

# Innodisk Corporation's Articles of Incorporation

## Chapter 1 General Rules

- Article 1: The Company is organized in accordance with the provisions of the Company Act and is named Innodisk Corporation.
- Article 2: The business scope of the Company is as follows:
- I. F113050 Wholesale of computing and business machinery equipment
  - II. F113070 Wholesale of telecom instruments
  - III. F119010 Electronic materials wholesale.
  - IV. F213030 Retail sale of computing and business machinery equipment
  - V. F213060 Retail sale of telecom instruments
  - VI. F219010 Retail sale of electronic materials.
  - VII. F401010 International trade
  - VIII. I301010 Software design services.
  - IX. I501010 Product designing.
  - X. CC01080 Electronic parts and components manufacturing.
  - XI. All businesses that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company has a head office in New Taipei City, and may set up branches at home and abroad by resolution of the board meeting when necessary.
- Article 4: The Company may provide external guarantees and reinvest in other enterprises due to business needs, and the total amount of reinvestment may exceed 40% of the paid-in share capital of the Company.

## Chapter 2 Shares

- Article 5: The total rated capital of the Company is NT \$1 billion, divided into 100 million shares with a par value of NT\$10 per share. The shares include ten million shares of employee stock options for a total of NT\$100 million. The board is authorized to issue shares on an installment basis in accordance with the Company Act and the relevant regulations.
- Article 6: All shares of the Company shall be registered, numbered, signed or sealed by the director representing the Company, and then issued after being certified by the share certifying bank according to law. Shares of the Company is exempted from actual printing but shall be registered with the Taiwan Depository and Clearing Corporation.
- Article 6-1: When the Company intends to cancel the public offering of shares after it goes public, it shall submit a proposal to the shareholders' meeting for resolution, and then handle it in accordance with Article 156 of the Company Act. This provision shall remain unchanged during the period when the Company is listed on the emerging market or TPEx.
- Article 7 The renaming and transfer of shares shall be suspended within 60 days before the general shareholders' meeting, 30 days before the extraordinary shareholders' meeting, or five days before the book-close date of the Company's distribution of dividends, bonuses or other benefits.
- Article 7-1: Unless otherwise specified by law or securities regulation, all share administration-related affairs shall proceed according to Regulations Governing the Administration of Shareholder Services of Public Companies.

## Chapter 3 Shareholders' Meeting

- Article 8: The shareholders' meeting is divided into the general shareholders' meeting and the extraordinary shareholders' meeting. The general shareholders' meeting is held once a year and shall be convened by the board of directors within six months after the end of each fiscal year. Extraordinary general meetings, when necessary, are held in accordance with the provisions of the Company Act.
- Article 8-1: For meetings which are convened by the board of directors, the chairperson is appointed in accordance with Paragraph 3, Article 208 of the Company Act. For the meeting that is convened by the ones with the convening authority outside of the board, the meeting should be chaired by the convening authority. One person should be selected to chair the meeting if there are more than two present.
- Article 8-2: Implementation the resolutions of the shareholders' meeting shall be made into minutes, signed or sealed by the chairman, and distributed to all shareholders within 20 days after the meeting.

The production and the distribution of the resolution record can be made electronically or by public notice.

- Article 9: If a shareholder is unable to attend a shareholders' meeting for any reason, he/she may issue a power of attorney in the format issued by the Company specifying the scope of authorization, sign or seal it and entrust a proxy to attend. Shareholders who commission their proxy to attend meetings shall comply with the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies promulgated by the securities authority, unless otherwise specified by Article 177 of the Company Act.
- Article 10: Shareholders of the Company have one voting right per share; however, no voting rights are available if any of the circumstances specified in Article 179 of the Company Act occurs to the Company or the shares held by directors meet the provisions of Article 197-1.
- Article 11: Except as otherwise regulated by the Company Act or relevant laws, a shareholder meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.
- Article 12: [The shareholders' meetings of the Company can be held by means of visual communication network \(including virtual-only and hybrid shareholders' meetings\) or other methods promulgated by the central competent authority.](#)

#### Chapter 4 Director

- Article 13: The Company shall have seven to eleven directors, who are elected using the nomination of candidates approach in accordance with Article 192-1 of the Company Act. They are elected during general shareholder meetings from the candidate list to serve a term of three years. The term of service may be renewed if they are re-elected in the next election. In the election of the Company's directors held during the shareholders meeting, every share shall have the same voting power as the elected directors. Votes may be pooled to elect one person or distributed to vote multiple person. Those who obtain more votes are elected as directors. Among the abovementioned directors, there should be at least three independent directors, accounting no less than 1/5 of the board seats. The professional qualifications, shareholding, part-time restrictions, nominations and other rules to be followed shall be handled in accordance with laws and regulations of the securities authority.
- The Company has established an audit committee in accordance with Article 14-4 of the Securities and Exchange Act to be responsible for performing the functions of supervisors specified in the Company Act, the Securities and Exchange Act and other regulations. The audit committee shall consist of all independent directors, and the organizational procedures shall be determined by the board of directors.
- Article 14: A chairman representing the Company is elected in the board meeting where more than two-thirds of directors are in attendance and more than half of the attending directors agree to the vote. A vice-chairman is also appointed to assist the chairman.
- Every director shall be notified at least seven days before the convening of board meetings. Meetings can be called at any time in case of emergency. The notice of the convening of board meeting can be made in writing, e-mail or fax.
- Directors shall attend the board meeting in person. If a director is unable to attend the meeting, he/she may issue a proxy form detailing the scope of delegated authority and appoint another director to attend the meeting. One director may accept only one proxy form.
- Article 15: If the chairman asks for leave or fails to exercise rights and responsibilities for any reason, a representative shall be assigned in accordance with the provisions of Article 208 of the Company Act.
- Article 16: The remuneration of chairman and directors is authorized at board meetings based on their level of participation in and contribution to the Company's operation. The remuneration follows the standards among the industry peers both at home and abroad.
- Article 16-1: The Company may purchase liability insurance for its directors during the term of their services in accordance with the law.

#### Chapter 5 Managers

- Article 17: The Company shall establish positions of managers, and the appointment, dismissal and remuneration shall comply with Article 29 of the Company Act.

#### Chapter 6 Accounting

- Article 18: The Company's board of directors is responsible for preparing the following statements and reports at the end of each financial year, [and these statements and reports must be submitted to](#)

[the annual general meeting for ratification.](#)

- (I) Business report.
- (II) Financial statements.
- (III) Proposal for the distribution of surplus or make-up for the loss.

Article 19: The Company shall allocate the following amounts as employee bonuses and director remunerations if the income before taxes after the deduction to make up for losses still has a balance:

- (I) More than 3% as employee bonuses.
- (II) Less than 2% as remunerations for directors.

Employee compensation mentioned in the preceding paragraph shall be in the form of stocks or cash and shall be determined by the board resolution and reported to the shareholders meeting. The recipients include the employees of subsidiaries in which the Company holds more than half of the shares with voting power or the total capital of the subsidiaries.

Article 19-1: The surplus income of the Company after the final accounts is distributed to the following accounts in their respective order:

- (I) Withholding taxes.
- (II) Make up for past losses.
- (III) The profits from annual final accounts shall have 10% allocated for legal reserve, but if the legal reserve has reached the [paid-in capital](#), no further allocations will be conducted. Special reserve is then allocated or reversed in accordance with laws & regulations, or the competent authority's requirements.
- (IV) With respect to the balance and the accumulated undistributed surplus of the previous year, the board proposes a surplus distribution to the shareholders meeting for resolution.

The Company considers future needs for business operation, long-term financial planning and shareholders' interest in the dividend policy. As the Company is currently in the growing stage, considering the future capital expenditure budget and the need for cash, the annual cash dividends will not be less than 10% of the total of cash and stock dividends. The Company's surplus distribution and shareholders' equity shall not be less than 30% of the current year's surplus.

#### Chapter 7 Supplementary Provisions

Article 20: (Deleted)

Article 21: Any outstanding issues not specified in the Articles of Incorporation are to be handled in accordance with the Company Act and the relevant regulations.

Article 22: The Articles of Incorporation was established on February 16, 2005.

1st revision was made on March 28, 2006.

2nd revision was made on May 29, 2008.

3rd revision was made on June 8, 2010.

4th revision was made on April 19, 2011.

5th revision was made on June 15, 2011.

6th revision was made on May 25, 2012.

7th revision was made on June 21, 2013.

8th revision was made on June 9, 2015.

9th revision was made on June 8, 2016.

10th revision was made on June 7, 2017.

11th revision was made on May 29, 2020.

[12th amendments hereto were made on May 31, 2024.](#)