

King Yuan Electronics Co., Ltd.

Company Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company is organized as prescribed in the Company Act, and is formally named the King Yuan Electronics Co., Ltd. (its English name is KING YUAN ELECTRONICS CO., LTD.)

Article 2: The Company is engaged in the following business activities:

1. Design, manufacturing, testing, tooling, processing, packaging, and sale of all types of integrated circuits.
2. Manufacturing, processing, and sale of all types of burn-in oven and parts and accessories.
3. Import/export trade in the foregoing products.
4. Price quotation, bidding, and distribution services for the foregoing products on behalf of domestic and foreign vendors.
5. ZZ99999 Apart from the permitted business activities, other business is not prohibited or restricted by laws or regulations.

Article 2-1: When this Company is a limited liability shareholder of another company, total investment in that company shall not be subject to the restriction of Article 13 of the Company Act that total investment may not exceed 40% of total paid-in capital.

Article 2-2: The Company may provide guarantees to third parties when warranted by business needs.

Article 3: The Company's headquarters are located in Hsinchu. When necessary, the Company may establish subsidiaries in Taiwan or overseas following a resolution of Board of Directors.

Article 4: Deleted.

Chapter 2 Shares

Article 5: The Company has total capital set at NT\$ 15.0 billion, which is divided into 1.5 billion shares (including 30 million stock options for provision to employees), and each share has a value of NT\$10, with shares issued in batches. The Board of Directors has been authorized to issue those as yet unissued shares in batches in order to meet business needs.

Article 5-1: Employee stock options may be issued only when the subscription price of shares issued by the Company is less than that of the closing price of the Company's common stock on the day of issuance, and shareholders representing two-thirds of voting rights at a shareholders' meeting with shareholders representing a majority of outstanding shares in attendance are in agreement.

The Company shall transfer stock options to employees at a price lower than the actual average stock buyback price. Before transfer, shareholders representing two-thirds of voting rights at a shareholders' meeting with shareholders representing a majority of outstanding shares in attendance must provide their agreement.

Article 6: Deleted.

Article 7: Since the Company's shares are registered, at least three directors must sign or applied their seals to shares, which must be notarized, before issuance. The company may also issue large face value shares at the same time.

The Company need not print out stock when issuing shares, and may instead register issued shares at a centralized securities depository enterprise.

Article 8: The transfer of shares shall cease during a 60-day period prior to the annual general meeting, during a 30-day period prior to an extraordinary general meeting, or during a 5-day period before the based day determined by the Company for the distribution of dividends, bonuses, or other benefits.

Chapter 3 Shareholders' meeting

Article 9: Shareholders' meetings consist of general meetings and extraordinary meetings. General meetings are held once annually, and shall be convened by the Board of Directors in accordance with law within the six-month period after the end of each fiscal year. Extraordinary meetings shall be convened in accordance with law when necessary.

Article 10: A shareholder who cannot attend a shareholders' meeting for some reason may authorize a proxy to attend after signing and applying his or her seal to a letter of authorization printed by the company explicitly stating the scope of authorization.

Article 11: With regard to the Company's shareholders, apart from those situations specified in Article 179 of the Company Act in which shares have no voting rights and in Article 197-1, Paragraph 2 of the Company act in which directors' ability to mortgage their voting rights are restricted, each share shall have one voting right.

Article 12: Except when the Company's other regulations apply, proposals that shareholders' meetings shall be passed when the majority of the voting rights of shareholders in attendance are in agreement at a shareholders' meeting at which shareholders representing a majority of the total outstanding shares are in attendance.

Article 12-1: Except when laws and regulations and other requirements of the Company's Articles of Incorporation are applicable, the procedures at shareholders' meetings shall be handled in accordance with this Company's shareholders' meeting rules of procedure.

Chapter 4 Directors and the Audit Committee

Article 13: The Company shall have from 7 to 11 directors, who shall be appointed for terms of three years. Candidates for director positions shall be nominated, and the directors shall be selected from a list of candidates at a shareholders' meeting. Directors may serve consecutive terms if selected repeatedly. In accordance with law, within their periods of appointment, directors must purchase liability insurance in light of possible compensation obligations reflecting the scope of their duties.

Independent directors may account for no less than three of the number of directors in the foregoing paragraph, and may constitute no less than one-fifth of all directors. Independent directors' professional qualifications, shareholdings, part-time working restrictions, nomination and selection methods, and other binding matters shall be handled in accordance with the relevant regulations of the competent authority in charge of securities.

Article 13-1: The Company has had an Audit Committee since the 12th Board of Directors; the Audit Committee is composed of all independent directors.

The Audit Committee's size, members' periods of appointment and duties, rules of procedure, and resources that must be provided by the Company when the committee members are exercising their official powers shall be determined in accordance with the Audit Committee Organizational Rules.

Article 14: The Board of Directors shall be composed of the directors. The Director & Chairman shall be selected from among the directors by a majority vote at a meeting at which at least two-thirds of the directors are in attendance, and another person may be chosen as Director & Vice-Chairman employing the same

method. The Director & Chairman shall serve as the chairman of shareholders and Board of Directors meetings, and shall represent the Company in an external capacity.

Article 15: If the Director & Chairman has taken leave or cannot exercise his authority for some reason, a deputy may be designated in accordance with Article 208 of the Company Act.

Article 15-1: Directors must attend meetings of Board of Directors in person. A director who cannot attend a meeting of Board of Directors may employ a letter of authorization to entrust another director to attend that meeting on his or her behalf; each director may accept such authorization from only one other director.

Article 15-2: The following tasks shall be performed at meetings of Board of Directors:

1. Deliberation of business strategies and medium-/long-term development plans.
2. Deliberation of annual business plans and supervision of implementation.
3. Budget approval and deliberation of final accounting.
4. Deliberation of capital increase or decrease plans.
5. Deliberation of plans for distribution of earnings program or make-up of losses.
6. Approval of major external contracts.
7. Deliberation of the Company's Articles of Incorporation or revisions.
8. Approval of the Company's organizational rules and major business rules.
9. Decisions concerning the establishment, reorganization, or elimination of branch organizations.
10. Decision of plans involving major capital expenditures.
11. Hiring and dismissal of managers.
12. Implementation of shareholders' meeting resolutions.
13. Deliberation of matters proposed by managers for review.
14. Holding of shareholders' meetings and business reports.
15. Other matters that must be handled in accordance with law.

Article 16: The Board of Directors has been authorized to determine compensation for all directors on the basis of the degree of directors' participation in the Company's operations and the value of their contribution, and in consideration of prevailing standards in the industry.

Chapter 5 Managers

Article 17: The appointment, dismissal, and compensation of managers shall be handled in accordance with Article 29 of the Company Act and other relevant laws and regulations.

Chapter 6 Accounting

Article 18: The Company shall have the Board of Directors compile a (1) business report, (2) financial statement, and (3) proposed distribution of earnings or plan to make up losses after the end of each fiscal year. These statements shall be presented for acknowledgment at the annual general meeting.

Article 19: Company shall, depending on the earnings for the year, distribute 8%-10% of earnings as employee compensation, and shall distribute less than 1% of earnings to directors as remuneration. However, if the Company has cumulative losses, an amount sufficient to make up losses shall be retained.

Employee compensation shall be distributed in the form of stock or cash, and such stock or cash may also be distributed to the employees of affiliated companies who meet certain conditions.

In Paragraph 1, current-year earnings refer to profit before tax, employee compensation and directors' remuneration.

The proposed distribution of employee compensation and directors' remuneration shall be approved by a majority at a meeting of Board of Directors at which more than two-thirds of the directors are in attendance, and shall be reported to the shareholders' meeting.

Article 20: If the Company's final statement for the year shows earnings, funds shall first be set aside for tax payments and to make up past losses, and another 10% shall be then be set aside as a legal reserve; Furthermore, depending on the Company's operating needs and the requirements of laws and regulations, the Company may set aside or reverse a special reserve; if there are still earnings and undistributed earnings at the beginning of the period, the Board of Directors may draft a proposed earnings distribution plan, which shall be presented to the shareholders' meeting for resolution.

The Company's dividends distribution policy shall be determined on the basis of the Company's current and future investment environment, need for funds, state of domestic and foreign competition, and funds need budget, etc., and should also reflect shareholders' interests and strike a balance between dividends and the Company's long-term financial plans. In accordance with law, the Board of Directors shall draft an annual distribution plan, which shall be reported to the shareholders' meeting. Since the industry in which the Company is situated is currently at the growth stage, and the Company expects to have future expansion plans and funding needs, with regard to the distribution of shareholders' dividends for the year, cash dividends shall comprise no less than 20% of all shareholders' dividends.

Chapter 7 Supplementary provisions

Article 21: Any matters not dealt with fully in the Company's Articles of Incorporation shall uniformly be handled in accordance with the Company Act.

Article 21-1: The Company's various rules, regulations, and operating bylaws shall be separately determined.

Article 22: These Articles of Incorporation were established on May 2, 1987

1st revision: May 20, 1987

2nd revision: November 22, 1988

3rd revision: December 12, 1988

4th revision: February 5, 1990

5th revision: May 3, 1990

6th revision: June 7, 1992

7th revision: April 28, 1994

8th revision: December 28, 1994

9th revision: July 21, 1995

10th revision: September 13, 1995

11th revision: August 2, 1996

12th revision: September 25, 1996

13th revision: March 14, 1997

14th revision: August 20, 1997

15th revision: April 30, 1998
16th revision: April 20, 1999
17th revision: April 10, 2000
18th revision: March 12, 2001
19th revision: May 7, 2002
20th revision: December 19, 2002
21st revision: June 9, 2003
22nd revision: June 1, 2004
23rd revision: June 1, 2004
24th revision: June 13, 2005
25th revision: June 13, 2005
26th revision: June 12, 2006
27th revision: June 12, 2006
28th revision: June 13, 2007
29th revision: June 13, 2008
30th revision: June 10, 2009
31st revision: June 15, 2010
32nd revision: June 15, 2011
33rd revision: June 15, 2012
34th revision: June 12, 2014
35th revision: June 8, 2016