relevant provisions of the Company Act, the Securities and Exchange Act, and other relevant laws and regulations.

The number and tenure of office of audit committee members, powers of the audit committee, rules of procedure for meetings of the audit committee shall be defined in an audit committee charter in accordance with Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.

Article 20 When the Chairman of the Board is on leave or unable to perform his duties, the designation proxy shall be made in accordance with Article 208 of *The Company Act*. When a director is unable to attend the Board Meeting, the designation proxy shall be made in accordance with Article 205 of *The Company Act*.

Article 21 The Board is authorized to determine the remuneration of the Directors of the Company (including independent directors) according to individual degrees of participation and value of contribution in business operation of the Company, as well as levels of remuneration generally adopted in the industry.

Article 21-1 The Company may purchase liability insurance for Directors to cover legal obligations and liabilities arisen from performing their duties during their terms of occupancy.

#### **Chapter Five Managerial Officers**

Article 22 The Company shall have one President, several Vice Presidents, Assistant Vice Presidents and Managers pursuant to Article 29 of *The Company Act*.

#### **Chapter Six Accounting**

Article 23 The fiscal year for The Company must start on January 1st of each year and end on December 31st of the same year.

Article 24 After the close of each fiscal year, The Board shall prepare the following financial statements and documents:

- I. Business report
- II. Financial statements
- III. Proposal of allocation of profit or covering of losses.

Article 25 If making any profits in a fiscal year, the Company shall set aside from 1% to 2% of the profits for employees' compensation following the board resolution to distribute in stock or cash dividend for eligible employees of the Company and subsidiaries. The board resolution in remuneration to directors may not exceed five percent of the profit. The employees' compensation and remuneration to directors shall be proposed by the Board of Directors and resolved in the shareholders' meeting

If the Company has cumulated losses, the profit shall be first utilized for making up losses for previous years and then following the afore-mentioned percentage to distribute the employees' compensation and remuneration to directors.

Article 25-1 Where the Company made profit after the close of a fiscal year after the yearly settlement of accounts, the profit shall be first utilized for paying taxes, making up losses for previous years, setting aside reserves as follow:

- 一、Statutory surplus reserves (Legal reserve): 10% of the profit
- 二、Special reserve: 20% of the profit

However, if the accumulated amount of reserves reaches or exceeds the paid-in capital amount, no further fund needs to be set aside. The reminders shall be set aside according to the regulation or reverse to special reserve. IF there is a balance in the remaining of the profit combining with the cumulated un-appropriated retained earnings, the board may stipulate the distribution plan and propose to distribute the shareholders' dividend bounce in the resolution of the shareholders' meeting.

Our dividend policy, considering the necessity, future business development plan, investment environment, funding need, competitiveness in international wide and the interest of shareholders, The un-appropriated retained earnings shall be used as the basis for the distribution of dividends and bonus to shareholders, subject to no less than 50% of the basis. The board of directors is authorized to make no distribution of dividends and bonus to shareholders when the un-appropriated retained earnings are less than 0.5% of paid-in capital. The board may resolve to distribute dividends and bonus to shareholders in stock or cash dividend. Cash dividend may not be less than 10% of total dividend.

#### **Chapter Seven      Bylaws**

Article 26      Matters not specifically provided for in these Articles of Incorporation shall be governed by *The Company Act*, *The Securities and Exchange Act* and other relevant legislations.

Article 27      These Articles of Incorporation were enacted on October 7th, 1990, and were amended on June 20th, 1991, as the 1st amendment; on November 17th, 1992, as the 2nd amendment; on March 30th, 1995, as the 3rd amendment; on May 22, 1997, as the 4th amendment; on April 24th, 1998, as the 5th amendment; on May 15th, 1999, as the 6th amendment; on June 29th, 2000, as the 7th amendment; on December 12th, 2000, as the 8th amendment; on May 31st, 2002, as the 9th amendment; on May 30th, 2003, as the 10th amendment; on May 27th, 2004, as the 11th amendment; on June 17th, 2005, as the 12th amendment; on June 9th, 2006, as the 13th amendment; on June 15th, 2007, as the 14th amendment; on June 13th, 2008, as the 15th amendment; on June 15th, 2010, as the 16th amendment; on June 22th, 2012, as the 17th amendment; on June 20th, 2014, as the 18th amendment, and on June 12th, 2015, as the 19th amendment, and on June 17th, 2016, as the 20th amendment.