



**ARTICLES OF ASSOCIATION**  
**for**  
**TOPSIL SEMICONDUCTOR MATERIALS A/S**

**1. Name and Registered Office**

1.1 The name of the Company is TOPSIL SEMICONDUCTOR MATERIALS A/S.

**2. Objects**

2.1 The objects for which the Company is established are to carry out production and trading activities mainly in semiconductor materials.

**3. Share Capital**

3.1 The share capital of the Company is DKK 131,903,539.25 divided into 527,614,157 shares of DKK 0.25. The shares are listed by the NASDAQ OMX Copenhagen and issued through the Danish Securities Centre.

3.2 The share capital has been fully paid in.

3.3 The Board has been authorised to increase the capital before 1 April 2013 in one or more stages by offering up to 300 million new shares of DKK 0.25 with or without pre-emption right for the existing shareholders. The board shall determine the detailed terms of subscription in connection with the individual offer, including the subscription price. If the subscription price is lower than the market price the existing shareholders shall in any case have pre-emption right in connection with an increase of capital.

3.3 A On 19 April 2010 the Board of Directors decided to issue 103,890,151 new shares. The share issue was completed on 20 May 2010. The authorization in clause 3.3 hereby contains a right to issue until 196,109,849 shares.

3.4 The Board has been authorised to increase the capital before 1 April 2013 in one or more stages through new subscription of up to 9,361,105 new shares of DKK 0.25, which shall, without pre-emption right for the existing shareholders in favour of the employees of the company at a price of minimum DKK 0.2625 per share. The subscription terms under this authorisation shall be laid down by the Board and shall meet the requirements stipulated in section 7A of the Danish Tax Assessment Act.

3.5 The new shares shall in every respect have the same rights and obligations as specified for the existing shares of the company, in which connection it should be noted that the new shares shall be negotiable securities and be freely negotiable, that the shares shall be issued to bearer but may be registered in the name of the holder, and that no restrictions

shall apply to the new shareholders' pre-emption rights in connection with future increases of capital, and otherwise on the terms decided by the board for each individual offer, and in that case only if the subscription is at market price. The rights and obligations of the new shares in the company shall commence from the time when the shares have been fully paid in and the new shares shall participate in the distribution of dividend for the accounting year in which they are fully paid in.

The Board shall be authorised to modify these Articles of Association as required following the increase of capital.

- 3.6 The Board has been authorised to issue warrants to managers in the Company in the amount of nominally up to DKK 10 million shares at DKK 0.25 equal to 40 million shares in one or more stages before 29 April 2014. The other shareholders shall not have a pre-emptive right in connection with the issue of warrants under this authorisation. Issued warrants entitle the holder to subscribe for shares at a minimum price per share fixed on the basis of the weighted average of the daily average price of the company's shares quoted on NASDAQ OMX Copenhagen during the last thirty business days (trading days) prior to the time of the grant of the share options. The Board shall determine the detailed terms of the warrants issued under the authorization.
- 3.6 A On 25 May 2009 the Board of Directors decided to issue 28,696,860 warrants. Minutes of the decision of the Board of Directors are attached these Articles of Association as Exhibit 1. The authorization in clause 3.6 hereby contains a right to issue until 11,303,140 warrants.
- 3.6 B On 26 August 2010 the Board of Directors decided to issue 4,223,082 warrants. Minutes of the decision of the Board of Directors are attached these Articles of Association as Exhibit 2. The authorization in clause 3.6 hereby contains a right to issue until 7,080,058 warrants.
- 3.7 The rules that apply to the existing shares in the company shall in every respect apply to the new shares cf. clause 3.6. It should be noted that the new shares are negotiable securities and freely negotiable, that the shares shall be issued to bearer, but may be registered in the name of the holder, and that there shall be no limitations to the pre-emptive right of the new shares in case of future capital increases, unless the Board in each case decides otherwise and in that case only if the increase is made at market price. The rights of the new shares in the Company shall set in from the time when the shares are fully paid up, and the shares fully participate in the distribution of dividend for the accounting year in which they are fully paid up. If changes have been made in general to the rights of the shares before the exercise of the warrants in accordance with clause 3.6, the new shares issued in connection with exercise of these warrants shall, however, carry the same rights as the other shares in the Company at the time of exercise. The new

shares shall be issued through the Danish Securities Centre and shall be listed by the NASDAQ OMX Copenhagen.

The Board has been authorised to increase in one or more stages the share capital by up to nominally DKK 10 million shares at DKK 0.25 equal to 40 million shares against cash payment in connection with the exercise of warrants in accordance with clause 3.6. The shareholders of the Company shall not have a pre-emptive right to shares issued in connection with the exercise of the issued warrants. Otherwise, the Board shall lay down the detailed terms of capital increases carried out as a result of the authorisation. If the terms of the issued warrants entail an adjustment of the number of warrants, the Board is authorised to make a similar increase of the related capital increase, however, up to a maximum of a total nominal amount of DKK 15,000,000.00.

- 3.8 Overall guidelines for incentive-based remuneration of the Board of Directors and Management Board have been issued. These guidelines have been adopted by the Company's General Meeting and published at the Company's website.

#### **4. Shares**

- 4.1 The shares shall be negotiable securities.
- 4.2 The shares shall be issued to bearer but may be registered in the Company's register of shareholders. The Board is entitled to let a controller of the share register designated by the Board be in charge of the Company's register of shareholders. The Company's controller of the share register is Computershare A/S, company registration number 27088899, Kongevejen 118, 2840 Holte.
- 4.3 No shareholder shall be obliged to have his shares wholly or partly redeemed.
- 4.4 No restrictions shall apply to the negotiability of the shares.
- 4.5 No shares shall have special rights.

#### **5. Cancellation**

- 5.1 The Company's shares may be cancelled without judgement according to the relevant rules applying at any time.

#### **6. Dividend**

- 6.1 As soon as the annual report have been adopted by the general meeting dividend on the shares shall be paid by means of transfer to the accounts designated by the shareholders in accordance with the rules on the Danish Securities Centre applying at any time.

6.2 Dividend not claimed within 3 years from the due date shall be transferred to the Company's reserve fund.

## **7. General Meetings**

7.1 The Company's general meetings shall be held in Frederikssund or in Copenhagen.

7.2 General meetings shall be open to the press.

7.3 The annual general meeting shall be held so early that the audited and adopted annual report may be submitted to and received by the Danish Commerce and Companies Agency no later than four months from the end of the accounting year. The audited and approved annual report shall be submitted to the Danish Commerce and Companies Agency without undue delay after adoption.

7.4 Extraordinary general meetings shall be held when the Board or the auditors deem it necessary. Furthermore, extraordinary general meetings shall be called within 14 days when, for the purpose of dealing with a particular specified issue, this is requested in writing by shareholders owning 5% of the share capital.

7.5 All general meetings shall be called electronically at no less than three weeks' and no more than five weeks' notice, according to article 17.

Each shareholder who has provided the Company with an e-mail address and who has requested to be called to general meetings shall be called by e-mail, in accordance with article 17.2. The notice of meeting shall contain the agenda. The notice is forwarded to the shareholders along with - if at all possible - the complete proposals for the agenda to be discussed at the general meeting, and in the case of an ordinary general meeting the audited accounts with the signatures of the Board and the Management.

7.6 All shareholders are entitled to have a particular issue discussed by the general meeting if that shareholder submits a written request to the Board no later than six weeks prior to the general meeting. Proposals received later than six weeks prior to the general meeting may be included in the agenda as individual items if the Board considers that the proposals have been submitted in due time for the items to be included in the agenda.

7.7 The general meeting shall be presided over by a chairman of the meeting appointed by the Board. The chairman of the meeting shall decide all matters relating to the procedure of the meeting, the voting and the results thereof.

## **8. Agenda**

8.1 The agenda for the annual general meeting shall comprise the following items:

- 1) The Management's report on the Company's activities during the past accounting year.
- 2) Presentation of the audited annual report for adoption.
- 3) Approval of the remuneration of the Board of Directors for the current financial year.
- 4) The Directors' proposal for appropriation of profit or treatment of loss according to the adopted annual report.
- 5) Election of Directors.
- 6) Appointment of auditor.
- 7) Authorisation to the Board pursuant to section 198 of the Danish Companies Act to acquire treasury shares for a period of 18 months from the general meeting.
- 8) Proposals from Directors or shareholders, if any.

## **9. Right to Attend and Voting Rights**

- 9.1 Any shareholder shall have access to general meetings if, at least three days prior to the meeting, he has obtained an admission card for himself and his adviser, if any, from the Company's office with reference to the registration of the shares in the list of shareholders or presentation of documentation of the shareholding.
- 9.2 Shareholders who have acquired shares through transfer may not exercise the voting rights of those shares at general meetings that were called, unless the shareholders have been registered in the list of shareholders or have given notice of and documented their acquisition on or before the record date which is one week prior to the general meeting.
- 9.3 Shareholders who have acquired shares in any other way than by transfer may not exercise the voting rights of those shares unless the shareholders are registered in the register of shareholders or have given notice of and documented their right on or before the record date which is one week prior to the general meeting.
- 9.4 Each share amount of DKK 0.25 shall entitle the holder to one vote.
- 9.5 Voting rights may be exercised through a proxy who shall present a written and dated proxy.

## **10. Majority and Representation**

10.1 The issues discussed by general meetings shall be decided by simple majority.

10.2 The Company's Board shall be authorised to make such modification and additions to the Company's Articles of Association as the Danish Commerce and Companies Agency may require with reference to the Danish Companies Act in force at any time.

## **11. The Board**

11.1 The general meeting shall elect a Board consisting of three to six members from the shareholders or from outside the group of shareholders. Furthermore, the employees shall elect up to three Directors, cf. the provisions of the Danish Companies Act on employee representation on the Board applying at any time.

11.2 Board members shall automatically retire from the Board on the first general meeting following their 70th birthday.

11.3 The Directors elected by the general meeting shall be elected for one year at a time and may be re-elected.

11.4 The Board, who shall elect its own Chairman and Deputy Chairman, shall be in charge of the overall management of the Company.

11.5 The Board shall make its decision by simple majority. In case of equality of votes, the Chairman shall have the casting vote.

11.6 The Board shall draw up its own Rules of Procedure.

## **12. Management**

12.1 The Board shall appoint a Management consisting of one or more members.

## **13. Power to sign for the Company**

13.1 The Company shall be bound by the joint signatures of all the Directors or by the joint signatures of the Managing Director and the Chairman of the Board or by the joint signatures of the Managing Director, the Deputy Chairman of the Board and one Director.

## **14. Audit**

14.1 The Company's annual report shall be audited by a chartered accountant (or firm of accountants), who shall be elected for one year at a time.

## **15. Accounting Year**

15.1 The Company's accounting year shall be the calendar year.

## **16. Annual Report**

16.1 The annual report shall consist of a Management's Review and Statement by the Management on the Annual Report as well as the Financial Statements and shall be prepared so as to give a true and fair view of the Company's assets, liabilities, its financial position and the result.

16.2 The general meeting shall decide on the appropriation of the profit available according to the annual report. The general meeting may not decide to distribute a higher dividend than proposed or approved by the Board.

16.3 The annual report shall be submitted to the Danish Commerce and Companies Agency without undue delay after the adoption by the general meeting, but no later than 4 months from the end of the accounting year.

## **17. Electronic Communication**

17.1 The Company transfers documents electronically and uses electronic mail in its communication with the shareholders in accordance with articles 17.2 and 17.3, according to article 92 in the Danish Companies Act.

17.2 Calling of general meetings and extraordinary general meetings, forwarding of agendas, preliminary statements of accounts, annual reports, semi-annual reports, quarterly reports, notifications to the Stock Exchange and general information from the Company to the shareholders will be forwarded from the Company to the shareholders via e-mail. The above-mentioned documents can also be found on the Company's website [www.topsil.com](http://www.topsil.com) under "Investor Relations".

17.3 Information regarding system requirements, the procedure for electronic communication and other technical information in relation herewith can be found on the Company's website [www.topsil.com](http://www.topsil.com) under "Investor Relations".

Adopted at the Annual General Meeting 14 April 2011

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Michael Vilhelm Nielsen

Exhibit 1: Extract from minutes of board meeting of 25 May 2009

Exhibit 2: Extract from minutes of board meeting of 26 August 2010

## Exhibit 1 to the Articles of Association

### Extract from Minutes of Board Meeting

*On 25 May 2009, the board of Topsil Semiconductor Materials A/S held a meeting where it was decided to issue warrants to the managing director of the Company, to the sales and marketing director of the Company and to a number of leading employees of the Company. The decision reads as follows:*

*Draft of new Articles of Association was presented and was approved by the board in their entirety.*

*After discussing the proposed issuance of warrants and in accordance with the proposal and clause 3.6 of the Articles of Association and the conditions mentioned therein, the board decided to issue 28,696,860 warrants, and when the subscription right is fully exercised the nominal capital of the Company will be increased by a total of DKK 7,174,215. The warrants will be distributed and granted on the terms described below:*

- 1. A total of 5,897,250 warrants will be issued to the managing director of the Company on the following terms:*

*that each warrant gives the beneficiary the subscription right to one share in the Company with a nominal value of DKK 0.25,*

*that the nominal capital of the Company will be increased by a minimum of nominally DKK 0.25 when the subscription right is exercised, the equivalent of 1 share with a nominal value of DKK 0.25 and a maximum of nominally DKK 1,474,312.50 the equivalent of 5,897,250 shares with a nominal value of DKK 0.25 each (should the regulatory conditions in the Warrant Agreement apply, mentioned in Appendix A to this extract, the share capital will be increased accordingly),*

*that the present shareholders in the Company do not have preferential subscription rights to the issued warrants or to any shares received upon exercise of the subscription rights of the warrants,*

*that regardless of the above, the beneficiary may exercise his subscription rights in accordance with the conditions stipulated in the Company's Warrant Agreement (Appendix A)*

*that the beneficiaries must exercise their subscription rights using a subscription list prepared by the board,*

*that the subscription right of the warrants to shares in the Company may be exercised after the adoption by the general meeting of the annual reports for 2009, 2010 and 2011 respectively,*



- that the price of the shares obtained by exercising the subscription right of the warrants is set in the Warrant Agreement,*
- that after exercising the subscription right of the warrants there will be a time limit set by the board to pay an amount to the company in cash corresponding to the price for the shares in question,*
- that the allotted warrants may not be subject to mortgage or seizure, and they may only be transferred with the consent of the board,*
- that the shares issued through the exercise of the subscription rights of the warrants will in every respect be identical to and possess identical legal status as other shares in the Company.*
2. *A total of 4,128,075 warrants will be issued to the sales director of the Company on the following terms:*
- that each warrant gives the beneficiary the subscription right to one share in the Company with a nominal value of DKK 0.25,*
- that the nominal capital of the Company will be increased by a minimum of nominally DKK 0.25 when the subscription right is exercised, the equivalent of 1 share with a nominal value of DKK 0.25 and a maximum of nominally DKK 1,032,018.75 the equivalent of 4,128,075 shares with a nominal value of DKK 0.25 each (should the regulatory conditions in the Warrant Agreement apply, mentioned in [Appendix B](#) to this extract, the share capital will be increased accordingly),*
- that the present shareholders in the Company do not have preferential subscription rights to the issued warrants or to any shares received upon exercise of the subscription rights of the warrants,*
- that regardless of the above, the beneficiary may exercise his subscription rights in accordance with the conditions stipulated in the Company's Warrant Agreement (Appendix B)*
- that the beneficiaries must exercise their subscription rights using a subscription list prepared by the board,*
- that the subscription right of the warrants to shares in the Company may be exercised after the adoption by the general meeting of the annual reports for 2009, 2010 and 2011 respectively,*
- that the price of the shares obtained by exercising the subscription right of the warrants is set in the Warrant Agreement,*

that after exercising the subscription right of the warrants there will be a time limit set by the board to pay an amount to the company in cash corresponding to the price for the shares in question,

that the allotted warrants may not be subject to mortgage or seizure, and they may only be transferred with the consent of the board,

that the shares issued through the exercise of the subscription rights of the warrants will in every respect be identical to and possess identical legal status as other shares in the Company.

3. A total of 18,671,535 warrants will be issued to a number of leading employees of the Company on the following terms:

that each warrant gives the beneficiary the subscription right to one share in the Company with a nominal value of DKK 0.25,

that the nominal capital of the Company will be increased by a minimum of nominally DKK 0.25 when the subscription right is exercised, the equivalent of 1 share with a nominal value of DKK 0.25 and a maximum of nominally DKK 4,667,883.75 the equivalent of 18,671,535 shares with a nominal value of DKK 0.25 each (should the regulatory conditions in the Warrant Agreement apply, mentioned in Appendix C to this extract, the share capital will be increased accordingly),

that the present shareholders in the Company do not have preferential subscription rights to the issued warrants or to any shares received upon exercise of the subscription rights of the warrants,

that regardless of the above, the beneficiary may exercise his subscription rights in accordance with the conditions stipulated in the Company's Warrant Agreement (Appendix C)

that the beneficiaries must exercise their subscription rights using a subscription list prepared by the board,

that the subscription right of the warrants to shares in the Company may be exercised after the adoption by the general meeting of the annual reports for 2009, 2010 and 2011 respectively,

that the price of the shares obtained by exercising the subscription right of the warrants is set in the Warrant Agreement,

that after exercising the subscription right of the warrants there will be a time limit set by the board to pay an amount to the company in cash corresponding to the price for the shares in question,

*that the allotted warrants may not be subject to mortgage or seizure, and they may only be transferred with the consent of the board,*

*that the shares issued through the exercise of the subscription rights of the warrants will in every respect be identical to and possess identical legal status as other shares in the Company.*

*The board further passed a resolution to increase capital in accordance with the issuance of warrants and to incorporate the above decision to issue warrants in the Articles of Association as a summary. The board authorized attorney-at-law, Michael Vilhelm Nielsen to take the appropriate measures to ensure the registration of the resolution including the signing and submitting of the appropriate forms to the Danish Commerce and Companies Agency.*

*In this context it is noted that hereafter, clause 3.6 of the Articles of Association will include an authorization to issue 11,303,140 warrants and the present minutes of the board meeting will be attached to the Articles of Association.*

*It was decided that the following summary of the decision was to be inserted in the Articles of Association as a new clause 3.6 A:*

*"On 25 May 2009 the Board of Directors decided to issue 28,696,860 warrants. Minutes of the decision of the Board of Directors are attached these articles of association as Exhibit 1. The authorization in clause 3.6 hereby contains a right to issue until 11,303,140 warrants."*

## Exhibit 2 to the Articles of Association

### Extract from Minutes of Board Meeting

*On 26 August 2010, the board of Topsil Semiconductor Materials A/S held a meeting where it was decided to issue warrants to two leading employees of the Company, and furthermore it was decided to issue warrants to the managing director of the Company, to the sales and marketing director of the Company and to the other leading employees of the Company, in order to regulate their existing warrant agreements, as a consequence of the recently completed capital increase. The decision reads as follows:*

*Draft of new Articles of Association was presented and was approved by the board in their entirety.*

*After discussing the proposed issuance of warrants and in accordance with the proposal and clause 3.6 of the Articles of Association and the conditions mentioned therein, the board decided to issue 4,223,082 warrants, and when the subscription right is fully exercised the nominal capital of the Company will be increased by a total of DKK 1,055,770.5. The warrants will be distributed and granted on the terms described below:*

*1 A total of 1,968,444 warrants will be issued to two newly appointed leading employees of the Company on the following terms:*

*that each warrant gives the beneficiary the subscription right to one share in the Company with a nominal value of DKK 0.25,*

*that the nominal capital of the Company will be increased by a minimum of nominally DKK 0.25 when the subscription right is exercised, the equivalent of 1 share with a nominal value of DKK 0.25 and a maximum of nominally DKK 492,111 the equivalent of 1,968,444 shares with a nominal value of DKK 0.25 each (should the regulatory conditions in the Warrant Agreement apply, mentioned in Appendix A to this extract, the share capital will be increased accordingly),*

*that the present shareholders in the Company do not have preferential subscription rights to the issued warrants or to any shares received upon exercise of the subscription rights of the warrants,*

*that regardless of the above, the beneficiary may exercise his subscription rights in accordance with the conditions stipulated in the Company's Warrant Agreement (Appendix A)*

*that the beneficiaries must exercise their subscription rights using a subscription list prepared by the board,*

*that the subscription right of the warrants to shares in the Company may be exercised after the adoption by the general meeting of the annual reports for 2010 and 2011 respectively,*

*that the price of the shares obtained by exercising the subscription right of the warrants is set in the Warrant Agreement,*

*that after exercising the subscription right of the warrants there will be a time limit set by the board to pay an amount to the company in cash corresponding to the price for the shares in question,*

*that the allotted warrants may not be subject to mortgage or seizure, and they may only be transferred with the consent of the board,*

*that the shares issued through the exercise of the subscription rights of the warrants will in every respect be identical to and possess identical legal status as other shares in the Company.*

2. *A total of 2.254.638 warrants will be issued to the managing director, the sales director and other leading employees of the Company in order to regulate their existing warrant agreements on the following terms:*

*that each warrant gives the beneficiary the subscription right to one share in the Company with a nominal value of DKK 0.25,*

*that the nominal capital of the Company will be increased by a minimum of nominally DKK 0.25 when the subscription right is exercised, the equivalent of 1 share with a nominal value of DKK 0.25 and a maximum of nominally DKK 563,659.5 the equivalent of 2,254,638 shares with a nominal value of DKK 0.25 each (should the regulatory conditions in the Warrant Agreement apply, mentioned in Appendix A to this extract, the share capital will be increased accordingly),*

*that the present shareholders in the Company do not have preferential subscription rights to the issued warrants or to any shares received upon exercise of the subscription rights of the warrants,*

*that regardless of the above, the beneficiary may exercise his subscription rights in accordance with the conditions stipulated in the Company's Warrant Agreement (Appendix A)*

*that the beneficiaries must exercise their subscription rights using a subscription list prepared by the board,*

*that the subscription right of the warrants to shares in the Company may be exercised after the adoption by the general meeting of the annual reports for 2010 and 2011 respectively,*

*that the price of the shares obtained by exercising the subscription right of the warrants is set in the Warrant Agreement,*

*that after exercising the subscription right of the warrants there will be a time limit set by the board to pay an amount to the company in cash corresponding to the price for the shares in question,*

*that the allotted warrants may not be subject to mortgage or seizure, and they may only be transferred with the consent of the board,*

*that the shares issued through the exercise of the subscription rights of the warrants will in every respect be identical to and possess identical legal status as other shares in the Company.*

*The board further passed a resolution to increase capital in accordance with the issuance of warrants and to incorporate the above decision to issue warrants in the Articles of Association as a summary. The board authorized attorney-at-law, Michael Vilhelm Nielsen to take the appropriate measures to ensure the registration of the resolution including the signing and submitting of the appropriate forms to the Danish Commerce and Companies Agency.*

*In this context it is noted that hereafter, clause 3.6 of the Articles of Association will include an authorization to issue 7,080,058 warrants and the present minutes of the board meeting will be attached to the Articles of Association.*

*It was decided that the following summary of the decision was to be inserted in the Articles of Association as a new clause 3.6 B:*

*"On 26 August 2010 the Board of Directors decided to issue 4,223,082 warrants. Minutes of the decision of the Board of Directors are attached these Articles of Association as Exhibit 2. The authorization in clause 3.6 hereby contains a right to issue until 7,080,058 warrants."*