

**SinoPac Financial Holdings Company Limited**  
**Articles of Incorporation**

**CHAPTER ONE                    GENERAL PROVISIONS**

**Article 1**

SinoPac Financial Holdings Company Limited (hereinafter the “Company”) is incorporated pursuant to the Financial Holding Company Act, the Company Act, and other laws and regulations.

**Article 2**

The (Chinese) name of the Company is “永豐金融控股股份有限公司” (literally, Yuen Foong Financial Holdings Company Limited by Shares) and the short form of the name is “永豐金控.” The Company’s English name is “SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED” and the short form of the English name is “SINOPAC HOLDINGS.”

**Article 3**

The Company is headquartered in Taipei City, Taiwan, R.O.C. The Company may establish domestic and overseas branches upon the resolution of its Board of Directors (hereinafter the “Board”) and approval by the competent authority.

**Article 4**

Public notice and announcement given by the Company shall be handled in accordance with the Company Act.

**CHAPTER TWO                    SCOPE OF BUSINESS**

**Article 5**

The Company is engaged in the business categorized as the H801011 financial holding company industry.

**Article 6**

The Company’s scope of business is as follows:

1. The Company may invest in the following businesses:
  - (1) banking;
  - (2) bills finance;

- (3) credit card;
  - (4) trust;
  - (5) insurance;
  - (6) securities;
  - (7) futures;
  - (8) venture capital;
  - (9) foreign financial institutions which have been approved for investment by the competent authority; and
  - (10) other financial related businesses identified by the competent authority.
2. Management of those invested businesses mentioned in the preceding subparagraphs;
  3. The Company may apply to the competent authority for approval of its investment in business other than those listed in the first subparagraph, but may not participate in the business operation of the invested business; and
  4. Other relevant businesses approved by the competent authority.

#### **Article 7**

(Deleted.)

### **CHAPTER THREE**

### **CAPITAL STOCK**

#### **Article 8**

The total authorized capital of the Company is one hundred fifty billion New Taiwan Dollars (NT\$150,000,000,000), divided into fifteen billion (15,000,000,000) shares (including seventy million (70,000,000) Class A preferred shares) with a par value of Ten New Taiwan Dollars (NT\$10) each. The Board is authorized to issue the unissued shares in batches. Within the shares stated above, five hundred millions (500,000,000) common shares shall be reserved for the purpose of issuance upon exercise of stock warrants, preferred shares with warrants or corporate bonds with warrants. In each issue of the Company's employee stock warrants, the determination of the amount of shares for the purpose of issuance upon exercise of employee stock warrants of the Company shall follow relevant laws and regulations of competent authority of securities.

#### **Article 8-1**

The rights, obligations, and other important terms of Class A preferred shares issued by the Company are as follows:

1. If the Company has any earnings at the end of any given fiscal year, the Company

shall use the earnings to cover its accumulated losses in previous fiscal years, pay all taxes pursuant to relevant laws, set aside legal reserve(s) and provide or reserve special reserve(s) in accordance with relevant laws and these Articles of Incorporation before distributing the remaining earnings for accumulated and current dividends for Class A preferred shares.

2. The calculation of the dividend yield of Class A preferred shares is as follows: (1) within the first fifteen years since the issue date of Class A preferred shares, the dividend yield of Class A preferred shares for the first calendar year is calculated based on the fixed rate of one-year period annuity savings of the “Chung Chungwa Post Co., Ltd.”(hereinafter “Chunghwa Post”) on the Company’s record date for capital increase plus 0.7% per annum, whereas Class A preferred shares’ dividend yield of the following year(s) is calculated based on the fixed rate of Chunghwa Post’s one-year period annuity savings on the anniversary of the issue date plus 0.7% per annum; and (2) starting from the sixteenth anniversary of the issue date of Class A preferred shares, the dividend yield of Class A preferred shares for the following year is calculated based on the fixed rate of Chunghwa Post’s one-year period annuity savings on the anniversary of the issue date plus 1.5% per annum. All payable dividends of Class A preferred shares are calculated based on the issuing price and are paid annually in cash in one lump sum. Dividends of Class A preferred shares may be distributed only after the Company’s shareholders have approved the Company’s financial statements in their annual general meetings. Following the aforesaid approval, the Board shall set the record date for distribution of the abovementioned dividends. Cash dividends payable for the year of issuance and/or the year of redemption shall be prorated according to the ratio of the actual number of days Class A preferred shares remain outstanding over the days of the given year. Distribution of cash dividends payable for the year of redemption shall be announced after the annual general meeting of the Company’s shareholders in the year following the year of redemption.
3. If, at the end of any given fiscal year, the Company has no earnings or insufficient earnings to fully pay off dividends for Class A preferred shares, or suspends distribution of dividends for Class A preferred shares because it will cause the Company’s integrated Capital Adequacy Ratio to fall below the minimum requirement stipulated by the laws and regulations or the competent authorities, the Company shall accumulate the undistributed dividends, together with accumulated dividends undistributed in previous years, and distribute them in a fiscal year when the Company has generated sufficient earnings.
4. In the event of liquidation, dissolution or winding-up of the Company, Class A

preferred shareholders shall be given priority to claim on the Company's residual assets over common shareholders and Class B preferred shareholders. Nonetheless, the amount claimed by Class A preferred shareholders on the basis of the abovementioned priority shall not exceed the sum of Class A preferred shares' issuing price plus respective dividends which have been accumulated but undistributed in previous years.

5. Class A preferred shareholders are not entitled to cast votes or any right to vote on election in shareholders' meetings. However, Class A preferred shareholders are eligible to be elected as Directors and are entitled to vote in Class A preferred shareholders' meetings.
6. Except dividends described in the sub-paragraph 2 of this Article, Class A preferred shareholders are not entitled to receive earning distribution or capital surplus distribution (in the form of cash or capital reserves being reallocated as capital) for common shares.
7. When the Company issues new shares to raise capital, Class A preferred shareholders may be entitled to preemptive rights on the new shares.
8. Commencing from the day following a full three calendar years after the issue date of Class A preferred shares, each Class A preferred shareholder may at any time, except during the lock-in periods described below, submit a request application to the Company to convert a portion or all of the outstanding Class A preferred shares held by the shareholder-applicant on a one for one basis into common shares: (1) the period for book closure required under the law; (2) the period beginning from 3 business days prior to the date(s) determined by the Board for the public announcement of the book closure period for granting dividends gratis, for distribution of cash dividend, or for rights issue, until the record date for such right; and (3) any other lock-in periods prohibiting conversion of shares required by the law. The rights and obligations of common shares converted from Class A preferred shares are same as that of the Company's common shares.
9. Class A preferred shareholders who have converted their shares into common shares prior to the ex-rights/ex-dividend base day of any given year are not entitled, with regard to shares which have been converted into common shares, for dividends distributed for Class A preferred shares for the given year and the years thereafter, but are entitled with priority to receive distribution of accumulated dividend, if any, which has not been distributed in previous years, for the given year and the years thereafter. Moreover, Class A preferred shareholders who have received preferred shares' dividends distributed for the given year are not eligible, with regard to shares which have been converted into common shares, to receive dividends for common shares distributed in the same year.

10. Class A preferred shares are perpetual securities. The Company has the option of using its remaining earnings, proceeds from issue of new shares, or any other ways permitted by the laws and regulations, to redeem Class A preferred shares in whole or in part, no earlier than the day following the fifteenth anniversary of the issue date, at the price of issue price plus undistributed dividends accumulated in previous years and dividends to be distributed for the current year calculated based on the ratio of the actual number of days Class A preferred shares remain outstanding over the days of the given year. The Company shall send a thirty (30) days prior written notice to Class A preferred shareholders before the Company redeems the preferred shares. The Company's redemption notice does not deprive Class A preferred shareholders of their right to convert their preferred shares into common shares before the Company redeems their preferred shares.

#### **Article 8-2**

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#### **Article 9**

All shares of the Company shall be duly issued as registered shares, with the share certificates each bearing the signatures or personal seals of three (3) or more Directors of the Company, and be duly certified by registration institutions authorized by the competent authorities. The Company may opt for not issuing any share certificate for newly issued shares, provided that the Company shall register these book-entry securities with centralized securities depository enterprises.

#### **Article 10**

Shareholders shall provide their names, address of their residence or dwelling places, and seal specimens to the Company for record-keeping purpose. The same instruction shall be applied when shareholders change their aforementioned information. Shareholders shall present the same seals as kept in the Company's records when collecting dividends or exercising other rights.

#### **Article 11**

All transfers of the Company's shares shall be suspended within sixty (60) days prior to the commencement of each annual general meeting of shareholders, within thirty (30) days prior to the commencement of each extraordinary meeting of shareholders, or within five (5) days prior to the record date determined by the Company for distribution of dividends or other benefits.

## **Article 12**

The Company shall handle its shareholder services in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.

## **CHAPTER FOUR                      SHAREHOLDERS' MEETING**

## **Article 13**

The Company has two types of shareholders' meetings, including general meetings and extraordinary meetings of shareholders. Unless otherwise specified by the laws and regulations, all shareholders' meetings shall be convened by the Board in accordance with the laws. General meetings of shareholders shall be convened within six (6) months after the end of each fiscal year, whereas an extraordinary meeting of shareholders is convened in accordance with the laws when necessary.

## **Article 14**

Unless otherwise provided by the laws, resolutions at a shareholders' meeting shall be adopted by a majority of presenting shareholders representing a majority of the total number of issued and outstanding shares. Except otherwise provided by the laws and regulations, each shareholder shall be entitled to one (1) vote for each share held by such shareholder.

## **Article 15**

A shareholder who is unable to attend a shareholders' meeting may duly execute a proxy letter printed by the Company expressly stating therein the scope of the power authorized in order to appoint a proxy agent to attend the meeting on his behalf. The Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies shall apply to the use of proxies mentioned above. Except for trust business or stock agencies approved by the competent authority, when one person acts as a proxy agent of two or more shareholders, the amount of voting rights represented by the proxy agent shall not exceed three percent (3%) of the total number of voting rights attached to all issued shares of the Company. Any votes in excess of this three percent (3%) threshold shall not be counted.

## **Article 16**

Representative of institutional shareholders shall not be limited to one person, provided that the voting right of such institutional shareholder shall be determined by the aggregate number of the shares held by such institutional shareholders.

When the representatives mentioned in the preceding paragraph have two or more persons, they shall exercise their voting rights jointly.

With respect to the qualifications, scope, methods of exercise, operating procedures and other matters for compliance with respect to exercising voting power separately in the preceding paragraph, the Company shall follow the relevant laws and regulations prescribed by the competent authority in charge of securities affairs.

## **CHAPTER FIVE                      DIRECTORS**

### **Article 17**

The Company shall have a Board comprising seven (7) to eleven (11) members. The number of the Directors to be elected within the above range is set by the Board. The Company adopts the candidate nomination system for election of the Directors. Directors shall be elected from among the list of candidates for Directors by shareholders in their meetings in accordance with the laws.

Among the number of the Directors prescribed in the preceding paragraph, the number of Independent Directors shall be no less than three (3) and also no less than one-fifth of the total number of the Directors.

With respect to professional qualifications, restrictions on retention of shares and concurrent positions held, assessment of independence, method of nomination and election, and other relevant requirements to be complied with for Independent Directors, the Company shall follow the relevant laws and regulations prescribed by the competent authority in charge of securities affairs.

### **Article 17-1**

Starting from the fifth (5th) Board, the Company shall establish an Audit Committee composing of all Independent Directors and not be fewer than three persons in number. One Committee member shall be the convener and at least one Committee member shall specialize in accounting or finance. The responsibilities, organizational rules, and other relevant requirements to be complied with for the Audit Committee, the Company shall follow the relevant laws and regulations, as well as those stipulated in these Articles of Incorporation.

### **Article 17-2**

The Company shall establish a Compensation Committee in accordance with the laws and may establish other various kinds of functional committees as well. The organizational rules for each committee shall be formulated and approved by the Board.

### **Article 18**

The percentage of all outstanding shares retained by all Directors combined shall not be less than the specific percentage required by the competent authority in charge of securities affairs.

### **Article 19**

All Directors serve a three-year term and may be re-elected. If new Directors have not been promptly elected upon expiration of the term of current Directors, the term of current Directors shall be extended until new Directors are elected and take office.

### **Article 20**

The Chairperson of the Company shall be elected from among the Directors and by a majority vote of the Directors present at a Board meeting attended by at least two-thirds (2/3) of the Directors. When necessary, the Company may have a Deputy Chairperson elected likewise.

### **Article 21**

The Chairperson shall be the convener of shareholders' meetings and Board meetings, and the official representative of the Company. In the event the Chairperson is absent or unable to perform his duties for cause, the Deputy Chairperson, if any, shall act on behalf of the Chairperson. If there is no Deputy Chairperson or if the Deputy Chairperson is absent or unable to perform his duties for cause, the Chairperson shall designate a Director to act on his behalf. In the absence of the aforementioned designation, the Directors may elect one Director from among all of them to act on behalf of the Chairperson.

### **Article 22**

Unless otherwise stipulated by the laws and regulations, Board meetings shall be convened by the Chairperson. Moreover, unless otherwise stipulated by the laws or these Articles of Incorporation, resolutions of the Board shall be adopted by a majority of the Directors present at a Board meeting with a majority attendance by the Directors.

Directors shall personally attend Board meetings. In the event that a Director is unable to attend a Board meeting for cause, the Director may duly execute a proxy letter indicating the scope of authorization as stated in the reasons for calling a Board meeting in order to appoint another Director as a proxy agent to attend Board meeting

on his behalf. Nevertheless, each aforementioned Director-proxy agent may be appointed by only one other Director.

### **Article 23**

The powers and duties of the Board are as follows:

1. Review and approval of the Company's business and financial policies;
2. Approval of the Company's budget and proposing final account results;
3. Proposing amendments to the Articles of Incorporation;
4. Review and approval of the Company's organizational rules;
5. Review and approval of the Company's policies and guidelines of corporate governance;
6. Review and approval of the Company's major rules;
7. Proposing the Company's capital increase and approval of the issuance of the Company's shares;
8. Proposing the distribution plans for earnings;
9. Resolution on the issuance of the Company's corporate bonds;
10. Resolution on plans for redeeming shares of the Company;
11. Approval of appointment and dismissal of the Company's officers and other employees with equivalent position levels, and their respective compensation;
12. Approval of or proposing the acquisition or disposition of assets;
13. Approval of and editing/drafting important contracts to be entered with third parties;
14. Approval of the appointment, dismissal, and compensation of the certified public accountants auditing and certifying financial statements;
15. Appointing Directors and Supervisors of subsidiaries owned by the Company;
16. Approval of compensation guidelines for traveling allowance and attendance fees for the Directors and consultants;
17. Approval of the distribution ratio of compensation for the Directors;
18. Approval of the distribution form and ratio of compensation for employees; and
19. Other powers and duties vested in the Board pursuant to the laws and regulations, or authorized by the meetings of shareholders.

### **Article 24**

(Deleted.)

### **Article 25**

(Deleted.)

## **Article 26**

Officers of the Company, or directors, supervisors, or officers of the Company's subsidiaries may be invited by the Board to attend Board meetings, but are not entitled to any right to vote.

## **Article 27**

(Deleted.)

## **Article 28**

The Directors of the Company may concurrently be the Directors and Supervisors of the Company's subsidiaries.

## **Article 28-1**

Compensation for the Chairperson, the Deputy Chairperson, and the Directors is authorized and determined by the Board in light of the compensation standard in the industry.

## **CHAPTER SIX                      MANAGERIAL PERSONNEL**

## **Article 29**

The Company shall have one President. The appointment, dismissal, and compensation of the President shall be proposed by the Chairperson to the Board, and approved by a resolution adopted by a majority of the Directors present at a Board meeting with a majority attendance by the Directors.

## **Article 30**

The following matters shall be presented by the President to the Board for approval or proposed by the Board to a shareholders' meeting for resolution and implementation:

1. Business plans;
2. Various major rules;
3. Establishment, change, and revocation of the Company's various divisions;
4. Establishing various committees, and proposing various business guidelines and policies of the Company;
5. Rental, purchase, sale or construction of real estate for the Company's own use;
6. Preparation of budgets and presentation of final accounts;
7. Execution of important contracts; and
8. Other matters required to be presented to the Board or presented by the Board to a shareholders' meeting for resolution or review.

### **Article 31**

The following matters shall be decided and executed by the President, or executed by subordinate employees designated by the President:

1. Management of the Company's business according to the business plans and policies approved by the Board, and execution of documents necessary for the Company's day-to-day business operation;
2. Enactment of rules of lesser significance;
3. Handling matters designated by the Board and matters mandated by law;
4. Supervising and instructing subordinate employees to carry out their assigned duties;
5. Enforcement of the budget plans; and
6. Handling other matters authorized by the Board.

### **Article 32**

In the event that the President is unable to perform his duties for cause, the Chairperson shall appoint one of the Executive Vice Presidents, whose appointment to be approved by the Board, to act on behalf of the President.

### **Article 33**

The Company shall have Executive Vice Presidents, Senior Vice Presidents, Assistant Vice Presidents, and a number of staff members of equivalent rankings. The appointment, dismissal, and compensation of these managerial personnel shall be presented by the President to the Board and approved by a resolution adopted by majority of the Board present at a Board meeting with a majority attendance by the Directors. The appointment, dismissal, and compensation of other staff members shall be approved by the President.

### **Article 34**

The Company shall have one Chief Audit Executive (hereinafter the "CAE") supervising the Company's internal audit activities in accordance with the resolutions of the Board. The appointment, dismissal, and transfer of the CAE shall be consented by a supermajority (i.e., more than two-thirds) of all Directors and also be approved by the competent authority.

## **CHAPTER SEVEN**

## **ACCOUNTING**

### **Article 35**

The fiscal year of this Company shall run from January 1 to December 31 of each year. The Board shall prepare the following documents and present to a general meeting of shareholders in accordance with procedures required by law for ratification:

1. Operation Reports;
2. Balance Sheets; and
3. Proposals for distribution of earnings or replenishment of losses.

### **Article 36**

If the Company has any earnings at the end of any given fiscal year, the Company shall allocate more than zero point 1 per-mille (0.1‰) of the remaining earnings distributable as employees' compensation and not exceeding 1 percent (1%) of the remaining earnings distributable as compensation for the Directors. However, the Company's accumulated losses, if any, shall have been covered.

Compensation for the Directors is paid in cash, whereas compensation for employees may be paid in either cash or stock shares of the Company. Employees eligible to receive stock bonus may include employees of the Company's subsidiaries who meet certain criteria set forth by the Board.

The distribution ratio of compensation for Directors, and the distribution form and ratio of employees' compensation shall be approved by a resolution adopted by a majority of the Directors present at a Board meeting with a supermajority attendance by the Directors.

The calculation basis of compensation for employees and the Directors is the Company's net earnings in the given fiscal year (i.e., pre-tax income taking off compensation distributable for employees and the Directors from the balance of the current period) offsetting the Company's accumulated losses.

### **Article 36-1**

The Company has adopted a residual dividend policy in order to expand its operational scale and enhance its profit earning capacity.

If the Company has any earnings at the end of any given fiscal year, the Company shall use the earnings to cover its accumulated losses in previous fiscal years, pay all taxes pursuant to relevant laws, set aside legal reserve(s) and provide or reserve special reserve(s) in accordance with relevant laws and these Articles of Incorporation before distributing the remaining earnings for accumulated and current dividends for Class A preferred shares. Aside from the aforesaid, the Company shall allocate more than zero point one per-mille (0.1‰) of the remainder, if any, distributable as employees' compensation and not exceeding 2 percent (2%) of the

remainder, if any, distributable as compensation for the Directors. With respect to the rest, if any, together with those undistributed in previous years, the Board shall propose a distribution plan and present it to a meeting of shareholders for approval. If the amount of the Company's legal reserve mentioned in the preceding paragraph has reached the amount of the Company's paid-in capital, the Company may be exempted from constantly setting aside legal reserve. The Board shall establish a procedure for distribution of bonus to employees. The employees of the Company's subsidiaries may be entitled to the aforementioned employees' bonus when the bonus is paid in stock shares of the Company.

Given the Company's plans for its operation, the Company has adopted distributing stock dividend while preserving capital needed for the Company as its principal policy of dividend distribution. The remainder may be distributed in cash, provided that cash dividend should not be less than ten percent (10%) of the total dividend distributable for that given fiscal year.

## **CHAPTER EIGHT SUPPLEMENTARY PROVISIONS**

### **Article 37**

The Company's organizational rules, business policies, and other rules and guidelines shall be separately drafted in accordance with the power and responsibilities prescribed in these Articles of Incorporation.

### **Article 38**

Matters not covered in these Articles of Incorporation shall be governed by the Financial Holding Company Act, the Company Act, and other relevant laws and regulations.

### **Article 39**

These Articles of Incorporation were adopted on November 19, 2001. Amendments to the Articles of Incorporation are as follows: the 1st amendment on June 27th, 2003; the 2nd amendment on June 11th, 2004; the 3rd amendment on August 26th, 2005; the 4th amendment on June 9th, 2006; the 5th amendment on June 11th, 2007; the 6th amendment on June 6th, 2008; the 7th amendment on June 19th, 2009; the 8th amendment on December 11th, 2009; the 9th amendment on June 18th, 2010; the 10th amendment on June 15th, 2012; the 11th amendment on June 12th, 2014; and the 12th amendment on June 12th, 2015; and the 13th amendment on June 17th, 2016.