



## **Daxin Materials Corporation**

### **Articles of Incorporation**

Approved by the Shareholders' Meeting on June 15, 2022.

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

##### Article 1

The Company is incorporated, registered and organized as a company limited by shares in accordance with the Company Act of the Republic of China, and its name is 達興材料股份有限公司 in the Chinese language, and Daxin Materials Corporation in the English language.

##### Article 2

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

To research, design, develop, manufacture, and sale the following products:

1. Various photoresists, PI alignment layer, liquid crystal, and other related chemicals used in the manufacturing process of displays
2. Overcoat, optical clear resin and other related chemicals for touch panels
3. Ingot slicing solutions, anti-reflection materials, and other related chemicals for energy industry
4. Dielectrics, adhesives and other related chemicals for the semiconductor industry
5. Encapsulants and other related chemicals for the lighting industry
6. Specialty chemicals for other electronic products
7. Analysis and identification of chemical composition
8. Inspection and measurement of product characteristics

The business items and codes of the above products:

- (1) C801010 Basic Chemical Industrial
- (2) C801020 Petrochemical Materials Manufacturing
- (3) C801030 Precision Chemical Material Manufacturing
- (4) C801060 Synthetic Rubber Manufacturing
- (5) C801100 Synthetic Resin and Plastic Manufacturing
- (6) C801990 Other Chemical Materials Manufacturing
- (7) C802120 Industrial and Additive Manufacturing
- (8) C802200 Coating, Paint, Dye and Pigment Manufacturing
- (9) C805990 Other Plastic Products Manufacturing
- (10) CC01080 Electronics Components Manufacturing
- (11) F107200 Wholesale of Chemical Feedstock (for operation outside the science park only)
- (12) F119010 Wholesale of Electronic Materials (for operation outside the science park only)
- (13) F401010 International Trade (for products related to the above only)
- (14) I199990 Other Consulting Service
- (15) IG02010 Research and Development Service
- (16) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval. (for operation outside the science park only)

The operation of the aforementioned businesses shall comply with the laws and regulations.

##### Article 3

The head office of the Company shall be in the Central Taiwan Science Park. The Company shall be free, upon approval of the Board of Directors and government authorities in charge, to set up branch offices, factories, branch operating offices or branch business offices at various locations within and without the territory of the Republic of China, whenever the Company deems it necessary.

#### Article 4

The total amount of the Company's investments is not subject the restriction of Article 13 of the Company Act. The Company may provide endorsements or guarantees to other parties for the purposes of business or investment.

### **Chapter 2: Capital Stock**

#### Article 5

The total capital stock of the Company shall be in the amount of 150,000,000 New Taiwan Dollars, divided into 150,000,000 registered shares, at 10 New Taiwan Dollars each. The Board of Directors is authorized to issue the unissued shares in installments.

Among which 100,000,000 New Taiwan Dollars of the total capital stock, divided into 10,000,000 shares, at 10 New Taiwan Dollars each, should be reserved for issuing employee stock options and may be issued installment in accordance with the resolution of the Board of Directors.

#### Article 6

The share certificates of the Company shall be in registered form, which shall be signed by or sealed by at least three directors, and issued after duly authentication pursuant to the law.

The Company may pursuant to the laws and regulations, deliver shares or other securities in book-entry form, instead of delivering physical shares or other securities.

#### Article 7

Unless otherwise provided by law and regulations, the Company's shareholder services shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies."

### **Chapter 3: Shareholders' Meeting**

#### Article 8

Shareholders' meetings of the Company are of two types, regular meetings and special meetings. Regular meetings shall be convened once a year by the Board of Directors, within six months after the end of each fiscal year. Special meetings shall be convened in accordance with the law and regulations whenever necessary.

The aforementioned meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

#### Article 9

Unless otherwise provided in the Company Act, a meeting of shareholders shall proceed only if attended by shareholders representing more than one-half of the total outstanding shares of the Company. Resolutions of a shareholders meeting shall be adopted at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting. When a shareholder is unable to attend a meeting, he or she may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. Exception for trust enterprise or stock agencies approved by the competent authority, when one person who act as a proxy for two or more shareholders, the number of voting rights represented by that proxy that exceeds 3% of the total number of issued shares shall not be counted. The matters related to use or rescission of the proxy shall be handled in accordance with the Company Act and relevant laws and regulations.

#### Article 9-1

If the Company proposes to cancel the public offering, the proposal shall be approved by the shareholders' meeting, and applied for the cancellation to the competent authority. This article shall not be altered during the Company is listed (whether TWSE-listed, OTC-listed, or registered on emerging-stock market).

### **Chapter 4: Board of Directors and Audit Committee**

#### Article 10

The Company shall have seven to eleven directors, their term of office shall be three years. Directors shall be elected from a slate of director candidates, which are nominated under the Candidate Nomination System, at shareholders' meetings, and shall be eligible for re-elected. The number of directors is determined by the Board of Directors.

The aforementioned directors of the board shall include at least three independent directors. The professional qualification, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters with respect to independent directors shall be in compliance with the relevant regulations of the competent authority.

The Company may take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of office.

The Board of Directors is authorized to determine the compensation for the directors, taking into account the extent and value of the services provided for the Company's operation and with reference to the standards of local and overseas industry.

#### Article 10-1

In compliance with Articles 14-4 of the Securities and Exchange Law, the Company shall establish an Audit Committee, which shall consist of all independent directors.

#### Article 10-2

The meeting of the Board of Directors shall be held at least quarterly, and the reasons for calling the Board of Directors meeting shall be notified to each director at least seven days in advance. In the case of emergency, the meeting of the Board of Directors may be convened at any time. The notice of board meetings shall be effected by means of fax, e-mail, or other methods.

#### Article 11

The board of directors shall have one chairman, and the chairman shall be elected by and among the directors by a majority vote at a meeting attended by more than two-thirds of the directors. The chairman of the Board shall preside internally at the meetings of the Board and shall externally represent the Company. In case the chairman of the Board cannot exercise the power and authority, the chairman of the Board may designate one of the directors to act as the chairman. In the absence of such a designation, the directors shall elect a designee from among themselves.

#### Article 12

When a director is unable to attend a meeting of the board for any reason, he/she may appoint another director to attend on his/her behalf by proxy in accordance with Article 205 of the Company Act. Each director may act as proxy for one other director only.

### **Chapter 5: Managerial Personnel**

#### Article 13

The Company shall have one or more managerial personnel. The appointment, discharge, and remuneration of managerial personnel shall be decided in accordance with the Company Act.

## **Chapter: 6 Accounting**

### **Article14**

At the end of each fiscal year, the Board of Directors shall prepare the following documents and submit them to the shareholders' meeting for acceptance.

- I. Business report.
- II. Financial statements.
- III. Proposal for distribution of earnings or recovery of loss.

### **Article15**

If the Company has a profit (income before tax, excluding remuneration to employees and Directors) for each fiscal year, the Company shall first reserve a sufficient amount to offset its accumulated losses, and then distribute the remaining in accordance with the ratio as follows:

- I. No less than 3% as employees' remuneration.
- II. No more than 1% as directors' remuneration.

The remuneration of employees and directors shall be resolved by the Board of Directors and reported to the shareholders' meeting.

### **Article15-1**

If the Company has a profit at the end of each fiscal year, the Company shall first pay the tax, offset the accumulated losses, and set aside a legal reserve at 10% of the remaining earnings unless and until the accumulated legal reserve has reached the amount of the paid-in capital of the Company, then set aside or reverse special reserve in accordance with the Company's operation or relevant laws and regulations. The balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan proposed and approved. Dividend distribution may be distributed in whole or in part, in the form of shares shall be approved by the shareholders' meeting, and in the form of cash shall be approved by the Board of Directors and reported to the shareholders' meeting.

The Company adopts the residual dividend policy considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions, and capital budget, etc., while taking into account the shareholders' interests, maintenance of a balance dividend and the Company's long term financial plan. When the dividends are distributed, at least 30% of the retained earnings available for distribution of the current year shall be distributed as dividend, which may be distributed by way of cash dividend and/or stock dividend, and the ratio for cash dividend shall not be less than 10% of total distribution.

### **Article15-2**

Where the Company incurs no accumulated losses, the Company may distribute the portion of legal reserve which exceeds 25% of the Company's paid-in capital and the capital reserves permitted for distribution under the Company Act, in whole or in part, in the form of cash, to the shareholders in proportion to their shareholdings by the resolution adopted by the Board of Directors and reported to the shareholders' meeting.

### **Article15-3**

The employees who are entitled to the following compensation can include employees of subsidiaries of the Company meeting certain specific qualifications. The Board or the person duly designated by the Board is authorized to decide such qualifications and allocation.

- I. Employees' remuneration
- II. The buy back shares to be transferred to employees
- III. Employee stock options
- IV. The reserved shares for subscription by employees when issuing new shares
- V. Restricted stock for employees

## **Chapter 7: Miscellaneous**

### **Article16**

Any matters not provided for in these Articles of Incorporation, the Company Act and other relevant laws and regulations shall govern.

### **Article17**

The Articles of Incorporation was enacted on June 30, 2006.

The first amendment was made on June 26, 2007.

The second amendment was made on June 23, 2009.

The third amendment was made on June 18, 2010.

The fourth amendment was made on July 22, 2011.

The fifth amendment was made on June 23, 2014.

The sixth amendment was made on May 27, 2016.

The seventh amendment was made on May 24, 2017.

The eighth amendment was made on June 15, 2022.