

# **ARTICLES OF INCORPORATION OF PRESIDENT SECURITIES CORP.**

## **Chapter I General Provisions**

### **Article 1:**

This Company is duly incorporated under the provisions set forth Company Law regarding companies limited by shares in the full name of PRESIDENT SECURITIES CORPORATION (Hereinafter referred to as the Company).

### **Article 2:**

The Company shall engage in the following business:

1. H301011, a securities dealer.
2. H408011, an aid on futures transaction
3. H401011, a futures dealer
4. H105011, a trustee

### **Article 2-1:**

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

1. To underwriter valuable securities
2. To buy and sell valuable securities in centralized trading markets as a principal;
3. To be consigned to buy and sell valuable securities in centralized trading markets;
4. To buy and sell valuable securities in its own business location;
5. To be consigned to buy and sell valuable securities in its own business location;
6. To act as an agent for stock affairs in valuable securities;
7. To engage in short-buy and margin sales for trading in valuable securities;
8. To render aid in futures trading;
9. To be consigned to buy and sell foreign valuable securities;
10. To engage concurrently in proprietary futures trading.
11. To engage concurrently in trustee
12. To be consigned to buy and sell foreign valuable securities;
13. To operate securities-related business of foreign exchange and permit by the Central Bank of Republic of China. (Taiwan)
14. To engage in other securities related businesses as approved by the competent authorities.

### **Article 2-2:**

The Company may, within the scope as permitted by law, render guarantee services to subsidiaries.

### **Article 3:**

The Company is headquartered in Taipei and may have branches duly set in appropriate locations elsewhere as approved by the government.

**Article 4:**

This article was deleted.

**Chapter II Shares****Article 5:**

The Company has New Taiwan Dollars Fifteen Billion Only, divided into 1.5 billion shares at Ten New Taiwan Dollars par value for which the board of directors is authorized with full powers to issue in installments.

**Article 5-1:**

When the Company acts as a shareholder of limited liabilities, the total amount of external investment by the Company is free of the maximum limitation at 40% of the paid-in capital as set forth in Article 13 of the Company Law.

**Article 6:**

The share certificates hereof shall be duly signed and sealed by three directors, affixed with Company seal and duly authenticated by the competent authorities or their authorized organization before issuance.

The company may be exempted from printing any share certificate or it may either print a single share certificate or a consolidated share certificate for the shares issued.

The Company shall appoint a centralized securities custody institution to make recordation of the issue of such shares.

**Article 7:**

For transfer of the Company's shares, both the shareholder and the transferee shall jointly apply hereto for transfer procedures and entry into roster of shareholders, provided, that no transfer of shares shall be made within one month prior to a shareholders' regular meeting or fifteen days prior to an extraordinary meeting or within five days prior to allocation of dividend, bonus or other interests.

**Article 8:**

The share certificates hereof are the registered ones. The shareholders hereof shall have their names and addresses duly registered into roster of shareholders and have their impression cards of registered seals filed herein. The same is required in case of a change. The stock affairs of the Company shall be duly handled according to "Regulations Governing Stock Affairs of Public Offering Companies" promulgated by the competent authorities of the government except as otherwise provided by the laws and securities regulations.

**Chapter III Shareholders' meeting****Article 9:**

The shareholders' meeting hereof is in regular and extraordinary ones.

The former is called once per annum within six months from closing of each fiscal year.

The latter may be duly called when considering it is necessary.

**Article 10:**

The notices to a shareholders' meeting shall be duly served to shareholders in accordance with Company Law or other laws concerned.

**Article 11:**

Each share hereof is entitled to one voting power. A shareholder who is unavailable to attend a shareholders' meeting may duly issue a power of attorney with the Company provided form with scope of authorized power to appoint a proxy for the meeting. In the event a proxy is authorized by two or more shareholders, the voting power exceeding 3% of the total issued shares shall be discarded.

The aforementioned power of attorney shall be served to the Company five days in advance of the Company. In case of multiple authorization, it shall be taken on the first come first served basis unless the preceding authorization is declared withdrawn.

**Article 12:**

The following issues are subject to resolutions to be adopted in the shareholders' meeting:

1. Establishment and amendment of the Articles of Incorporation.
2. Election of directors.
3. Approval of reports worked out by the board of directors and profit allocation of profit and coverage of loss.
4. Increase, decrease of capital.
5. Major affairs otherwise and issues as required by the Company.

Unless otherwise provided for in the Company Law, resolutions in the shareholders' meeting shall be adopted by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares.

**Chapter IV Directors**

**Article 13:**

The Company has nineteen directors (four independent and fifteen non-independent directors), to be elected by shareholders' meeting from among the persons with disposing capacity, both having three-year tenure of office and eligible for reelection. The candidates' qualifications shall live up to requirements of Company Law, Securities and Exchange Law and related regulations.

Directors shall be elected from among the nominees listed in the roster of candidates by adopting candidate nomination system.

The election of independent and non-independent shall be held together but the votes

shall be calculated separately.

**Article 13-1:**

The Company according to Article 14-4, Securities and Exchange Law, establish the Audit Committee, composed of the entire number of independent directors.

Audit Committee and among independent directors shall compliance and follow by internal rules in this company and the Government related regulations.

**Article 14:**

The total registered shares held by all directors shall not be less than specified percentage and the shareholding and auditing shall be subject to requirements promulgated by the competent authorities of the government.

**Article 15:**

By attendance of two-thirds majority of directors and a majority vote of the attending directors, three~five managing directors shall be elected and, in the same manner, one chairman shall be duly elected. In case of no managing directors, one chairman and one vice chairman shall be elected from among directors in the same manner. The chairman shall chair the shareholders' meeting, board of directors meeting and board of managing directors meeting internally, and represent the Company externally.

**Article 16:**

Meetings of the board of directors shall be convened by the chairman of the board of directors. Unless otherwise provided for in the Company Law, the resolutions in the board of directors meeting shall be adopted by a majority vote in the meeting attended by a majority of directors.

The Convene Notice of the meeting of board may serve to the directors by writing, E-mail or facsimile.

In the chairman's absence, the vice chairman shall act in the place. In absence of both, the chairman shall appoint a managing director to act in place otherwise one managing director shall be elected from among themselves to act in the place. A director unavailable to the meeting may duly authorize another director to attend a board meeting on his behalf.

**Article 17:**

The board of directors shall have the following functions:

1. To work out the Company's business plans;
2. To work out organizational regulations, major articles and contracts;
3. To work out budgeting and account closing;
4. To propose for capital increase, decrease;
5. To propose profit allocation or loss coverage;
6. To appoint, discharge managerial officers and key staff;

7. To resolve establishment and dissolution of a branch;
8. To resolve major business affairs otherwise;
9. To exercise other functions endowed by laws and shareholders' meeting.

**Article 17-1:**

The Board of Directors may, complying with the law or taking into account the necessity, set up any functional committees whose functions, responsibilities, qualifications of committee members, process of exercising the power and so forth to be formulated by the board of directors.

**Article 18:**

This article was deleted.

**Article 19:**

The board of directors is authorized to determine the remuneration for directors taking into account the extent and value of the participation for the management of the Corporation and the standards of the industry. Independent directors receive fixed monthly compensation and shall not participate in the allocation of remuneration to directors and supervisors set forth in Article 23.

**Article 19-1**

The Company may act as a policyholder of liability insurance for the benefit of directors, supervisors, and managers. The board of directors is authorized to determine the limit of liability and the related matters.

**Chapter V Managerial officers**

**Article 20:**

The Company has one president to enforce issues as resolved in the board of directors and take charge of overall business operation of the Company, to be nominated by the chairman and duly appointed and discharged in the board of directors. The Company has a certain number of vice president, be nominated by the president and duly appointed and discharged in the board of directors.

**Chapter VI Accounting**

**Article 21:**

The fiscal year hereof is beginning January 1 until December 31 each calendar year.

**Article 22:**

Upon closing of each fiscal year, the board of directors shall work out the following documents according to Article 228 of the Company Law to be audited by Audit Committee thirty days in advance of shareholders' regular meeting and the Audit Committee shall issue a report accordingly to be approved by the shareholders' meeting:

1. Business report
2. Financial statements
3. Proposals of profit allocation or loss coverage

**Article 23:**

In an effort to encourage employees and management, the Company will distribute compensation to employees and the Directors from pre-tax profits. Where the company has pre-tax profits, the total value of funds to be distributed among employees shall not be less than 1.6% of pre-tax profits; while the total value of funds to be distributed among the Directors shall not be more than 2% of pre-tax profits. If the company has losses carried forward, compensation should only be paid to employees and Directors after funds have been set aside as reserve for such losses. Employees' compensation should be paid in the form of cash or company shares. A resolution regarding compensation to be distributed should be passed at a Board of Director's meeting by a majority vote at a meeting attending by two-thirds or more of the Directors, after which the results should be reported to the shareholders. Only those individuals meeting the specific criteria of employees shall be considered employees for the purposes of the employees' compensation distributions.

**Article 23-1:**

If there are surplus profits after the closing of the books in a given fiscal year, then, after paying applicable taxes and making up losses from previous years, the company should set aside 10% of remaining profits as legal reserve, 20% as special reserve, and any other reserves as required by applicable laws or regulations, and, if any profits still remain, the board of directors shall put forth a motion to the shareholders for distribution of the remaining profits to shareholders.

In the event that the remaining profits represent less than 5% of the value of the company's paid-in capital, then no such distribution is necessary.

The Company's dividend policy should be based on the long-term financial structure and stability of the Company so as to allow for continued growth, which creates the best value for shareholders. The dividend distribution in a given year shall not be less than 70% of the surplus profits available for distribution. Stock dividends should not account for less than 10% of the total dividend distributed, and cash shall not account for more than 50% of the total dividend distributed. However, the Company may take into consideration the actual status of the Company's operations and future capital needs when determining an appropriate ratio of cash and shares for the dividend distribution.

**Chapter VII Bylaws**

**Article 24:**

The organizational rules and operational rules shall be separately worked out by the board of directors.

**Article 25:**

Any matters inadequately provided for herein shall be subject to Company Law and managerial regulations concerned.

**Article 26:**

These Articles were duly established on November 26, 1988 and the first amendment was approved on December 28, 1988; -----; the twenty seventh amendment on June 18, 2019.