

Stock Code : 5227



**ADVANCED LITHIUM ELECTROCHEMISTRY
(CAYMAN) CO., LTD.**

**Handbook for the 2020 Annual Meeting of
Shareholders**

Time: April 10, 2020 at 9a.m.

**Place: No. 398, Taoying Road., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)
(Chuto Plaza Hotels – Hsiang Fu Hall)**

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THIS IS A TRANSLATION OF THE AGENDA FOR THE 2019 ANNUAL GENERAL SHAREHOLDERS' MEETING OF ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN). THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD.
2020 Shareholders' Meeting Procedure

I.Meeting Procedure

- 1.Time: Friday, April 10, 2020 at 9a.m.
- 2.Place: No. 398, Taoying Road., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)
(Chuto Plaza Hotels – Hsiang Fu Hall)
- 3.Call Meeting to Order: Report total number of share attendance
- 4.Chairman's Speech:
- 5.Report Items:
 - (1) Business Report of 2019
 - (2) Inspection Report of Audit Committee of 2019
 - (3) Report of sound business operation 2019
 - (4) Report of private equity 2019
- 6.Proposed Items:
 - (1) Proposal for Business Report and Financial Statements 2019
 - (2) The proposal of deficit compensation 2019
- 7.Discussion Items:
 - (1) Proposal for a capital reduction plan to offset company losses
 - (2) Proposal for the raising of private equity
 - (3) Proposal for modification of the "Articles of Incorporation"
 - (4) Proposal for modification of the "Regulations Governing Endorsement & Guarantee Operations"
 - (5) Proposal for modification of the "Regulations Governing Shareholders' Meeting"
- 8.Election Items
 - (1) The Election of Directors
- 9.Other Items
 - (1) Proposal of Release the Prohibition on Directors from Participation in Competitive Business
- 10.Extemporary Motions
- 11.Adjournment

II. Report Items

Proposal 1:

Proposal: Business Report of 2019.

Explanation: Business Report of 2019, attached in Attachment 1 of the Meeting Agenda, page 9~11.

Proposal 2:

Proposal: Inspection Report of Audit Committee of 2019.

Explanation:

1. In accordance with Article 14, paragraph 4, subparagraph 3 of the Taiwan Securities Transaction Act, when the company sets up the audit committee, the provisions of the Taiwan Securities Transaction Act, the Company Act and other relevant laws for the supervisor are approved by the audit committee.
2. In accordance with the above provisions, the Audit Committee shall use the provisions of Article 228 of the Company Act to review the business report, financial statements and proposals of the deficit compensation approved by the 31st meeting of the 7th Board of Directors, and issue a verification report. Please refer to Attachment 2 of the Meeting Agenda, page 12.

Proposal 3:

Proposal: The report of sound business operation 2019.

Explanation:

1. In accordance with the Financial Supervisory certificate No.1030051218 of the Financial Supervisory Commission on December 26, 2014 the company has reported the implementation of sound business operation 2019 at the 31st meeting of the 7th term board of directors on February 26, 2020.
2. The report of sound business operation 2019 are as attached in Attachment 3 of the Meeting Agenda, page 13~16.

Proposal 4:

Proposal: Report of private equity 2019.

Explanation: Capital injection by issuance of 30 million shares of common stocks through private placement had been terminated by the resolution of the board of Directors due to can not be done before the expiry date on April 11,2020 °

III. Proposed Items

Proposal 1: (By the Board of Directors)

Proposal: Proposal for Business Report and Financial Statements 2019, please approve it.

Explanation:

1. The consolidated financial statements 2019 of the company was reviewed by the accountant Yu-Kuan Lin and Wei-Hao Wu of PwC Taiwan, and reports were issued with unreserved opinions.
2. The business report and financial statements 2019 accepted by the board of directors, and it is proposed to the shareholders' meeting for approval.
3. Business report are as attached in Attachment 1 of the Meeting Agenda, page 9~11.
4. Consolidated financial statements are as attached in Attachment 4 of the Meeting Agenda, page 17~28.

Resolution:

Proposal 2: (By the Board of Directors)

Proposal: Proposal of the deficit compensation 2019, please approve it.

Explanation:

1. The Company's 2019 loss after tax was NT\$467,770,129, plus the deficits not yet compensated at the beginning of the period NT\$647,769,776, making a total of NT\$1,115,539,905 of accumulated deficits not yet compensated.
2. Since the company has a loss after tax in 2019, it will not allocate or distribute dividends in accordance with the Articles of Incorporation.
3. Proposal of the deficit compensation 2019 are as attached in Attachment 5 of the Meeting Agenda, page 29.

Resolution:

IV. Discussion Items

Proposal 1: (By the Board of Directors)

Proposal: Proposal for a capital reduction plan to offset company losses.

Explanation:

1. The Company's paid-up capital is NT\$2,415,736,540 and issued 241,573,654 shares. As of December 31, 2019, deficit yet to be compensated of NT\$1,115,539,905.
2. In order to improve the financial structure and make up for accumulated losses, it is proposed to reduce NT\$1,115,539,900, and eliminate 111,553,990 shares of common stock, shares are eliminated according to the shareholding ratio of shareholders. It is estimated that the number of shares will be reduced by approximately 461.780447 shares, and the capital reduction ratio will be

approximately 46.1780447%.

3. If the shares are less than one share after capital reduction, the shareholder may be required to complete the registration with the Company's stock agency with five days before the share stop-transfer date. If such registration is not completed within the prescribed time limit, the shareholder shall, reissue the cash as per the denomination of shares to the nearest NTD (round down). For those shares less than one share, the Chairman of the company is authorized to contact specific persons to subscribe for the shares at denomination.
4. This time, for the shares replacement due to capital reduction, the new shares will be issued as shares in scripless form, the rights and obligations of which are the same as those of ordinary shares already issued; the paid-up capital after the reduction shall be NT\$1,300,196,640, divided into 130,019,664 shares at NT\$10 per share.
5. The base date of the share replacement due to capital reduction, the operation plan of share replacement due to capital reduction or the ratio of capital reduction shall be adjusted as a result of the change of the capital stock and other related matters, etc. When such matters are required by actual facts or as amended by the competent authority, the Chairman of the company shall be authorized by the shareholder's meeting to handle the affairs.

Resolution:

Proposal 2: (By the Board of Directors)

Proposal: Proposal for the raising of private equity.

Explanation:

1. In order to cope with the company's future development or reinvestment or increase the working capital, and enhance the company's competitiveness, it is proposed the company to handle no more than 15 million shares of private equity to issue new shares of capital increase in cash. It is proposed the shareholders' meeting to authorize the board of directors to take into account the market conditions and meet the actual needs of the company, and handle the following financing methods and principles.
2. In accordance with Article 43 paragraph 6 of the Securities and Exchange Act and the "Directions for Public Companies Conducting Private Placements of Securities", statements are as follows:
 - A. Basis and reasonableness of private equity pricing
 - (1). Basis for the issuing price: The price of the common stock issued by the private capital increase in cash will be no less than 80% of the reference price, which will be determined on the pricing date. The reference price is

calculated based on the highest price in the following two benchmarks.

- (a) The issuing price shall be determined by the average of the common stock closing price which is calculated on 1, 3 or 5 business days before the pricing date, deducting the bonus shares' ex-right and dividends, and adding back the stock price after the capital reduction.
 - (b) The issuing price shall be determined by the average of the common stock closing price which is calculated on 30 business days before the pricing date, deducting the bonus shares' ex-right and dividends, and adding back the stock price after the capital reduction.
- (2). Reasonableness of the issuing price: The actual issue price is intended to be authorized by the board of directors in accordance with the law and to be within the range of no less than the resolutions of the shareholders' general meeting, depending on the specific future contacts, market conditions and the company's future prospects. The basis for the above-mentioned private placement price is in accordance with the regulations of the competent authority, and at the same time, the timing, object and quantity of the transfer of private equity are in strict restrictions. Also, it is not allowed to be listed in the OTC within 3 years, and the liquidity is poor. Therefore, the portion of private placements should be reasonable.

B. The means of selecting the specified persons

- (1). Private placements of securities are limited to the specific persons pursuant to Article 43 paragraph 6 of the Securities and Exchange Act and the Financial Supervisory certificate No. 0910003455 of the Financial Supervisory Commission on June 13, 2002.
- (2). If the subscriber is a strategic investor: The company will choose the subscriber with good understanding of the company's operations and is beneficial to future operations. Individuals or legal persons who assists the company to improve its quality, reduce costs, and increase efficiency by applying the person's own experience, techniques, brand reputation or channel programs, etc. In order to improve the company's financial structure and strengthen its solvency, the funds of the subscribers can improve the overall financial quality of the company. The huge cost of capital and operational risks can be reduced, and the company's financial structure can be improved. It is proposed that the board of directors to be authorized to review the relevant qualifications of strategic investors.
- (3). If the subscriber is an insider or related parties of the company: Currently there are no planned applicants for insider or related parties.
- (4). The subscriber has not yet been arranged by the company, and it is proposed

that the board of directors to be authorized to decide the arrangement of the actual subscriber.

C.Reasons for private placement

- (1).Reasons for not using public offerings: Considering the timeliness, convenience and issuing costs, we plan on cash capital increase through private placement.
 - (2).The purpose and the expected benefits of the private equity shares: The total number of private equity shares is limited to no more than 30 million shares, and the book value per share is NT\$10. It is proposed to authorize the board of directors for private placement several times (up to three times) within one year from the date of resolution of the shareholders' meeting. The funds for each of the private placements are used to enrich working capital, reinvestment or other capital needs for future development, and effectively reduce the cost of capital, strengthen the company's competitiveness and enhance operational efficiency.
3. Private shares of the private placement of securities shall have the same rights and obligations as issued shares, and shall not be transferred except to the transferees specified in Article 43 paragraph 8 of the Securities and Exchange Act within three years from the delivery date. After three full years since the delivery date, it is proposed to authorize the board of directors to apply to the competent authority for the privately placed securities to be traded on the over-the-counter markets in accordance with the relevant laws and regulations.
 4. Except for the portion of private placements, the essential contents of the private placement plan includes issuing price, number of shares, issuance conditions, project plans, progress in the use of funds, expected benefits, and other unfinished matters. If there are any modifications in the future due to changes in objective environmental factors, it is proposed that the board of directors is authorized to fully handle it in accordance with relevant regulations.

Resolution:

Proposal 3: (By the Board of Directors)

Proposal: Proposal for modification of the “Articles of Incorporation”.

Explanation:

1. The amendment is in accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders’ Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.
2. Modified Articles of Incorporation Revision Table are as attached in Attachment 6

of the Meeting Agenda, page 30~38.

Resolution:

Proposal 4: (By the Board of Directors)

Proposal: Proposal for modification of the “Regulations Governing Endorsement & Guarantee Operations”.

Explanation:

1. The amendment is in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” is release by the Financial Supervisory Commission.
2. Modified “Regulations Governing Endorsement & Guarantee Operations” Table are as attached in Attachment 7 of the Meeting Agenda, page 39~42.

Resolution:

Proposal 5: (By the Board of Directors)

Proposal: Proposal for modification of the “Regulations Governing Shareholders’ Meeting”

Explanation:

1. It is proposed to modify parts of the “Regulations Governing Shareholders’ Meeting” in accordance with the official letter No. 10900500261 of the Taipei Exchange on January 13, 2020.
2. Modified “Regulations Governing Shareholders’ Meeting” Table are as attached in Attachment 8 of the Meeting Agenda, page43~45.

Resolution:

V.Election Items

Proposal 1: (By the Board of Directors)

Proposal: The Election of Directors

Explanation:

1. The term of the Company’s seventh Board of Directors will terminate on June 15th, 2020. The re-election should be held on the annual shareholders general meeting in 2020.
2. According to the corporate guidelines, the company hires 7 to 11 directors, including at least 3 independent directors, whose term would not exceed 3 years.
3. The Board of Director meeting resolved that the 8th Board of Directors of the company should include 7 directors (including 4 independent directors) elected with candidate nomination system. The three-year term of the directors lasts from April 10th, 2020 to April 9th, 2023. The original directors step down from the position as soon as new directors take the position.

4. The nominated candidates for directors and independent directors have been resolved on the Board of Director meeting. The directors should be elected from the name list. Please refer to page 46~47 of the Appendix 9 for candidates' educational background, experience, and other relevant information.
5. One of the candidates, Mr. Wei-Ming Shen, has served three consecutive terms as an independent director of the company. His participation and the proposal he raised in the Board of Director meeting have displayed his experience in accounting, expertise in auditing, and knowledge in corporation governance. It is believed that he could remain independence and fairness while supervising the Board of Directors meeting and providing professional opinions, so he is nominated again to be the company's independent director to benefit the operation of the company.

Voting Results:

VI.Other Items

Proposal 1: (By the Board of Directors)

Proposal: Proposal for Release the Prohibition on Directors from Participation in Competitive Business.

Explanation:

1. The Corporate Guideline Article No. 108 stipulates that a director should make a briefing on the shareholders meeting should any actions be taken by the director for the business operation of his own company or other companies, and the proposal should be accepted by majority of the attendees on a meeting with presence of over 2/3 of the shareholders.
2. The noncompete agreement is to be lifted when the Company's directors invest in or operate other companies of which the target market is identical or similar to that of the Company without harming the benefit of the company. Please refer to page 48 of Appendix 10 in this brochure.

Resolution:

VII.Extemporary Motions

VIII.Adjournment

IX.Attachment

1.Business Report

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Business Report of 2019

1. The overview and results of management policy and business plan implementation:

The company has been devoted to offering overall solution for materials of lithium batteries, and it has been in the industry of offering ingredients of positive electrode of lithium batteries for over a decade. It has accumulated a lot of experience in developing and innovating the techniques, and it obtains the patent of unique techniques. The company mainly produces positive electrode of lithium batteries with high quality, high cost-performance ratio, and long cycle life.

To avoid being controlled by subsidy policies of Chinese government, the Company would adjust its operational strategies and actively explore the new niche market in Europe and America. Last year, the company entered the global market of lithium-ion batteries for saving energy and replacing lead-acid battery of cars, and it has been delivering orders. The Company has thus made Net Operating Revenue amount to NT \$388,079,000 dollars in 2019, which exceeded the operating revenue of the year 2018, which was NT \$150,695,000 dollars, by NT\$ 237,384,000 dollars; the operating revenue increased by 158%. In 2019, the Consolidated Net Loss amounted to NT\$ 467,771,000 dollars. The net loss of 2018 amounted to NT\$ 1,107,505,000 dollars, while the consolidated net loss after tax of 2019 was NT\$ 467,770,000 dollars; the net loss was decreased by 639,734,000, which was 58% lower compared with that of 2018.

The company has devoted efforts in exploring new resources and update the technical competence. It also optimizes the products and client portfolio, putting more emphasis on higher-priced units and the clients of such products. Then, the company explore new niche market of materials for positive electrode of lithium batteries while seeking long-term operation with the clients. The aim is to establish good foundation for future development and build stable momentum for growing income.

All staff members will work hard with a cautious attitude so as to establish a more profitable operating environment, increase operating efficiency, and create corporate value in return for the long-term support of all stakeholders and investors.

2. The budget execution:

The company has not compiled the annual financial forecast in 2019, so there is no need to disclose the information on budget execution.

3. Analysis of financial income and expenditure, and profitability analysis:

Units: thousands of New Taiwan dollars

	Item	2019	2018
Financial income and expenditure	Operating income	388,079	150,695
	Operating margin	(27,693)	(188,265)
	Operating net loss	(467,770)	(1,107,505)
Profitability	Margin%	-7%	-125%
	Net margin%	-121%	-735%

Note: In accordance with the IFRS.

The company adjusts its business strategies and guidelines to actively explore the new niche markets in Europe, America, Japan, and Korea. Last year, the company entered the global market of lithium-ion batteries for saving energy and replacing lead-acid battery of cars. Since 2019, the transformation has gradually brought about positive outcome of stable growth in revenue. In 2019, the consolidated operating revenue amounted to 388 million dollars; compared with the revenue of 151 billion dollars in 2018, the revenue increased by 237 million dollars, representing a growth of 158%. Also, as the operating revenue increased in 2019, the net operating loss in 2019 was 160 million dollars less than that of 2018, decreasing by 85%.

Since the electric bus company was closed by the end of 2018, and the company worked on lowering expenses, the administrative expenses of 2019 was lower than that of 2018. The loss caused by impairment of expected credits in the reported financial assets also decreased, which made the consolidated operating expenses in 2019 decrease by 182 million dollars compared with that in 2018. Also, since the loss caused by damaged asset in electric bus business did not happen in 2019, and the loss caused by dropping fair value of convertible bonds issued by FDG Electric Vehicles Limited was lower than that of 2018. The net non-business expenditure of 2019 decreased by 298 million dollars compared with that of 2018.

In sum, the overall operating performance improved compared with 2018. The net loss after taxes decreased by about 640 million dollars, lowering the loss by 58%.

4. Research and development:

- (1) The company devotes itself in developing techniques for positive electrode of lithium ion phosphate batteries and $\text{LiCo}_0.3\text{Mn}_0.3\text{O}_2$ batteries. It is also making efforts to commoditize the developed item.
- (2) The company continues to optimize the quality and function of the product, offer high-quality products to fulfill the needs of various clients, and increase its competitive advantage.

- (3) The company takes initiative and launch developing projects in collaboration with domestic and overseas research institutes as well as the clients so as to increase the cycle life and density of energy density of the batteries.

Chairman:
Sheng-Shi Chang

General Manager:
Sheng-Shi Chang

Accounting Manager:
Mei-Fang Huang

2. Inspection Report of Audit Committee

Inspection Report of Audit Committee

The Board of Directors handed over the Company's business reports, financial statements and proposals of deficit compensation 2019. The financial statements were entrusted by Yu-Kuan Lin and Wei-Hao Wu, certified by PricewaterhouseCoopers Taiwan, and issued an audit report.

The above-mentioned business report, financial statements and proposals of deficit compensation have been checked by the audit committee, and it is considered that there is no disagreement. The report of Article 14, paragraph 4, subparagraph 3 of the Securities Exchange Act are as mentioned above, please review it.

To

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.
2020 Shareholders' Meeting

Audit Committee Convener: Wei-Min Shen

Feb 26, 2020

3.Report of sound business operation 2019

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Report of sound business operation 2019

The implementation of sound business operation 2019 is as follows:

1.2019 consolidated loss statement :

Units: thousands of New Taiwan dollars

Items in the consolidated income statement	2019	2018	Plus (Minus)	Plus (Minus)%
Operating Income	388,079	150,695	237,384	158%
Operating profit(loss)	(27,692)	(188,265)	160,573	85%
Operating Expense	(251,524)	(433,948)	182,424	42%
Non-operating income (expenses)	(188,555)	(487,597)	299,042	61%
Net loss after tax	(467,771)	(1,107,505)	639,734	58%

- (1) Increase in operating income: The company adjusts its business strategies and guidelines to actively explore the new niche markets in Europe, America, Japan, and Korea. Last year, the company entered the global market of lithium-ion batteries for saving energy and replacing lead-acid battery of cars. This year, the transformation has gradually brought about positive outcome of stable growth in revenue. The consolidated business income of the year is 388 million dollars, and it increased by 237 million dollars compared with the same period of last year with a 158% growth in revenue.
- (2) Decrease in the net operating loss: with significant increase in the operating income, the consolidated net operating loss decreased by a drastic amount of 161 million dollars, with an 85% decrease in net loss.
- (3) Decrease in operating expenditure: Since the electric bus company was closed by the end of last year, and the company worked on lowering expenses, the operating expenses of the year was decreased. The loss caused by impairment of expected credits in the reported financial assets also significantly decreased. Thus, the consolidated operating expenses of the year decreased by 182 million dollars compared with that in the same period of last year, dropping by 42%.
- (4) Decrease in the non-business expenditure: the loss caused by reporting the impairment of electric bus business does not happen this year, and there is a smaller reported loss of assets caused by dropping fair value of convertible bonds issued by FDG Electric Vehicles Limited. Thus, the consolidated non-business expenditure decreased by 299 million dollars compared with the same period last year, dropping by 61%.
- (5) Decrease in the net loss after taxes: in sum, the net loss decreased this year because the operating revenue significantly increased, the expenditure shrank, and the reported loss on assets drastically decreased. Thus, there is a drastic decrease of 640 million dollars in the consolidated net loss after taxes, and the loss decreased by 58%.

2. Report of sound business operation:

(1) New business development plan

The market of new energy vehicles in mainland China has been growing for the past few years. In addition to retaining the company's business in new energy vehicle market, the company works hard to optimize the products and client portfolio. It increases production of high-priced units and put more emphasis on the potential clients of such products, actively explore new niche market of materials for positive electrode of lithium batteries, and seek long-term cooperation with clients so as to upgrade new momentum of stable growth in the company's operation.

A. Enter the energy storage market

In response to global warming effect, many countries around the world are actively developing renewable energy, but solar power system could not generate electricity at night, neither could the wind power generator on a windless day. Even though renewable energy could be unstable and discontinuous, the green energy could be saved in various storage system and released when necessary. So far, batteries are the most common method to store energy. Considering techniques, the lithium battery will keep gaining popularity and the top choice for market deployment. Thus, as green energy is gaining popularity and the cost of lithium keeps decreasing, there will be an unprecedented growth in the market of energy storage system. As the energy consumption around the world keeps growing, the proportion of renewable energy keeps growing year by year. The energy storage system will cause a great deal of buzz in the industry, and the energy storage industry may bring business opportunity.

According to the latest study of the world-renowned research institute GlobalData, as many countries make larger investment to improve the infrastructure of Internet and the market structure to attract foreign investors, the global market value of energy storage market could expand to 13.13 billion US dollars in 2023. The Asia-Pacific area will grow into the biggest regional market around the world. In 2023, its market value is expected to reach 6.05 billion US dollars. Concerning the accumulated installed capacity and the market value of the installed items (listed by country) in 2018, the US has been the largest market in energy saving system, and it may keep the leading position on the market. It is expected that the value of market for energy storage system in the U.S. will reach 2.96 billion US dollars, taking up 23% of the global market.

The company is a contracted supplier of well-known overseas corporates, working with them to provide energy storage products and promoting the company's products into the energy storage market. Also, the company keeps seeking clients in Europe, America, and other areas so as to expand its market share.

B. Enter the market for replacing lead-acid batteries with lithium-ion batteries for vehicles

As the world put more emphasis on environmental protection and cutting carbon emission, many countries would ban the traditional gasoline-powered vehicles. The market of electric cars is prospering. However, there are problems to be solved, including the high cost, charging time, and sustainability. Also, the limited infrastructure leaves much to be desired for the electric vehicles to be popularized. With a view to this trend, to save energy and cut down

carbon emission, major vehicle manufacturers have launched vehicle models more energy-saving than traditional gasoline-powered cars—hybrid vehicles or micro-hybrid electric vehicle.

According to the estimation of IHS Marjit institute, considering the stricter restrictions on emission of cars around the world, there will be a drastic increase in sales of hybrid cars. It will take up 42% of the market by 2030, catching up with the traditional gasoline-powered vehicles. There are two main forces in the market of hybrid vehicles, including the Mild/Micro Hybrid vehicles of European manufacturers, and the Strong Hybrid of the Japanese manufacturers. Europe is planning to comprehensively restrict CO₂ emission under 95g/km by 2020~2021. Europe manufacturers decided to adopt the structure of gasoline-powered vehicles which is installed with the micro-hybrid power model so as to fulfill the requirement on carbon emission and lower the cost of alteration.

Since lithium batteries are superior to traditional lead-acid batteries in efficiency of instant charging and quick recharge. These batteries are lighter and with higher energy density. Also, the cost is gradually lowering, so most car manufacturers would apply lithium batteries in the electric system with the voltage over 12V. As the market of hybrid vehicles with 12V battery continue to grow, there would be an increase in overall demand on batteries. It is expected that the lithium battery would replace the lead-acid battery to be a profitable product.

The company has become a contracted supplier of world-renowned corporates. It is now part of the vehicle supply chain, and manufacturers are working together, seeking ways to replace lead-acid battery with lithium battery. The company has completed delivery to other well-known corporates overseas. It mainly manufactures the 12V lithium battery to replace traditional automobile battery.

The opportunities in the new market could stabilize the company's position as a leading brand in the industry, increase clients' confidence on the company's products, seek opportunities to work with more companies in Europe, America, Japan, and Korea. The company aims to optimize the products and client portfolio, increase the proportion of high-price units as well as emphasize the clients for these products. Hopefully, the company can establish a good foundation for future development and provide momentum for stable income growth.

(2)Product research and development plan

The company adopts advanced design for lithium powder and manufacturing techniques to increase defect-free rate as well as lower the cost of production. Hopefully, the company and improve the competitiveness of its product in the global market and expand its market share.

The company has been introducing the latest manufacturing techniques and facilities. They have produced materials for positive electrode of lithium batteries with less impurity and features making them suitable to be manufactured so as to fulfill the demand of high-end clients.

A. Continuous development of material for positive electrode of high-voltage lithium batteries.

Following the trend of increasing the energy density of lithium batteries for increasing working voltage, the company has devoted itself in developing materials for high-voltage positive electrode, including LiFePO₄, LiNiCOO₂, and LiNiPO₄. LMFP and NMC can be used in the energy storage system; LiNiCOO₂ and LiNiPO₄ can be combined with modifying

negative electrode materials, and the voltage difference could be similar to that of the commercial lithium batteries. Also, the company works with some major overseas battery manufacturers at early developing stage of some products and adjust the materials based on the test result provided by the clients so as to accelerate the process. In sum, the observable demand on the marker can galvanize the commoditization of the these products which could be better choice for the unique market of electric vehicles, market for energy storage, and the market with higher demand for safety.

B. Active devotion in developing LNMC materials

So far, most vehicle manufacturers in Europe, Japan, and China would apply LNMC materials with higher energy density to the positive electrode of car batteries for commercial electric vehicles. With its experience in developing materials in the past, the company devotes itself to the developing techniques to adopt LNMC as an energy-dense material for positive electrode. Recently, the company has been working with clients to test a small sample of products. The goal is to commoditize the developed items, stabilize the company's leading position in the market of lithium battery materials so as to make it more competitive on the marker and more profitable.

(3)Capacity expansion plan

In the future, depending on business development, we plan to build automation equipment and processes to expand the product line, so that the company will have a solid foundation in responding to business adjustments and expanding new product lines to meet customer capacity needs.

(4)Sound financial operation plan

The company could stick to the principle of increasing income, lowering cost, eliminate dead debt, and control operating risks. It would also make effective use of various internal and external financing channels to enhance development of new business and research competence.

4. Independent Auditors' Report and Consolidated Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR19000198

To the Board of Directors and Shareholders of Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Valuation of financial assets at fair value through profit or loss

Description

Refer to Note 4(7) for accounting policies on financial assets at fair value through profit or loss and Note 6(2) for details of accounts.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. invested in convertible bond investments amounting to NT\$584,913 thousand without active market, which was recognized as 'Financial assets at fair value through profit or loss, mandatorily measured at fair value', wherein the valuation procedure involved management's and an external valuation expert's subjective judgement on valuation method and parameters. As the parameters used in the valuation model involved a material impact on the fair value, we identified the valuation of financial assets at fair value through profit or loss as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained the appraisal report from the external valuation expert who was commissioned by the management, and assessed the reasonableness of the valuation method;
- B. Examined the reasonableness of each financial information and valuation parameter used to measure valuation objective in the appraisal report of external expert.

Impairment valuation of property, plant, equipment and intangible assets

Description

Refer to Note 4(19) for accounting policy on impairment of property, plant and equipment as well as intangible assets, and Notes 6(7) and (9) for details of accounts. The recoverable amounts of property,

plant and equipment and intangible assets of the Group are measured based on fair value less costs of disposal, which is used to determine whether there is any impairment. The estimation of the aforementioned measurement of fair value is subject to the professional judgment of management and involves numerous assumptions and material unobservable inputs. Any changes in judgments and estimates may affect the ultimate result of accounting estimates and may have a material impact on the financial statements. Thus, we have included the key assumptions in estimating the recoverable amounts used in the impairment valuation of property, plant and equipment and intangible assets as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained the appraisal report from the external valuation expert who was commissioned by the management to determine whether the measurement method the management used is commonly adopted in the industry and considered appropriate;
- B. Examined whether the significant unobservable input had reflected the assumption that would be used for similar assets, and assessed the reasonableness of the assumption used.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Yu-Kuan

Wu, Wei-Hao

For and on behalf of PricewaterhouseCoopers, Taiwan
February 26, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	2019	2018
Current assets			
1100	Cash and cash equivalents	\$ 318,502	\$ 349,928
1136	Current financial assets at amortised cost, net	39,925	19,527
1150	Notes receivable, net	76,737	29,147
1170	Accounts receivable, net	24,913	8,838
1180	Accounts receivable - related parties	-	11,012
1200	Other receivables	3,175	92,435
1210	Other receivables - related parties	-	2,067
1220	Current income tax assets	121	182
130X	Inventory	95,539	98,393
1410	Prepayments	46,245	60,654
1470	Other current assets	5,096	1,443
11XX	Total current assets	<u>610,253</u>	<u>673,626</u>
Non-current assets			
1510	Financial assets at fair value through profit or loss - non-current	584,913	749,725
1517	Non-current financial assets at fair value through other comprehensive income	90,127	103,742
1550	Investments accounted for under equity method	1,395	28,646
1600	Property, plant and equipment	488,354	419,573
1755	Right-of-use assets	3,359	-
1780	Intangible assets	83,618	108,914
1840	Deferred income tax assets	13,465	13,465
1900	Other non-current assets	7,320	7,320
15XX	Total non-current assets	<u>1,272,551</u>	<u>1,431,385</u>
1XXX	Total assets	<u>\$ 1,882,804</u>	<u>\$ 2,105,011</u>

(Continued)

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	2019	2018
Current liabilities			
2100	Short-term borrowings	\$ 73,964	\$ 246,462
2130	Current contract liabilities	358	3,758
2150	Notes payable	21,055	-
2170	Accounts payable	14,492	6,589
2200	Other payables	147,489	144,429
2220	Other payables - related parties	86,100	89,440
2250	Provisions for liabilities - current	34,818	34,946
2280	Current lease liabilities	3,359	-
2320	Long-term liabilities, current portion	29,930	23,068
2365	Current refund liabilities	5,783	1,132
2399	Other current liabilities	1,705	8,213
21XX	Total current liabilities	<u>419,053</u>	<u>558,037</u>
Non-current liabilities			
2540	Long-term borrowings	87,046	51,536
25XX	Total non-current liabilities	<u>87,046</u>	<u>51,536</u>
2XXX	Total liabilities	<u>506,099</u>	<u>609,573</u>
Equity attributable to owners of parent			
Share capital			
3110	Share capital - common stock	2,415,737	2,105,737
Capital surplus			
3200	Capital surplus	72,486	1,526,762
Retained earnings			
3350	Accumulated deficit	(1,115,540)	(2,148,790)
Other equity interest			
3400	Other equity interest	4,022	11,725
31XX	Equity attributable to owners of the parent	<u>1,376,705</u>	<u>1,495,434</u>
36XX	Non-controlling interest	-	4
3XXX	Total equity	<u>1,376,705</u>	<u>1,495,438</u>
Significant contingent liabilities and unrecognised contract commitments			
Significant events after the balance sheet date			
3X2X	Total liabilities and equity	<u>\$ 1,882,804</u>	<u>\$ 2,105,011</u>

The accompanying notes are an integral part of these consolidated financial statements.

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except loss per share)

Items	Notes	2019	2018
4000	Sales revenue	\$ 388,079	\$ 150,695
5000	Operating costs	(415,771)	(338,960)
5950	Net operating margin	(27,692)	(188,265)
	Operating expenses		
6100	Selling expenses	(97,849)	(83,978)
6200	General and administrative expenses	(91,741)	(167,381)
6300	Research and development expenses	(50,132)	(50,197)
6450	Expected credit impairment loss	(11,802)	(132,392)
6000	Total operating expenses	(251,524)	(433,948)
6900	Operating loss	(279,216)	(622,213)
	Non-operating income and expenses		
7010	Other income	17,933	15,188
7020	Other gains and losses	(197,636)	(490,907)
7050	Finance costs	(7,285)	(3,896)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	(1,567)	(7,982)
7000	Total non-operating income and expenses	(188,555)	(487,597)
7900	Loss before income tax	(467,771)	(1,109,810)
7950	Income tax benefit	-	2,305
8200	Loss for the year	(\$ 467,771)	(\$ 1,107,505)
	Other comprehensive income		
	Components of other comprehensive income that will not be reclassified to profit or loss		
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(\$ 13,615)	(\$ 453,280)
	Components of other comprehensive income that will be reclassified to profit or loss		
8361	Financial statements translation differences of foreign operations	7,596	5,531
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	(1,684)	(165)
8300	Total other comprehensive loss for the year	(\$ 7,703)	(\$ 447,914)
8500	Total comprehensive loss for the year	(\$ 475,474)	(\$ 1,555,419)
	Loss attributable to:		
8610	Owners of the parent	(\$ 467,771)	(\$ 1,107,499)
8620	Non-controlling interest	-	(6)
	Total	(\$ 467,771)	(\$ 1,107,505)
	Comprehensive loss attributable to:		
8710	Owners of the parent	(\$ 475,474)	(\$ 1,555,413)
8720	Non-controlling interest	-	(6)
	Total	(\$ 475,474)	(\$ 1,555,419)
	Loss per share		
9750	Basic loss per share	(\$ 2.09)	(\$ 5.26)

The accompanying notes are an integral part of these consolidated financial statements.

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent											Non-controlling interest	Total equity	
	Capital Reserves					Change in net equity of associates and joint ventures accounted for under equity method	Other Equity Interest				Total			
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Employee stock warrants		Others	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets				
<u>2018</u>														
Balance at January 1, 2018		\$ 2,105,737	\$ 1,501,021	\$ 2,006	\$ -	\$ 4,410	(\$ 253,330)	\$ 12,330	\$ -	(\$ 340,652)	\$ 3,031,522	\$ 10	\$ 3,031,532	
Effect of retrospective application and retrospective restatement		-	-	-	-	-	-	-	(340,652)	340,652	-	-	-	
Balance at January 1, 2018 after adjustments		<u>2,105,737</u>	<u>1,501,021</u>	<u>2,006</u>	<u>-</u>	<u>4,410</u>	<u>(253,330)</u>	<u>12,330</u>	<u>(340,652)</u>	<u>-</u>	<u>3,031,522</u>	<u>10</u>	<u>3,031,532</u>	
Loss for the year		-	-	-	-	-	(1,107,499)	-	-	-	(1,107,499)	(6)	(1,107,505)	
Other comprehensive (loss) income	6(19)	-	-	-	-	-	-	5,366	(453,280)	-	(447,914)	-	(447,914)	
Total comprehensive (loss) income		-	-	-	-	-	(1,107,499)	5,366	(453,280)	-	(1,555,413)	(6)	(1,555,419)	
Share-based payments	6(15)	-	-	-	19,325	-	-	-	-	-	19,325	-	19,325	
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	-	(787,961)	-	787,961	-	-	-	-	
Balance at December 31, 2018		<u>\$ 2,105,737</u>	<u>\$ 1,501,021</u>	<u>\$ 2,006</u>	<u>\$ 19,325</u>	<u>\$ 4,410</u>	<u>(\$ 2,148,790)</u>	<u>\$ 17,696</u>	<u>(\$ 5,971)</u>	<u>\$ -</u>	<u>\$ 1,495,434</u>	<u>\$ 4</u>	<u>\$ 1,495,438</u>	
<u>2019</u>														
Balance at January 1, 2019		\$ 2,105,737	\$ 1,501,021	\$ 2,006	\$ 19,325	\$ 4,410	(\$ 2,148,790)	\$ 17,696	(\$ 5,971)	\$ -	\$ 1,495,434	\$ 4	\$ 1,495,438	
Loss for the year		-	-	-	-	-	(467,771)	-	-	-	(467,771)	-	(467,771)	
Other comprehensive (loss) income	6(19)	-	-	-	-	-	-	5,912	(13,615)	-	(7,703)	-	(7,703)	
Total comprehensive (loss) income		-	-	-	-	-	(467,771)	5,912	(13,615)	-	(475,474)	-	(475,474)	
Issuance of shares	6(16)	310,000	62,000	-	-	-	-	-	-	-	372,000	-	372,000	
Capital surplus used to offset accumulated deficit		-	(1,501,021)	-	-	-	1,501,021	-	-	-	-	-	-	
Share-based payments	6(15)	-	3,736	-	(19,325)	334	-	-	-	-	(15,255)	-	(15,255)	
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	-	(4)	(4)	
Balance at December 31, 2019		<u>\$ 2,415,737</u>	<u>\$ 65,736</u>	<u>\$ 2,006</u>	<u>\$ -</u>	<u>\$ 4,744</u>	<u>(\$ 1,115,540)</u>	<u>\$ 23,608</u>	<u>(\$ 19,586)</u>	<u>\$ -</u>	<u>\$ 1,376,705</u>	<u>\$ -</u>	<u>\$ 1,376,705</u>	

The accompanying notes are an integral part of these consolidated financial statements.

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 467,771)	(\$ 1,109,810)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	11,802	132,392
Depreciation (including right of use assets)	6(24)	66,891	107,034
Amortisation	6(24)	25,777	25,613
Net loss (profit) on financial assets at fair value through profit or loss	6(22)	164,812	277,610
Interest expense	6(23)	7,285	3,896
Interest income	6(21)	(894)	(799)
Share of loss of associates and joint ventures accounted for under equity method	6(6)	1,567	7,982
(Gain) loss on disposal of property, plant and equipment	6(22)	13,297	(42)
Impairment loss recognised in profit or loss, property, plant and equipment	6(22)	-	176,533
Loss on disposal of investments	6(22)	169	-
Compensation losses	6(22)	-	34,946
Share-based payments	6(15)	(15,255)	19,325
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(47,590)	34,140
Accounts receivable		(13,307)	(6,939)
Accounts receivable-related parties		7,363	19,379
Other receivables		(3,644)	403
Other receivables-related parties		(8,854)	(4,127)
Inventories		2,854	31,563
Prepayments		14,409	18,653
Other current assets		(3,653)	426
Changes in operating liabilities			
Contract liabilities		(3,400)	(9,703)
Notes payable		21,055	(3,984)
Accounts payable		7,903	(63,518)
Other payables		7,907	59,046
Provisions		(128)	(8,114)
Refund liabilities		4,651	-
Other current liabilities		(6,507)	298
Cash outflow generated from operations		(213,261)	(257,797)
Interest received		894	799
Interest paid		(7,448)	(3,607)
Income taxes paid		-	(8,176)
Net cash flows used in operating activities		(219,815)	(268,781)

(Continued)

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 20,398)	(\$ 10,763)
Acquisition of non-current financial assets at fair value through other comprehensive income		-	(109,713)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		92,904	-
Proceeds from capital reduction of investments accounted for using equity method	6(6)	24,000	-
Acquisition of property, plant and equipment	6(29)	(148,943)	(57,054)
Proceeds from disposal of property, plant and equipment		249	43
Acquisition of intangible assets	6(9)	(650)	-
Increase in refundable deposits		-	(114)
Net cash flows used in investing activities		<u>(52,838)</u>	<u>(177,601)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		647,894	294,206
Decrease in short-term borrowings		(820,392)	(47,744)
Increase in long-term borrowings		68,070	-
Decrease in long-term borrowings		(25,699)	(22,664)
Increase in other payables to related parties		-	89,440
Decrease in guarantee deposits received		-	(188)
Payment of lease liabilities		(5,012)	-
Proceeds from issuance of shares	6(13)	372,000	-
Changes in non-controlling interests		(4)	-
Net cash flows from financing activities		<u>236,857</u>	<u>313,050</u>
Effect of changes in foreign currency exchange		4,370	6,002
Net decrease in cash and cash equivalents		(31,426)	(127,330)
Cash and cash equivalents at beginning of year		349,928	477,258
Cash and cash equivalents at end of year		<u>\$ 318,502</u>	<u>\$ 349,928</u>

The accompanying notes are an integral part of these consolidated financial statements.

5. Statements of deficit compensated 2019

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Statements of deficit compensated (2019)

	Units: New Taiwan Dollars
Item	Amount
Opening balance of accumulated deficits not yet compensated	(\$647,769,776)
2019 net loss after tax	(467,770,129)
Accumulated deficits not yet compensated	(\$1,115,539,905)
Ending balance of accumulated deficits not yet compensated	(\$1,115,539,905)

Chairman:
Sheng-Shi Chang

General manager:
Sheng-Shi Chang

Accounting manager:
Mei-Fang Huang

6.Modified Articles of Incorporation Revision Table



英屬蓋曼群島商立凱電能科技股份有限公司
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Articles of Incorporation
Document Modification revision table

Item	Before modification	After modification	Reasons for modification
Article 9	<p>For so long as the Shares are listed on the GTSM, unless otherwise resolved by the Shareholders at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new shares for cash consideration under Article 8 above, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new shares (after allocation of the public offering portion and the employee subscription portion in Article 8) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe his/her/its pro rata portion of such remaining newly-issued shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to such newly-issued shares. In the event that percentage of shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued share, shares held by several Members may be calculated together for joint subscription of newly-issued shares or for purchase of newly-issued shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such shares into the public offering tranche or offer any un-subscribed new</p>	<p>For so long as the Shares are listed on the GTSM, unless otherwise resolved by the Shareholders at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new shares for cash consideration under Article 8 above, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new shares (after allocation of the public offering portion and the employee subscription portion in Article 8) issued in the capital increase for cash consideration, <u>and notice period for paying new shares</u>. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe his/her/its pro rata portion of such remaining newly-issued shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to such newly-issued shares. In the event that percentage of shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued share, shares held by several Members may be calculated together for joint subscription of newly-issued shares or for purchase of newly-issued shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new shares to be issued has not been fully subscribed by the Members within the</p>	<p>Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.</p>

Item	Before modification	After modification	Reasons for modification
	shares to a specific person or persons according to the Applicable Public Company Rules.	prescribed period, the Company may consolidate such shares into the public offering tranche or offer any un-subscribed new shares to a specific person or persons according to the Applicable Public Company Rules.	
<u>Article 19-1</u>	(Newly added.)	<u>The Company shall not issue Shares to bearer.</u>	Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.
<u>Article 19-2</u>	Newly added.	<u>The Company choosing to issue no par value Shares shall not convert its shares into par value Shares.</u>	Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.

Item	Before modification	After modification	Reasons for modification
Article 47	<p>For so long as the Shares are listed on the GTSM, general meetings shall also be convened on the written requisition of any Member or Members entitled to attend and vote at general meetings of the Company holding at least 3 per cent of the paid up voting share capital of the Company for a period of one year or a longer time and such written requisition shall be deposited at the Registered Office or the Shareholders' Service Agent specifying the objects of the meeting and the reason therefor signed by the requisitionists, and if the Board of Directors does not within fifteen days from the date of the deposit of the requisition dispatch the notice of such general meeting, and for so long as the Shares are listed on the GTSM, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors.</p>	<p>For so long as the Shares are listed on the GTSM, general meetings shall also be convened on the written requisition of any Member or Members holding at least 3 per cent of the paid up voting share capital of the Company for a period of one year or a longer time and such written requisition shall be deposited at the Registered Office or the Shareholders' Service Agent specifying the objects of the meeting and the reason therefor signed by the requisitionists, and if the Board of Directors does not within fifteen days from the date of the deposit of the requisition dispatch the notice of such general meeting, and for so long as the Shares are listed on the GTSM, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors.</p>	<p>Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.</p>
Article 47-1	<p>For so long as the Shares are listed on the GTSM, Members continuously holding fifty percent or more of the paid up voting share capital of the Company for a period of three months or a longer time may convene extraordinary general meeting. The calculation of the holding period and holding number of share capital shall be based on the holding at the time of closing register of members date.</p>	<p>For so long as the Shares are listed on the GTSM, Members continuously holding fifty percent or more of the paid up voting share capital of the Company for a period of three months or a longer time may convene extraordinary general meeting. The calculation of the holding period and holding number of share capital shall be based on the holding at the time of closing register of members date.</p>	<p>Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.</p>
Article 51	<p>The following matters shall be stated in to notice of general meetings, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion: (a) election or discharge of Directors;</p>	<p>The following matters shall be stated in to notice of general meetings, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion: (a) election or discharge of Directors;</p>	<p>Accordance with the regulation of the Checklist for Important Matters</p>

Item	Before modification	After modification	Reasons for modification
	<p>(b) amendments to these Articles; (c) reduction of share capital; (d) application for the approval of ceasing its public offering in the ROC; (e) dissolution, Merger or spin-off of the Company; (f) entry into, amendment to, or termination of any contract for lease of its business in whole, or the delegation of management of the Company's business to others or regular joint operation of the Company with others; (g) the transfer of the whole or any material part of its business or assets; (h) taking over another's whole business or assets, which will have a material effect on the business operation of the Company; (i) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business; (j) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 124 hereof; (k) making distributions out of the statutory reserve, the premium received on the issuance of any Shares and income from endowments received by the Company to its Members in cash; (l) the Private Placement of any equity-type securities issued by the Company; and (m) the transfer of Treasury Shares to the employees under Article 32 hereof.</p> <p>The aforementioned "Summary of the material content" in the preceding paragraph may be posted on the website designated by the competent securities authority in the ROC or the Company, and such website shall be indicated in the above notice of general meeting</p>	<p>(b) amendments to these Articles; (c) reduction of share capital; (d) application for the approval of ceasing its public offering in the ROC; (e) dissolution, Merger, <u>Share exchange</u> or spin-off of the Company; (f) entry into, amendment to, or termination of any contract for lease of its business in whole, or the delegation of management of the Company's business to others or regular joint operation of the Company with others; (g) the transfer of the whole or any material part of its business or assets; (h) taking over another's whole business or assets, which will have a material effect on the business operation of the Company; (i) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business; (j) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 124 hereof; (k) making distributions out of the statutory reserve, the premium received on the issuance of any Shares and income from endowments received by the Company to its Members in cash; (l) the Private Placement of any equity-type securities issued by the Company; and (m) the transfer of Treasury Shares to the employees under Article 32 hereof.</p> <p>The aforementioned "Summary of the material content" in the preceding paragraph may be posted on the website designated by the competent</p>	<p>Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.</p>

Item	Before modification	After modification	Reasons for modification
		securities authority in the ROC or the Company, and such website shall be indicated in the above notice of general meeting.	
Article 54	Member(s) holding 1% or more of the total number of outstanding shares immediately prior to the relevant book close period, during which the Company closes its Register of Members, may propose to the Company in writing or by way of electronic transmission a proposal for discussion at an annual general meeting. <u>Proposals shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) hold(s) less than 1% of the total number of outstanding shares, (b) where the matter of such proposal may not be resolved at an annual general meeting, (c) the proposal contains more than 300 words or the proposing Member has proposed more than one proposal, or (d) the proposal is submitted on any day beyond the deadline fixed and announced by the Company for accepting shareholders' proposals.</u>	Member(s) holding 1% or more of the total number of outstanding shares immediately prior to the relevant book close period, during which the Company closes its Register of Members, may propose to the Company in writing or by way of electronic transmission a proposal for discussion at an annual general meeting. <u>Proposals shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) hold(s) less than 1% of the total number of outstanding shares, (b) where the matter of such proposal may not be resolved at an annual general meeting, (c) the proposal is submitted on any day beyond the deadline fixed and announced by the Company for accepting shareholders' proposals, or (d) the proposal contains more than 300 words or the proposing Member has proposed more than one proposal. If any of the proposals submitted by such Member(s) is to urge the Company to promote public interests or fulfill its social responsibilities, the Board may accept such proposal to be discussed at an annual meeting.</u>	Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.
Article 69	Subject to the Companies Law, the Company may from time to time by Supermajority Resolution: (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 120 or Article 124 hereof; (b) issue Restricted Shares in accordance with Article 10 hereof; (c) discharge or remove any Director; (d) approve any action by one or more Director(s) who is engaging in business conduct for him/herself or	Subject to the Companies Law, the Company may from time to time by Supermajority Resolution: (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 120 or Article 124 hereof; (b) issue Restricted Shares in accordance with Article 10 hereof; (c) discharge or remove any Director; (d) approve any action by one or more Director(s) who is engaging	Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered

Item	Before modification	After modification	Reasons for modification
	<p>on behalf of another person that is within the scope of the Company's business;</p> <p>(e) effect any Merger or spin-off of the Company, provided that any Merger which falls within the definition of "merger and/or consolidation" under the Companies Law shall require the approval of the Company by Special Resolution only;</p> <p>(f) enter into, amend, or terminate any agreement for lease of the Company's whole business, or for entrusted business, or for frequent joint operation with others;</p> <p>(g) transfer its business or assets, in whole or in any essential part; or</p> <p>(h) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.</p>	<p>in business conduct for him/herself or on behalf of another person that is within the scope of the Company's business;</p> <p>(e) effect any Merger or spin-off of the Company, provided that any Merger which falls within the definition of "merger and/or consolidation" under the Companies Law shall require the approval of the Company by Special Resolution only;</p> <p>(f) enter into, amend, or terminate any agreement for lease of the Company's whole business, or for entrusted business, or for frequent joint operation with others;</p> <p>(g) transfer its business or assets, in whole or in any essential part; or</p> <p>(h) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.</p> <p><u>(i) approve any Share exchange involving the exchange of some or all of the Shares of the company for some or all of the shares of another company.</u></p>	<p>which were regulated by Taipei Exchange.</p>
Article 80	<p>In the event any part of the Company's business is spun off or involved in any Merger with any other company, the Member, who has forfeited his/her/its right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price.</p>	<p>In the event any part of the Company's business is spun off or involved in any Merger <u>or Acquisition or Share exchange</u>, the Member, who has forfeited his/her/its right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price.</p>	<p>Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.</p>

Item	Before modification	After modification	Reasons for modification
Article 80-1	(Newly added.)	<p><u>A Member's request in the Article 79 and 80 shall be made in writing within 20 days from the date of the resolution of the meeting of Members, stating the purchase price. If an agreement is reached between the Member and the Company on the purchase price, the Company shall pay the price within ninety days from the date of the resolution of the meeting of Members. If the agreement is not reached, the Company shall pay the price to the Member who have not reached the agreement at a fair price as deemed by the company within 90 days from the date of the resolution. If the company fails to pay the price above, it would be deem the company has agree the purchase price requested by said shareholders</u></p> <p><u>If a Member requests the Company to purchase all its Shares in accordance with the reasons set out in the Article 80, and the Member and the Company fail to reach an agreement on the purchase price within 60 days from the resolution of the meeting of Member, the Company shall All the shareholders who did not reach an agreement are counterparties, claiming the court to determine the price, and the Taipei District Court of Taiwan is the court of first instance</u></p>	<p>Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.</p>
Article 101			

Item	Before modification	After modification	Reasons for modification
Article 107	<p>A Director who has a personal interest, whether directly or indirectly, in the matter under discussion at a meeting of the Board of the Directors shall declare the nature and the essential contents of his interest at the relevant meeting of the Directors. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the above, such director shall be deemed to have a personal interest in the matter. A Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.</p>	<p>A Director who has a personal interest, whether directly or indirectly, in the matter under discussion at a meeting of the Board of the Directors shall declare the nature and the essential contents of his interest at the relevant meeting of the Directors. <u>When a company conducts an Merger or Acquisition, the company's directors should explain to the board of directors and the shareholders' meeting the important content of its interest in the Merger or Acquisition transaction itself and the reasons for or against the resolution.</u> Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the above, such director shall be deemed to have a personal interest in the matter. A Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.</p>	<p>Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is registered which were regulated by Taipei Exchange.</p>
Article 128-2	(Newly added.)	<p><u>Before the Company convenes a board of directors to decide on a Merger or Acquisition, the audit committee shall review the fairness and reasonableness of the merger and acquisition plan and transaction, and report the results of the review to the board of directors and meeting of Members. During the deliberations of the audit committee, the independent expert shall be invited to provide opinions on the reasonableness of the share</u></p>	<p>Accordance with the regulation of the Checklist for Important Matters Concerning the Protection of Shareholders' Equity in the Country where A Foreign Issuer is</p>

Item	Before modification	After modification	Reasons for modification
		<p><u>conversion ratio or the allotment of Members' cash or other property. The audit committee's deliberations and independent expert opinions shall be provided to Members at the same time as the notice of the meeting of Members is sent. The documents referred to in the preceding paragraph may be placed on the website designated by the securities authority or company, and may be made available to Members at the meeting of Members.</u></p>	<p>registered which were regulated by Taipei Exchange.</p>

7.Modified Regulations Governing Endorsement & Guarantee Operations Table



英屬蓋曼群島商立凱電能科技股份有限公司
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Regulations Governing Endorsement & Guarantee Operations Document Modification revision table

Item	Before modification	After modification	Reasons for modification
2	Unless otherwise prescribed in laws and ordinances concerned, these Regulations are applicable to all practices of the Company in external endorsements/guarantees.	Unless otherwise prescribed in <u>financial</u> laws and ordinances concerned, these Regulations are applicable to all practices of the Company in external endorsements/guarantees.	Modified in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.
4.2	“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.	“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the endorsement, whichever date is earlier.	Modified in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.
5.2.1	Targets for the Company’s endorsements/guarantees: (1) A company or firm in business transaction with the Company. (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares. (3) A company that directly and indirectly holds 50 percent of the voting shares in the Company.	Targets for the Company’s endorsements/guarantees: (1) A company or firm in business transaction with the Company. (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares. (3) A company that directly and indirectly holds <u>more than</u> 50 percent of the voting shares in the Company.	Modified in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.
5.4.5	In case of a change in situation where the endorsements/guarantees rendered by the Company turn from satisfaction to requirements into inconsistency or the amount of endorsements/guarantees becomes in excess of the requirements due to a change in the ground of calculation, the Financial and Accounting Department should	In case of a change in situation where the endorsements/guarantees rendered by the Company turn from satisfaction to requirements into inconsistency or the amount of endorsements/guarantees becomes in excess of the requirements due to a change in the ground of calculation, the Financial and Accounting Department should	Modified in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.

Item	Before modification	After modification	Reasons for modification
	<p>work out improvement programs to be approved by the Chairman so that the excess will be deleted within the specified time limit. The improvement program should be submitted to the Audit Committee and the corrective action (remedial measure) should be completed within the specified time limit.</p>	<p>work out improvement programs. The improvement program should be submitted to the Audit Committee and the corrective action (remedial measure) should be completed within the specified time limit.</p>	
5.5.1	<p>For negotiable instruments, the special registered specimen seals should be put under custody by specially assigned personnel and shall not be used to affix on or to issue negotiable instruments only according to the procedures specified by the Company. Such custodians shall be assigned by the Chairman and a change of a custodian shall be made only by the Board of Directors.</p>	<p>For negotiable instruments, the special registered specimen seals should be put under custody by personnel specially assigned by the Board of Directors, and shall not be used to affix on or to issue negotiable instruments only according to the procedures specified by the Company. A change of a custodian shall be made only by the Board of Directors.</p>	<p>Modified in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.</p>
5.5.2	<p>When the Company renders guarantee for an overseas company, the letter of guarantee issued by the Company shall be signed by the representative authorized by the Chairman.</p>	<p>When the Company renders guarantee for an overseas company, the letter of guarantee issued by the Company shall be signed by the representative authorized by the Board of Directors.</p>	<p>Modified in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.</p>
5.8	<p>Full disclosure of information: (1) The Company shall promulgate and declare the balances of endorsements/guarantees rendered by the Company and its subsidiaries in the preceding month on or before the 10th day of every month. (2) The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: (2.1) Whenever the balances of endorsements/guarantees case</p>	<p>Full disclosure of information: (1) The Company shall promulgate and declare the balances of endorsements/guarantees rendered by the Company and its subsidiaries in the preceding month on or before the 10th day of every month. (2) The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: (2.1) Whenever the balances of endorsements/guarantees case</p>	<p>Modified in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.</p>

Item	Before modification	After modification	Reasons for modification
	<p>rendered by the Company and its subsidiaries reach over 50% of the net worth shown through the Company's latest financial statements.</p> <p>(2.2) Whenever the balances of endorsements/guarantees case rendered by the Company and its subsidiaries toward a single enterprise reach over 20% of the net worth shown through the Company's latest financial statements.</p> <p>(2.3) Whenever the balances of endorsements/guarantees case rendered by the Company and its subsidiaries toward a single enterprise reach over NT\$10 million and the aggregate of the endorsements/guarantees, investment of a long-term nature in and capital lent out reaches over 30% of the net worth shown through the Company's latest financial statements.</p> <p>(2.4) Whenever the amount of endorsements/guarantees newly increased by the Company and its subsidiaries reaches over NT\$30 million and reaches over 5% of the net worth shown through the Company's latest financial statements.</p> <p>(3) Where a subsidiary of the Company is not a public company of the Republic of China and where that subsidiary has any fact subject to promulgation, declaration required under 5.8(2), the promulgation and declaration shall be conducted by the Company instead.</p> <p>(4)The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide</p>	<p>rendered by the Company and its subsidiaries reach over 50% of the net worth shown through the Company's latest financial statements.</p> <p>(2.2) Whenever the balances of endorsements/guarantees case rendered by the Company and its subsidiaries toward a single enterprise reach over 20% of the net worth shown through the Company's latest financial statements.</p> <p>(2.3) Whenever the balances of endorsements/guarantees case rendered by the Company and its subsidiaries toward a single enterprise reach over NT\$10 million and the aggregate of the endorsements/guarantees, face value of investment <u>with equity method</u> and capital lent out reaches over 30% of the net worth shown through the Company's latest financial statements.</p> <p>(2.4) Whenever the amount of endorsements/guarantees newly increased by the Company and its subsidiaries reaches over NT\$30 million and reaches over 5% of the net worth shown through the Company's latest financial statements.</p> <p>(3) Where a subsidiary of the Company is not a public company of the Republic of China and where that subsidiary has any fact subject to promulgation, declaration required under 5.8(2)(2.4), the promulgation and declaration shall be conducted by the Company instead.</p>	

Item	Before modification	After modification	Reasons for modification
	certified public accountants with relevant information for implementation of necessary audit procedures.		
5.11.1	These Regulations shall be put into enforcement after being resolved in the Board of Directors, reported to and agreed upon by the shareholders' meeting. Where a director objects with record or written declaration, the Company should submit the objection to the shareholders' meeting for discussion. This same principle is equally applicable to an event of amendment	These Regulations shall be put into enforcement after being resolved in the Board of Directors, reported to and agreed upon by the shareholders' meeting, and implemented on the public-listing date of the company's stocks. Where a director objects with record or written declaration, the Company should submit the objection to the shareholders' meeting for discussion. This same principle is equally applicable to an event of amendment	Modified in conjunction with necessary operations of the company.
5.11.3	Where the Company has set up the Audit Committee in accordance with the Articles of Incorporation, enactment or amendment of these Regulations shall be subject to consent by a minimum of one-second of all Audit Committee members and be submitted to the Board of Directors for final resolution.	Where the Company has set up the Audit Committee in accordance with the Articles of Incorporation, enactment or amendment of these Regulations shall be subject to consent by a minimum of one-second of all Audit Committee members and be submitted to the Board of Directors for final resolution. The stipulation in 5.11.2 is not applicable to this condition.	Modified in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".

8.Modified Regulations Governing Shareholders' Meeting Operations Table



英屬蓋曼群島商立凱電能科技股份有限公司
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Regulations Governing Shareholders' Meeting Document Modification revision table

Item	Before modification	After modification	Reasons for modification
5.6	<p>The major issues regarding election or discharge of directors, amendment of Articles of Incorporation, dissolution, merger, division or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act of the Company or other major issues which could not be suggested by means of occasional (extemporaneous) motions as regulated in the Articles of Incorporation shall be expressly enumerated in the subject issues of the meeting and shall not be suggested in the occasional (extemporaneous) motions process.</p>	<p>The major issues regarding election or discharge of directors, amendment of Articles of Incorporation, capital reduction, termination of public offering, lifting the prohibition of competition on directors, earnings transferred to common stock, capital surplus transferred to common stock, dissolution, merger, division or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act of the Company or other major issues which could not be suggested by means of occasional (extemporaneous) motions as regulated in the Articles of Incorporation shall be expressly enumerated in the subject issues of the meeting, with the main reasons stated; it shall not be suggested in the occasional (extemporaneous) motions process.</p> <p><u>The content could be displayed on websites designated by regulatory authorities of stock market of the company, and the website should be manifested in a notification.</u></p> <p><u>It has been stated that the purpose of the shareholders' meeting was to re-elect directors and specify the date of inauguration. As the re-election is completed on the shareholders' meeting, such resolution of inauguration date should not be changed in the same meeting shall not in the occasional (extemporaneous) motions process.</u></p>	<p>Modified in accordance with the official letter No. 10900500261 of the Taipei Exchange on January 13, 2020.</p>

Item	Before modification	After modification	Reasons for modification
5.7	A shareholder who holds over 1% of the total issued shares of the Company may pose a suggestion in writing but only for one issue. An issue more than one covered in such suggestion shall not be covered into the agenda. In the event that an issue suggested by a shareholder which should not be entered as an issue as promulgated in the Articles of Incorporation, the Board of Directors shall not enter it as an issue for the meeting.	A shareholder who holds over 1% of the total issued shares of the Company may pose a suggestion in writing but only for one issue. An issue more than one covered in such suggestion shall not be covered into the agenda. <u>When the shareholder's proposal is to promote the company's devotion in public welfare or its social responsibility, such limitation is lifted.</u> In the event that an issue suggested by a shareholder which should not be entered as an issue as promulgated in the Articles of Incorporation, the Board of Directors shall not enter it as an issue for the meeting.	Modified in accordance with the official letter No. 10900500261 of the Taipei Exchange on January 13, 2020.
5.8	The Company shall promulgate the suggestion, the location and period to accept suggestions from shareholders before the date to suspend stock transfer prior to convening of a regular meeting of shareholders. The period to accept suggestions shall not be less than ten days in minimum.	The Company shall promulgate the channels to accept printed or electronic document of suggestions as well as the location and period to accept suggestions from shareholders before the date to suspend stock transfer prior to convening of a regular meeting of shareholders. The period to accept suggestions shall not be less than ten days in minimum.	Modified in accordance with the official letter No. 10900500261 of the Taipei Exchange on January 13, 2020.
5.27	In the event that a shareholders' meeting is convened by the Board of Directors, the agenda shall be fixed by the Board of Directors. The shareholders' meeting shall be duly held based on the scheduled agenda which shall not be changed unless resolved by the shareholders' meeting.	In the event that a shareholders' meeting is convened by the Board of Directors, relevant agendas (including the extempore motion or amendment of the existing agenda) should be resolved case by case. The agenda shall be fixed by the Board of Directors. The shareholders' meeting shall be duly held based on the scheduled agenda which shall not be changed unless resolved by the shareholders' meeting.	Modified in accordance with the official letter No. 10900500261 of the Taipei Exchange on January 13, 2020.

Item	Before modification	After modification	Reasons for modification
5.30	<p>Where a shareholder proposes an amendment or occasional (extemporaneous) motions, the chairperson shall grant him or her opportunities for adequate explanation and discussion.</p> <p>When the issue is deemed to be up to the extent for balloting, the chairperson may promulgate discontinuance of discussion to start balloting for decision.</p>	<p>Where a shareholder proposes an amendment or occasional (extemporaneous) motions, the chairperson shall grant him or her opportunities for adequate explanation and discussion. When the issue is deemed to be up to the extent for balloting, the chairperson may promulgate discontinuance of discussion to start balloting for decision. <u>Attendees should be offered with adequate time to vote.</u></p>	<p>Modified in accordance with the official letter No. 10900500261 of the Taipei Exchange on January 13, 2020.</p>
5.55	<p>Minutes of shareholders' meeting shall bear the month, date, year, place of the meeting, the chairperson's name, the method of resolution, the progress and highlights of the meeting and shall be archived in the Company throughout the period while the Company exists.</p>	<p>Minutes of shareholders' meeting shall bear the month, date, year, place of the meeting, the chairperson's name, the method of resolution through voting <u>(including the weighted voting)</u>. <u>When an election of directors is held, the number of weighted votes each candidate wins shall be publicized.</u> The progress and highlights of the meeting and shall be archived in the Company throughout the period while the Company exists.</p>	<p>Modified in accordance with the official letter No. 10900500261 of the Taipei Exchange on January 13, 2020.</p>

9.List of Candidates for Directors and Independent Directors



英屬蓋曼群島商立凱電能科技股份有限公司
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

List of Candidates for Directors

Name	Number of Shares	Academic Qualifications	Experience	Current occupation
Sheng-Shih Chang	1,770,661	Juris Doctorate, National Taiwan Normal University	General Manager of Neso Technology Limited in Greater China, Pou Chen Group	Chairman of Advanced Lithium Electrochemistry Co., Ltd. Chairman of Advanced Lithium Electrochemistry (HK) Co., Ltd. Chairman of Advanced Lithium Electrochemistry (Shanghai) Co., Ltd. Legal Representative Chairman of Emerald Battery Technologies Co., Ltd
Jaime Che	0	The Scots College	CEO/Chairman's Assistant and Investor Relations Manager, Shougang Fushan Resources Group Limited (SEHK: 0639)	Executive Director of FDG Electric Vehicles Limited. Executive Director of FDG Kinetic Limited. Investment Manager of Advanced Lithium Electrochemistry (Shanghai) Co., Ltd.
Chi-Kei Ching	0	MBA, Bradford University (UK) Bachelor of Business Administration in Accountancy, Hong Kong Polytechnic University	ACCA, certified by the Association of Chartered Certified Accountants Member of the Hong Kong Institute of Certified Public Accountants	CFO of FDG Electric Vehicles Limited.



List of Candidates for Independent Directors

Name	Number of Shares	Academic Qualifications	Experience	Current occupation
Wei-Min Shen	0	Ph.D. in Accounting, Purdue University	Dean of Research and Development Division, Office of Academic Affairs and Department of Public Finance and Taxation of National Taichung University of Science and Technology Chair of the Department of Accounting, Associate Professor of Tunghai University	Professor of Public Finance and Taxation at National Taichung University of Science and Technology Independent Director of Episil-Precision Inc. Independent Director of Epistar Corp. Independent Director of uPI Semiconductor Corp.
Yie-Yun Chang	0	Doctor Juris, University of Munich (Germany)	Associate Dean of the School of Law, Fu Jen Catholic University Chair of department of financial and economic law, Fu Jen Catholic University	Professor of financial and economic law, Fu Jen Catholic University Director of Great Eastern Resins Industrial Co. Ltd. Independent Director of Ocean Plastic Co., Ltd.
Hsuan Wang	0	Ph.D. in Accounting, National Taiwan University	Adjunct Lecturer, Department of Accounting, National Taiwan Normal University Assistant Supervisor, Deloitte Accounting Firm	Assistant Professor, School of Management, Yuan Ze University
Chian-Hsiu Lee	0	MBA, Central Queensland University	Mandarain Brother international pty ltd. (Sydney) Sales Manager G.M., Taiwan Hua-Yu Industrial Co., Ltd. Technical Director, Technical Director, Boteng (Xiamen) Plastics Co. Ltd. President, Bailin Fluorescent PTY., LTD.	AHK Australia Pty Ltd. Chairman of the Board & Director.

10. List of Positions of the Candidates for Directors and Independent Directors in Other Companies



英屬蓋曼群島商立凱電能科技股份有限公司
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

List of Positions of the Candidates for Directors and Independent Directors in Other Companies

Category	Name	Positions in Other Companies
Director	Sheng-Shih Chang	Chairman of Advanced Lithium Electrochemistry Co., Ltd. Chairman of Advanced Lithium Electrochemistry (HK) Co., Ltd. Chairman of Advanced Lithium Electrochemistry (Shanghai) Co., Ltd. Legal Representative Chairman of Emerald Battery Technologies Co., Ltd
	Jaime Che	Executive Director of FDG Electric Vehicles Limited. Executive Director of FDG Kinetic Limited. Investment Manager of Advanced Lithium Electrochemistry (Shanghai) Co., Ltd.
	Chi-Kei Ching	CFO of FDG Electric Vehicles Limited.
Independent Directors	Wei-Min Shen	Independent Director of Episil-Precision Inc. Independent Director of Epistar Corp. Independent Director of uPI Semiconductor Corp.
	Yie-Yun Chang	Director of Great Eastern Resins Industrial Co. Ltd. Independent Director of Ocean Plastic Co., Ltd.
	Chian-Hsiu Lee	AHK Australia Pty Ltd. Chairman of the Board & Director.

THE COMPANIES LAW (AS AMENDED)
COMPANY LIMITED BY SHARES
AMENDED AND RESTATED MEMORANDUM AND ARTICLES
OF
ASSOCIATION
OF
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

(Adopted by a Special Resolution dated April 12, 2019)

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THE COMPANIES LAW (AS AMENDED)

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION

OF

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

(Adopted by a Special Resolution dated [April 12], 2019)

1. The name of the Company is Advanced Lithium Electrochemistry (Cayman) Co., Ltd..
2. The Registered Office shall be at the offices of Portcullis (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands or at such other location as the Directors may from time to time determine.
3. Subject to the following provisions of this Memorandum, the object for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by any law of the Cayman Islands. When conducting its business, the Company shall also comply with the laws and regulations of ROC as well as business ethics and may take actions which will promote public interests in order to fulfill its social responsibilities.
4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of The Companies Law (as amended).
5. Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.
6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company from effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
8. The share capital of the Company is New Taiwan Dollars 3,000,000,000 divided into

300,000,000 shares of a nominal or par value of New Taiwan Dollars 10.00 each provided always that subject to the provisions of the Companies Law (as amended) and the Articles of Association the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

9. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Law (as amended) and, subject to the provisions of the Companies Law (as amended) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

THE COMPANIES LAW (AS AMENDED)

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.
(Adopted by a Special Resolution passed dated [April 12], 2019)

TABLE A

The Regulations contained or incorporated in Table A in the First Schedule of the Companies Law (as amended) shall not apply to this Company.

INTERPRETATION

1. In these Articles:

"Applicable Public Company Rules" means the ROC laws, rules and regulations (including, without limitation, the Company Law, the Securities and Exchange Law, the rules and regulations promulgated by the FSC and the rules and regulations promulgated by the GTSM, as amended from time to time) affecting public companies or companies listed on any ROC stock exchange that from time to time are required by the relevant regulator as applicable to the Company;

"Articles" means these Articles of Association as from time to time amended by Special Resolution;

"Audit Committee" means the audit committee under the Board of Directors, which shall comprise solely of Independent Directors of the Company;

"Companies Law" means the Companies Law (as amended) of the Cayman Islands, and every modification, re-enactment or revision thereof for the time being in force;

"Company" means Advanced Lithium Electrochemistry (Cayman) Co., Ltd.;

"Compensation Committee" means a committee of the Board of Directors, which shall comprise of professional individuals and have the functions prescribed by the Applicable Public Company Rules;

"Directors" and **"Board of Directors"** means the Directors of the Company for the time being, or as the case may be, the Directors assembled as a Board or as a committee thereof, and shall include any and all Independent Director(s);

"Electronic Record" shall have the meaning given to it in the Electronic Transactions Law;

"Electronic Transactions Law" means the Electronic Transactions Law (as amended) of the Cayman Islands;

"FSC" means the Financial Supervisory Commission of the Republic of China;

"GTSM" means the GreTai Securities Market;

"Independent Directors" means the Directors who are elected as "Independent Directors" for the purpose of Applicable Public Company Rules;

"Market Observation Post System" means the public company reporting system maintained by the Taiwan Stock Exchange Corporation;

"Member" or **"Shareholder"** means a person whose name is entered in the Register of Members and includes each subscriber to the Memorandum of Association pending the issue to him of the subscriber share or shares;

"Memorandum of Association" means the Memorandum of Association of the Company, as amended and re-stated from time to time;

"Merger" means a transaction whereby:

- (a) (i) all of the companies participating in such transaction are dissolved, and a new company is incorporated to generally assume all rights and obligations of the dissolved companies; or (ii) all but one company participating in such transaction are dissolved, and the surviving company generally assumes all rights and obligations of the dissolved companies, and in each case the consideration for the transaction being the shares of the surviving or newly incorporated company or any other company, cash or other assets; or
- (b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under Applicable Public Company Rules;

"**Officer**" means any person appointed by the Board of Directors to hold an office in the Company;

"**Ordinary Resolution**" means a resolution passed by a simple majority of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company;

"**paid up**" means paid up as to the par value and any premium payable in respect of the issue of any shares and includes credited as paid up;

"**Person**" means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;

"**Preferred Shares**" has the meaning given thereto in Article 16;

"**Registered Office**" means the registered office of the Company as provided in Section 50 of the Companies Law;

"**Register of Members**" means the register of members maintained in accordance with the Companies Law and if the Company is listed on the GTSM, the Applicable Public Company Rules;

"**Private Placement**" means, after the Shares are listed on the GTSM, obtaining subscription for, or the sale of, shares, options, warrants, rights of holders of debt or equity securities which enable those holders to subscribe further securities (including Shares), or other securities of the Company, either by the Company itself or a person authorized by the Company, primarily from or to specific investors in the ROC, as prescribed under the Applicable Public Company Rules and permitted by the competent securities authority in the ROC, but excluding any employee incentive programme or subscription agreement, warrant, option or issuance of shares under Articles 10, 13 and 15 hereof;

"**ROC**" means Taiwan, the Republic of China;

"**Secretary**" means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;

"**Share**" and "**Shares**" means any share in the capital of the Company;

"**Shareholders' Service Agent**" means the agent licensed by ROC authorities to provide certain shareholders services in accordance with the Applicable Public Company Rules;

"**signed**" includes a signature or representation of a signature affixed by mechanical means;

"**Special Resolution**" subject to the Companies Law, means a resolution passed in accordance with Section 60 of the Companies Law, being a resolution passed by a majority of at least two-thirds of the votes cast by such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given;

"**Subsidiary**" means, with respect to any company, (1) the entity, more than one half of whose total number of the outstanding voting shares or the total amount of the capital stock are directly or indirectly held by such company; (2) the entity that such company has a direct or indirect control over its personnel, financial or business operation; (3) the entity, one half or more of whose executive shareholders or board directors are concurrently acting as the executive shareholders or board directors of such company; and (4) the entity, one half or more of whose total number of outstanding voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company;

"**Supermajority Resolution**" means a resolution adopted by a majority vote of the Members at a general meeting attended by Members who represent two-thirds or more of the total outstanding Shares or, if the total number of shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding Shares, but more than one half of the total outstanding Shares, means instead, a resolution adopted at such general meeting by the Members who represent two-thirds or more of the total number of shares entitled to vote on such resolution at such general meeting;

"**Treasury Shares**" has the meaning given thereto in Article 28.

2. In these Articles, save where the context requires otherwise:
 - (a) words importing the singular number shall include the plural number and vice versa;
 - (b) words importing the masculine gender only shall include the feminine gender;
 - (c) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;

- (d) **"may"** shall be construed as permissive and **"shall"** shall be construed as imperative;
 - (e) reference to "written" and "in writing" shall include all modes of representing or reproducing words in visible form, including the form of an Electronic Record;
 - (f) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force; and
 - (g) Section 8 of the Electronic Transactions Law shall not apply.
3. Subject to the last two preceding Articles, any words defined in the Companies Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.
- 3-1. In the case of any conflict between these Articles and the Applicable Public Company Rules, these Articles shall prevail.

PRELIMINARY

- 4. The business of the Company may be commenced as soon after incorporation as the Directors see fit.
- 5. The Registered Office shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

SHARES

Power to Issue Shares

- 6. Subject to these Articles and to any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board of Directors, subject to Article 17, shall have the power to issue any unissued Shares on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the Members prescribe, provided that no share shall be issued at a discount except in accordance with the Companies Law.

7. Unless otherwise provided in these Articles, the issue of new Shares shall be approved by the Board of Directors. The issue of new shares shall at all times be subject to the sufficiency of the authorized capital of the Company.
8. Where the Company increases its issued share capital by issuing new shares for cash consideration in the ROC, the Company shall allocate 10% of the total amount of the new shares to be issued, for public offering in the ROC, unless it is deemed as either unnecessary or inappropriate by the FSC or GTSM for the Company to conduct the aforementioned public offering. However, if a percentage higher than the aforementioned 10% is resolved by a general meeting for public offering in the ROC, then such higher percentage determined by resolution shall prevail. The Company may also reserve 10% to 15% of the total amount of such newly issued shares for subscription by the employees of the Company and its Subsidiaries. The Company may prohibit such employees from transferring the shares so subscribed within a certain period; provided, however, that such a period cannot be more than two years.
9. For so long as the Shares are listed on the GTSM, unless otherwise resolved by the Shareholders at a general meeting by Ordinary Resolution, where the Company increases its issued share capital by issuing new shares for cash consideration under Article 8 above, the Company shall make a public announcement and notify each Member that he/she/it is entitled to exercise a pre-emptive right to purchase his/her/its pro rata portion of the remaining new shares (after allocation of the public offering portion and the employee subscription portion in Article 8) issued in the capital increase for cash consideration. The Company shall state in such announcement and notices to the Members that if any Member fails to subscribe his/her/its pro rata portion of such remaining newly-issued shares within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to such newly-issued shares. In the event that percentage of shares held by a Member is insufficient for such Member to exercise the pre-emptive right to subscribe one newly-issued share, shares held by several Members may be calculated together for joint subscription of newly-issued shares or for purchase of newly-issued shares in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the new shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such shares into the public offering tranche or offer any un-subscribed new shares to a specific person or persons according to the Applicable Public Company Rules.
10. Subject to the provisions of the Companies Law, the Company may issue new shares with restricted rights (the "**Restricted Shares**") to the

employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution provided that Article 8 hereof shall not apply. For so long as the Shares are listed on the GTSM, the terms of issue of the Restricted Shares, including but not limited to, the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.

11. The pre-emptive right of Members under Article 9 shall not apply in the event that new shares are issued due to the following reasons or for the following purposes:
 - (a) in connection with a Merger with another company, or pursuant to any reorganization of the Company;
 - (b) in connection with meeting the Company's obligations under employee warrants and/or options, including those rendered in Articles 13 and 15 hereof;
 - (c) in connection with the issue of Restricted Shares in accordance with Article 10 hereof;
 - (d) in connection with meeting the Company's obligations under convertible bonds or corporate bonds vested with rights to acquire shares;
 - (e) in connection with meeting the Company's obligations under Preferred Shares vested with rights to acquire shares; or
 - (f) in connection with a Private Placement.
12. Unless otherwise provided herein, the Company shall not issue any unpaid shares or partly paid-up shares.
13. Notwithstanding Article 10 hereof, the Company may, upon approval by the Board of Directors, adopt one or more incentive programmes and may issue options, employee warrants or other similar instruments or distribute cash, to employees of the Company and its Subsidiaries, and in accordance with the **Applicable Public Company Rules**. Options, employee warrants, or other similar instruments issued in accordance with this Article are not transferable save by inheritance.
14. Directors of the Company and its Subsidiaries shall not be eligible for the Restricted Shares under Article 10 hereof or the incentive programmes under Article 13 above, provided that directors who are also employees of the Company or its Subsidiaries may subscribe for the Restricted Shares or

participate in an incentive programme in their capacity as an employee and not as a director of the Company or its Subsidiaries.

15. The Company may enter into agreements with employees of the Company and/or the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 13 above, whereby employees may subscribe, within a specific period, a specific number of shares or securities. The terms and conditions of such agreements shall be no favourable to relevant employee than the terms specified in the applicable incentive programme.

PREFERRED SHARES

16. Notwithstanding any provisions of these Articles, the Company may by Special Resolution designate one or more classes of Shares with each class having such preferred or other special rights as the Company, by Special Resolution, may determine (shares with such preferred or other special rights, the "**Preferred Shares**"), and cause to be set forth in these Articles. The rights and obligations of Preferred Shares may include (but are not limited to) the following terms and shall be consistent with the Applicable Public Company Rules:
 - (a) order, fixed amount or fixed ratio of allocation of dividends and bonus on Preferred Shares;
 - (b) order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
 - (c) order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of preferred Shareholders;
 - (d) the method by which the Company is authorized or compelled to redeem the Preferred Shares, or a statement that redemption rights shall not apply; and
 - (e) other matters concerning rights and obligations incidental to Preferred Shares.

Variation of Rights Attaching to Shares

17. If at any time the share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the sanction of a Special Resolution passes at a general meeting of the holders of the shares of that class. Notwithstanding the foregoing, if any modification or alteration in these Articles is prejudicial to the preferential

rights of any class of shares, such modification or alteration shall be adopted by a Special Resolution and shall also be adopted by a Special Resolution passed at a separate meeting of Members of that class of shares.

18. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied or abrogated by the creation or issue of further shares ranking *pari passu* therewith or the redemption or purchase of shares of any class by the Company.

Share Certificates

19. Subject to the provisions of the Companies Law, the Company may issue shares without printing share certificates for the Shares issued, and the details regarding such issue of shares shall be entered in the Register of Members of the Company and recorded by Taiwan Depository & Clearing Corporation in accordance with the Applicable Public Company Rules. Every person whose name is entered as a member in the Register of Members may be entitled to a certificate in the form determined by the Board of Directors if the Board of Directors resolves that a share certificate shall be issued. Such certificate may be issued with the authorised signature(s) affixed by mechanical process. All certificates shall specify the share or shares held by that person and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.
20. If a share certificate is defaced, lost or destroyed it may be renewed on such terms, if any, as to evidence and indemnity as the Directors think fit.
21. In the event the Board of Directors resolves that share certificates shall be issued pursuant to Article 19 hereof, the Company shall deliver the share certificates to the subscribers within thirty days from the date such share certificates may be issued pursuant to the Companies Law, the Memorandum of Association, the Articles, and the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules.

Private Placement

- 21-1 Subject to the Companies Law, the Company may, by Special Resolution, issue securities by way of Private Placement within the territory of the ROC in accordance with Applicable Public Company Rules.

- 21-2 Notwithstanding Article 21-1 hereof, the ordinary corporate bonds to be issued through Private Placement by the Company in accordance with the Articles and the Applicable Public Company Rules may be offered in different tranches within one year of the date of the meeting of the Directors approving such Private Placement.

Fractional Shares

22. Subject to these Articles, the Board of Directors may issue fractions of a share of any class of shares, and, if so issued, a fraction of a share (calculated to three decimal points) shall be subject to and carry the corresponding fraction of liabilities (whether with respect to any unpaid amount thereon, contribution, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without limitation, voting and participation rights) and other attributes of a whole share of the same class of shares.

Alteration of Share Capital

23. Subject to the Companies Law, the Company may from time to time by Ordinary Resolution increase its authorized share capital by such amount as it thinks expedient or by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by law.

Purchase of Own Shares

24. Subject to the provisions of the Companies Law, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner as the Company may, by Special Resolution, determine before the issue of the Shares.
25. Subject to the provisions of the Companies Law, the Articles and the Applicable Public Company Rules, the Company may, upon approval by a majority of the Board of Directors at a meeting attended by two-thirds or more of the total number of the Directors, purchase its own Shares (including any redeemable Shares and the Shares listed on the GTSM) provided that, for so long as the Shares are listed on the GTSM, any such repurchase shall be in accordance with the Applicable Public Company Rules and shall be subject to the rules and restrictions set forth in Article 26 hereof.
- 25-1 In the event that the Company proposes to purchase any Share listed on the GTSM pursuant to the preceding Article, the approval of the Board of Directors and the implementation thereof shall be reported to the Members at the next general meeting in accordance with the Applicable Public

Company Rules. Such reporting obligation shall apply even if the Company does not implement the purchase of the Shares listed on the GTSM for any reason.

26. For so long as the Shares are listed on the GTSM, the Company is authorised to purchase any Share listed on the GTSM in accordance with the following manner of purchase:
- (a) the total price of the Shares purchased by the Company shall not exceed the sum of retained earnings less any distribution or dividends which have been declared by the Company plus the following realized capital reserve:
 - (i) any premium received from the disposal of assets that has not been booked as retained earnings;
 - (ii) the premium received on the issuance of any share and income from endowments received by the Company;
 - (b) the maximum number of Shares purchased by the Company shall not exceed ten percent of the total number of issued and outstanding Shares; and
 - (c) the purchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in its sole discretion provided however that:
 - (i) such purchase transactions shall be in accordance with the Applicable Public Company Rules; and
 - (ii) such purchase transactions shall be in accordance with the Companies Law.
- 26-1 Subject to the Companies Law and Applicable Public Company Rules, the Company may by Special Resolution redeem or purchase its own Shares by reducing and making payment out of its share capital or any capital redemption reserve. Any such redemption or purchase and the payment out of share capital or capital redemption reserve must be made to all Members pro rata based on the percentage of shareholdings of the Members, unless otherwise provided for in the Companies Law or the Applicable Public Company Rules.
27. The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Law, including out of capital.

28. Unless otherwise provided herein, Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) shall be cancelled immediately or held as treasury shares ("**Treasury Shares**") at the discretion of the Directors.
29. No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up) may be made to the Company in respect of a Treasury Share.
30. The Company shall be entered in the Register of Members as the holder of the Treasury Shares provided that:
 - (a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
 - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Companies Law.
31. Subject to the provisions of the Companies Law, the Articles and the Applicable Public Company Rules, Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors provided that, for so long as the Shares are listed on the GTSM, any Treasury Shares not disposed of or otherwise transferred by the Company within three years from the date of the repurchase shall be cancelled immediately when the 3-year period has elapsed.
32. Notwithstanding Article 31 above, after the Company purchases the Shares listed on the GTSM, any proposal to transfer Treasury Shares to the employee of the Company or its Subsidiaries by the Company at a price below the average repurchase price paid by the Company shall be subject to the approval of two-thirds or more of the shareholders attending the general meeting who represent a majority of the total number of the Company's outstanding shares at the most recent general meeting. The handbook of the general meeting shall list and explain the following matters, which may not be made by ad hoc motion:
 - (a) the basis and reasonableness of the determined transfer price, discount ratio and calculation;
 - (b) the number, purpose and reasonableness of the proposed share transfer;
 - (c) conditions for and volume of shares purchased by the employee; and

(d) any effect on the shareholders' rights:

- (i) the expensed amount and any dilution of the Company's shares; and
- (ii) any financial burden on the Company caused by transfer of shares to employees at a price lower than the average repurchase price paid by the Company.

The aggregate number of Treasury Shares transferred to employees upon resolution by one or more general meetings shall not exceed five percent of the Company's total outstanding shares at the time of any such transfer, and the aggregate number of Treasury Shares purchased by each employee shall not exceed 0.5 percent of the Company's total outstanding shares at the time of any such purchase.

For those Treasury Shares transferred by the Company to the employees, the Company may impose restrictions on the transfer of such Shares by the employees for a period of no more than two years.

REGISTRATION OF SHARES

Register of Members

- 33. For so long as the Company is listed on the GTSM, the Directors shall keep, or cause to be kept, the Register of Members at such place as the Directors may from time to time determine and, which shall be maintained in accordance with the Companies Law and the Applicable Public Company Rules.
- 34. In the event that the Company has Shares that are not traded on the GTSM, the Company shall also cause to be kept a register of such Shares in accordance with Section 40 of the Companies Law.
- 35. Title to Shares traded on the GTSM may be evidenced and transferred in a manner consistent with the Applicable Public Company Rules.

Transfer of Registered Shares

- 36. The instrument of transfer of any share shall be in any usual or common form or such other form as the Board of Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if so required by the Board of Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to

make the transfer. The transferor shall be deemed to remain a shareholder until the name of the transferee is entered in the Register of Members in respect thereof.

37. The registration of transfers may be suspended when the Register of Members is closed in accordance with Article 42 hereof.
38. All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Board of Directors declines to register shall (except in any case of fraud) be returned to the person depositing the same.
39. Notwithstanding the preceding 3 Articles, Shares traded on the GTSM shall be transferred in a manner consistent with the Applicable Public Company Rules.

Transmission of Shares

40. The successor or the legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the name of two or more holders, the survivors or survivor shall be the only person recognised by the Company as having any title to the share.
41. Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt or liquidated or dissolved person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt or liquidated or dissolved person before the death or bankruptcy or liquidation or dissolution. In such case, the person becoming entitled shall execute in favor of such transferee an instrument of transfer in writing in the form as the Board of Directors may accept.

Closing Register of Members or Designating a Record Date

42. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Board of Directors may provide that the Register of Members shall be closed for transfers for a stated period. For so long as

the shares are listed on the GTSM, the Register of Members shall be closed for a period not less than the minimum period of time as prescribed by the Applicable Public Company Rules.

43. Other than the closing of the Register of Members for registration of transfer of shares, the Board of Directors may designate a record date in advance to determine the Members who are entitled to receive notice of, attend or vote at any meeting of Members or those Members that are entitled to receive payment of any dividend. The Directors shall make a public announcement of the designation of such record date on the Market Observation Post System or the website designated by the FSC or GTSM pursuant to the Applicable Public Company Rules, if required.

MEETINGS OF MEMBERS

General Meetings

44. All general meetings other than annual general meetings shall be called extraordinary general meetings.
45. The Directors may, whenever they think fit, convene a general meeting of the Company; provided that the Company shall in each year hold a general meeting as its annual general meeting within six months following the end of each fiscal year and shall specify the meeting as such in the notices calling it.
46. Before the Shares are listed on the GTSM, the Board of Directors may convene a general meeting at any location at their sole discretion. For so long as the Shares are listed on the GTSM, unless otherwise provided by the Companies Law, all general meetings shall be held in the ROC. For so long as the Shares are listed on the GTSM, if the Board of Directors resolves to hold a general meeting outside the ROC, the Company shall apply for the approval of the GTSM therefor within two days after the Board of Directors adopts such resolution. Where such general meeting is to be held outside the ROC, the Company shall engage a professional Shareholders' Service Agent in the ROC to handle the administration matters of such general meeting (including but not limited to the handling of the voting of proxies submitted by any Members).
47. For so long as the Shares are listed on the GTSM, general meetings shall also be convened on the written requisition of any Member or Members entitled to attend and vote at general meetings of the Company holding at least 3 per cent of the paid up voting share capital of the Company for a period of one year or a longer time and such written requisition shall be deposited at the Registered Office or the Shareholders' Service Agent specifying the objects of the meeting and the reason therefor signed by the

requisitionists, and if the Board of Directors does not within fifteen days from the date of the deposit of the requisition dispatch the notice of such general meeting, and for so long as the Shares are listed on the GTSM, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors.

- 47-1 For so long as the Shares are listed on the GTSM, Members continuously holding fifty percent or more of the paid up voting share capital of the Company for a period of three months or a longer time may convene extraordinary general meeting. The calculation of the holding period and holding number of share capital shall be based on the holding at the time of closing register of members date.

Notice of General Meetings

48. Before the Shares are listed on the GTSM, at least seven days notice counting from the date service is deemed to take place as provided in these Articles specifying the place, the day and the hour of the meeting and the general nature of that business, shall be given in the manner hereinafter provided to such persons as are, under these Articles, entitled to receive such notices from the Company. For so long as the Shares are listed on the GTSM, save as otherwise provided by the Applicable Public Company Rules, at least thirty days' notice of an annual general meeting, and at least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat stating the date, place and time at which the meeting is to be held and the general nature of business to be conducted at the meeting.
49. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Member shall not invalidate the proceedings at that meeting.
50. For so long as the Shares are listed on the GTSM, the Board of Directors shall at least thirty days prior to an annual general meeting or fifteen days prior to an extraordinary general meeting, make a public announcement publishing the notice of the general meeting, the proxy instrument, agendas and materials relating to matters for approval, matters for discussion, and election or discharge of Directors to be discussed in the general meeting, via the Market Observation Post System. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document used for the exercise of voting power together with the above mentioned materials. The Board of Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials as the Board of Directors may

think fit, which will be sent to or made available to all Members, save as otherwise provided by the Applicable Public Company Rules, twenty-one days prior to an annual general meeting and fifteen days prior to an extraordinary general meeting and shall be transmitted to the Market Observation Post System in accordance with the Applicable Public Company Rules.

51. The following matters shall be stated in to notice of general meetings, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion:
- (a) election or discharge of Directors;
 - (b) amendments to these Articles;
 - (c) reduction of share capital;
 - (d) sapplication for the approval of ceasing its public offering in the ROC;
 - (e) dissolution, Merger or spin-off of the Company;
 - (f) entry into, amendment to, or termination of any contract for lease of its business in whole, or the delegation of management of the Company's business to others or regular joint operation of the Company with others;
 - (g) the transfer of the whole or any material part of its business or assets;
 - (h) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
 - (i) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business;
 - (j) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 124 hereof;
 - (k) making distributions out of the statutory reserve, the premium received on the issuance of any Shares and income from endowments received by the Company to its Members in cash;
 - (l) the Private Placement of any equity-type securities issued by the Company; and

- (m) the transfer of Treasury Shares to the employees under Article 32 hereof.

The aforementioned "Summary of the material content" in the preceding paragraph may be posted on the website designated by the competent securities authority in the ROC or the Company, and such website shall be indicated in the above notice of general meeting.

Quorum and Proceedings at General Meetings

- 52. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, the holders of shares being more than an aggregate of one-half of all shares in issue present in person or by proxy and entitled to vote shall constitute a quorum for any general meeting.
- 53. If and to the extent permitted under the Companies Law, nothing in the Articles shall prevent any Member from issuing proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution within 30 days after the passage of such resolution. The Taipei District Court, ROC, may be the court for adjudicating any disputes arising out of the foregoing.
- 54. Member(s) holding 1% or more of the total number of outstanding shares immediately prior to the relevant book close period, during which the Company closes its Register of Members, may propose to the Company in writing or by way of electronic transmission a proposal for discussion at a annual general meeting. Proposals shall not be included in the agenda of the annual general meeting where (a) the proposing Member(s) holds less than 1% of the total number of outstanding shares, (b) where the matter of such proposal may not be resolved at a annual general meeting, (c) the proposal contains more than 300 words or the proposing Member has proposed more than one proposal, or (d) the proposal is submitted on any day beyond the deadline fixed and announced by the Company for accepting shareholders' proposals.
- 55. Unless otherwise expressly required by the Companies Law, the Memorandum of Association or these Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Members at any general meeting may be passed by an Ordinary Resolution.
- 56. If a general meeting is called by the Board of Directors, the chairman of the Board of Directors shall preside as the chair of such general meeting. In the event that the chairman is on leave of absence, or is unable to

exercise his powers and authorities, the vice chairman of the Board of Directors shall act in lieu of the chairman. If there is no vice chairman of the Board of Directors, or if the vice chairman of the Board of Directors is also on leave of absence, or cannot exercise his powers and authorities, the chairman shall designate a Director to chair such general meeting. If the chairman does not designate a proxy or if such chairman's proxy cannot exercise his powers and authorities, the Directors who are present at the general meeting shall elect one from among themselves to act as the chair at such general meeting in lieu of the chairman. If a general meeting is called by any person(s) other than the Board of Directors, the person(s) who has called the meeting shall preside as the chair of such general meeting; and if there is more than one person who has called a general meeting, such persons shall elect one from among themselves to act as the chair of such general meeting.

57. At any general meeting a resolution put to the vote of the meeting shall be decided on a poll. The number or proportion of the votes in favour of, or against, that resolution shall be recorded in the minutes of the meeting. Notwithstanding the above, the resolution shall be deemed to be passed with the same effect as the affirmative vote if the Members presenting at the meeting do not object to such resolution after inquired by the chairman of the meeting.
58. In the case of an equality of votes, the chairman of the meeting shall not be entitled to a casting vote.
59. The Company may by Ordinary Resolution adopt rules governing the proceedings and procedures of the general meetings which comply with the Memorandum of Association, the Articles and the Applicable Public Company Rules.

Votes of Members

60. Subject to any rights and restrictions for the time being attached to any shares, every Member who is present in person or by proxy shall have one vote for each share of which he/she/it is the holder. For so long as the Shares are listed on the GTSM, a Member who holds shares for benefit of others, need not use all his votes or cast all the votes he holds in the same way as he uses his votes in respect of shares he holds for himself; the qualifications, scope, methods of exercise, operating procedures and other matters for compliance with respect to exercising voting power separately shall comply with the Applicable Public Company Rules.
61. Votes may be cast either personally or by proxy. A Member may appoint only one proxy under one instrument to attend and vote at a meeting.

62. The Board of Directors may determine that the voting power of a Member at a general meeting may be exercised by way of a written ballot or by way of electronic transmission; provided, however, that the Company shall provide the Members with a method for exercising their voting power by means of a written ballot or electronic transmission if a general meeting is to be held outside the ROC or otherwise required under the Applicable Public Company Rules. The method for exercising such voting power shall be described in the general meeting notice to be given to the Members if the voting power may be exercised by way of a written ballot or by way of electronic transmission. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his/her/its voting decision by way of a declaration of intention at least two days prior to the date of such general meeting. If a Member serves the Company with more than one declaration of intention to exercise his/her/its voting power by way of a written ballot or electronic transmission, the first declaration shall prevail, unless an explicit written statement is made thereafter by such Member to revoke the previous declaration of intention in the same manner as previously used in exercising his/her/its voting power. A Member who exercises his/her/its voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electric document. The chairman of the general meeting as proxy shall not have the power to exercise the voting rights of such Members with respect to any matters not referred to or indicated in the written or electric document and/or any amendment to resolution(s) proposed at the said general meeting. For the purposes of clarification, such Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting. Should the chairman not observe the instructions of a Member in exercising such Member's voting right in respect of any resolution, the Shares held by such Member shall not be included in the calculation of votes in respect of such resolution but shall nevertheless be included in the calculation of quorum for the meeting.
63. In the event any Member who has served the Company with his/her/its declaration of intention to exercise his/her/its voting power by means of a written ballot or by means of electronic transmission pursuant to Article 62 hereof later intends to attend general meetings in person, he/she/it shall, at least two days prior to the date of the meeting, serve the Company with a separate declaration of intention to revoke his/her/its previous declaration of intention in the same manner previously used in exercising his/her/its voting power. Votes by means of written ballot or electronic

transmission shall be valid if the relevant Member fails to revoke the declaration of intention before the prescribed time.

- 63-1 If, subsequent to submitting a written ballot or electronic transmission pursuant to Article 62, a Member submits a proxy appointing a person of the general meeting as his proxy to attend the relevant general meeting on his behalf, then the subsequent appointment of that person as his proxy shall be deemed to be revocation of such Member's deemed appointment of the chairman of the general meeting as his proxy pursuant to Article 62.
64. Shares as set out below shall not be voted at any general meeting and shall not be counted in determining the total number of outstanding shares at any given time:
- (a) Shares that are beneficially owned by the Company;
 - (b) Shares that are beneficially owned by any of the Company's Subsidiaries, more than one-half of whose total number of outstanding voting shares or paid-in capital are directly or indirectly owned by the Company; and
 - (c) shares held by another company in which the Company, together with (i) the holding company of the Company and/or (ii) any Subsidiary of (x) the holding company of the Company or (y) the Company owns, legally or beneficially, directly or indirectly, more than 50% of its issued and voting share capital or equity capital.
- 64-1 For so long as the Shares are listed on the GTSM, if the number of Shares pledged by a Director at any time amounts to more than 50% of the total Shares held by such Director at the time of his latest appointment, such pledged Shares exceeding 50% of the total Shares held by such Director at the time of his latest appointment, shall not carry any voting rights and such above-threshold Shares shall not be counted in determining the number of votes of the Members present at a general meeting but shall be counted towards the quorum of the general meeting.
65. A Member who has a personal interest in any motion discussed at a general meeting, which interest may be in conflict with and impair those of the Company, shall abstain from voting such Member's shares in regard to such motion and such shares shall not be counted in determining the number of votes of the Members present at the said meeting. However, such shares may be counted in determining the number of shares of the Members present at such general meeting for the purposes of determining the quorum. The aforementioned Member shall also not vote on behalf of any other Member.

66. In the case of joint holders, the joint holders shall select among them a representative for the exercise of their shareholder's rights and the vote of their representative who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.
67. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person may vote by proxy.

Special and Supermajority Resolutions of Members

68. Subject to the Companies Law, the Company may from time to time by Special Resolution:
 - (a) change its name;
 - (b) alter or add to these Articles;
 - (c) alter or add to the Memorandum of Association with respect to any objects, powers or other matters specified therein; or
 - (d) reduce its share capital and any capital redemption reserve in any manner authorised by law.
69. Subject to the Companies Law, the Company may from time to time by Supermajority Resolution:
 - (a) effect any capitalization of distributable dividends and/or bonuses and/or any other amount prescribed under Article 120 or Article 124 hereof;
 - (b) issue Restricted Shares in accordance with Article 10 hereof;
 - (c) discharge or remove any Director;
 - (d) approve any action by one or more Director(s) who is engaging in business conduct for him/herself or on behalf of another person that is within the scope of the Company's business;
 - (e) effect any Merger or spin-off of the Company, provided that any Merger which falls within the definition of "merger and/or consolidation" under the Companies Law shall require the approval of the Company by Special Resolution only;

- (f) enter into, amend, or terminate any agreement for lease of the Company's whole business, or for entrusted business, or for frequent joint operation with others;
 - (g) transfer its business or assets, in whole or in any essential part; or
 - (h) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operation.
70. Subject to the Companies Law, with regard to the dissolution procedure of the Company, the Company shall pass:
- (a) an Ordinary Resolution, in the event that the Company resolves that it be wound up voluntarily because the Company is unable to pay its debts as they fall due; or
 - (b) a Special Resolution, in the event that the Company resolves that it be wound up voluntarily for reasons other than set out in Article 70 (a) above.

Proxies

71. The instrument appointing a proxy shall be in writing, be executed either under seal or under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member.
72. Subject to the Applicable Public Company Rules, except for the chairman being deemed appointed of a general meeting as proxy under Article 62 or trust enterprises organized under the laws of the ROC or a Shareholders' Service Agent, in the event a person acts as the proxy for two or more Members, the sum of shares entitled to be voted as represented by such proxy shall be no more than 3% of the total outstanding voting shares immediately prior to the relevant closed period, during which the Company closes its Register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.
73. In the event that a Member exercises his/her/its voting power by means of a written ballot or by means of electronic transmission and has also authorized a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two days prior to such general meeting, serve the Company

with a separate notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.

74. The instrument of proxy shall be deposited at the office of the Company's Shareholders' Service Agent in the ROC or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company not less than five days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote where more than one instrument to vote received from the same Member by the Company, the first instrument received shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.
75. The instrument of proxy shall be in the form approved by the Company and be expressed to be for a particular meeting only. The form of proxy shall include at least the following information: (a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Member, proxy and the solicitor (if any). The form of proxy shall be provided to the Members together with the relevant notice for the relevant general meeting, and such notice and proxy materials shall be distributed to all Members on the same day.
76. For so long as the Shares are listed on the GTSM, the use and solicitation of proxies shall be in compliance with the Applicable Public Company Rules, including but not limited to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

Representation of Corporate Member

77. A corporation which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting of the Members and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.
78. Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he/she thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

Dissenting Member's Appraisal Right

79. In the event any of the following resolutions is adopted at general meetings, any Member who has notified the Company in writing of his objection to such a resolution prior to the meeting and has raised again his/her/its objection at the meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price:
- (a) The Company enters into, amends, or terminates any agreement for lease of the Company's business in whole, or the delegation of management of the Company's business to other person or the regular joint operation of the Company with others;
 - (b) The Company transfers the whole or a material part of its business or assets, provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or
 - (c) The Company accepts the transfer of the whole business or assets of another person, which has a material effect on the Company's business operations.
80. In the event any part of the Company's business is spun off or involved in any Merger with any other company, the Member, who has forfeited his/her/its right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price.

Adjournment and Postponement of General Meeting

81. Unless clearly stated otherwise by this charter, the chairman must postpone the meeting if less than half of the shareholders (calculated based on issued shares, not individuals) are present when the shareholders meeting is due to begin. The meeting may be postponed for a maximum of two times, with the combined amount of extension time not exceeding one hour. If the shareholders meeting has been postponed twice and the shareholders present still do not represent over half of the issued shares, the chairman shall declare the shareholders meeting to be invalid. If convening of the shareholders meeting is still required, it shall be reconvened according to the charter's regulations.
82. If the meeting has been postponed twice according to the aforementioned Article 81, and the number of shareholders presents does not constitute the quorum prescribed in the preceding article, but those present represent one-third or more of the total number of issued shares, a tentative

resolution may be passed by a majority of those present according to regulations for public companies. If the number of shareholders present represent over half of issued shares prior to the end of the meeting, the chairman shall announce the official convening of the meeting. The passed tentative resolution shall be resubmitted for ratification at the shareholders meeting.

83. Apart from Article 82, the Board of Directors may postpone any general meeting called in accordance with the provisions of these Articles provided that notice of postponement is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Articles.

DIRECTORS AND OFFICERS

Number and Term of Office of Directors

84. There shall be a Board of Directors consisting of no less than 7 and no more than 11 Directors, each of whom shall be appointed to a term of office of not exceeding three years provided that in the event the expiration of the term of office of such Directors would otherwise leave the Company with no Directors, the term of office of such Directors shall be extended automatically to the date of the general meeting next following the expiration of such term, at which new Directors will be elected to assume office. Directors may be eligible for re-election.
85. Unless otherwise approved by the GTSM, not more than half of the total number of Directors elected can have a spousal relationship or familial relationship within the second degree of kinship with any other Directors.
86. In the event where the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 85 hereof, the non-qualifying Director(s) who was elected with the fewer number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 85 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall vacate his/her/its position of Director automatically.
87. Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three Independent Directors. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the ROC.

88. Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, powers, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be governed by the Applicable Public Company Rules. The office of Independent Director shall be vacated if the Independent Director becomes ineligible for such position under the Applicable Public Company Rules.

Election of Directors

89. The Company may at a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 90 below. If a Member is a legal entity, the authorised representative of such Member may be elected as Director. If such Member has more than one authorised representatives, each of them may be nominated for election at a general meeting.
90. Directors shall be elected pursuant to a cumulative voting mechanism, where the number of votes exercisable by any Member shall be the same as the product of the number of shares held by such Member and the number of Directors to be elected ("**Special Ballot Votes**"), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the number of the Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors elected. The Directors shall adopt a candidate nomination mechanism which is in compliance with Applicable Public Company Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established by the Directors and approved by an Ordinary Resolution from time to time, which policies shall be in accordance with the Companies Law, the Memorandum of Association, these Articles and the Applicable Public Company Rules. For so long as the Shares are listed on the GTSM, subject to the requirement of the competent securities authority in the ROC, such candidate nomination mechanism in compliance with Applicable Public Company Rules shall also be used for an election of Independent Directors.
91. If the number of Independent Directors elected pursuant to Article 87 is less than three persons due to the resignation or removal of any of the Independent Directors or any other reason, the Company shall hold an election of Independent Directors at the next following general meeting.

If all of the Independent Directors are resigned or removed or vacated, the Board of Directors shall hold, within sixty days from the date of resignation or removal of last Independent Directors, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies. If the Independent Directors domiciled in the ROC has resigned or has been removed or vacated which results in not at least one Independent Directors domiciled in the ROC, the Board of Directors shall hold, within sixty days from the date of resignation or removal of last retiring Independent Director domiciled in the ROC, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.

92. If the number of vacancies on the Board of Directors of the Company is less than one third of the total number of Directors elected due to any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies on the Board of Directors of the Company equals to or is greater than one third of the total number of Directors elected, the Board of Directors shall hold, within sixty days, an extraordinary general meeting to elect succeeding Directors to fill in the vacancies.

Removal of Directors

93. The Company may from time to time by Supermajority Resolution remove any Director from office, whether or not appointing another in his stead. Where re-election of all Directors is adopted at a general meeting prior to the expiration of the term of office of existing Directors, the term of office of all current Directors is deemed to have expired on the date of the re-election or any other date as otherwise resolved by the Members at the general meeting if the Members do not resolve that all current Directors will only retire at the expiration of their present term of office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all Directors.
94. Where a Director has, in the course of performing his/her duties, committed any act resulting in material damages to the Company or in serious violation of applicable laws, regulations and/or these Articles, but not removed by a Supermajority Resolution of a general meeting, the Member(s) holding 3% or more of the total number of outstanding Shares may, within 30 days after that general meeting, institute a lawsuit in the court for a judgment to remove such Director. The Taipei District Court, ROC, may be court for this matter.

- 94-1 To the extent permitted under the laws of the Cayman Islands, Members continuously holding 1% or more of the total number of outstanding Shares for half year or longer may file a petition with the Taipei District Court, ROC for and on behalf of the Company against any of the Directors, Taipei District Court, ROC, may be court for this matter.

Directors' Remuneration and Indemnity

95. The remuneration of the Directors may only be paid in cash. The amount of such remuneration is authorized to be decided by the Board of Directors by reference to the extent and value of the services provided for the management of the Company, the performance of the Company and the standard generally adopted by other enterprises in the same industry within the ROC and overseas, and shall be paid regardless whether the Company has profits or suffers losses. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board of Directors, any committee appointed by the Board of Directors, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to other remuneration as may be appropriate in accordance with the Companies Law, the Applicable Public Company Rules, the service agreement or other similar contract that he/she has entered into with the Company.
96. The Company may procure and/or renew insurance for the benefit of any Director or Officer against any liability incurred by him in his capacity as a Director or Officer or indemnifying the Company in respect of any loss caused by any negligence, default, breach of duty or breach of trust of the Director or Officer which would subject such Director or Officer to be held liable to the Company under applicable law.

Proxy of Director

97. Any Director may appoint another Director to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

Powers and Duties of Directors

98. Subject to the provisions of the Companies Law, these Articles, Applicable Public Company Rules and any resolutions made in a general meeting, the business of the Company shall be managed by the Board of Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. All acts done by any meeting of the Board of Directors or of a committee of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly elected and qualified to be a Director as the case may be.
99. Subject to Article 98 hereof, the Board of Directors may:
- (a) from time to time appoint any person, whether or not a Director to hold such office in the Company as the Board of Directors may think necessary for the administration of the Company, including but not limited to the office of president, one or more vice-presidents, treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or participation in profits or partly in one way and partly in another), and with such powers and duties as the Board of Directors may think fit. Any person so appointed by the Board of Directors may be removed by the Board of Directors. The Board of Directors may also appoint one or more of their number to the office of managing director, upon like terms, but any such appointment shall ipso facto determine if any managing director ceases from any cause to be a Director, or if the Company by Special Resolution resolves that his tenure of office be terminated;
 - (b) appoint a Secretary (and if need be an assistant secretary or assistant secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant secretary so appointed by the Board of Directors may be removed by the Board of Directors; and
 - (c) delegate any of their powers to committees consisting of such member or members of their body and/or any other person as they think fit; any committee so formed shall in the exercise of the powers so delegated and throughout any proceedings thereof conform to any directions that may be imposed on it by the Board of Directors.

Borrowing Powers of Directors

100. Subject to these Articles, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, and property, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

Disqualification of Directors

101. The office of Director shall be vacated, if the Director:
- (a) becomes bankrupt, makes any arrangement or composition with his creditors, or is adjudicated insolvent or becomes the subject of insolvency proceedings commenced in any court of ROC, and having not been reinstated to his rights and privileges;
 - (b) is found to be or becomes of unsound mind;
 - (c) resigns his office by notice in writing to the Company;
 - (d) is removed from office by Supermajority Resolution;
 - (e) is the subject of an order made by any competent court or official on the grounds that he is or will be suffering from mental disorder or is otherwise incapable of managing his affairs, his/her legal capacity is restricted according to the applicable laws or is declared to be under assistance of assistantship by any court of ROC and such assistantship having not been revoked yet;
 - (f) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
 - (g) having committed an offence involving fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
 - (h) having committed the offense forbidden in the Anti-corruption Act of ROC and subsequently convicted of a crime, and has not started

serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;

- (i) having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years; or
- (j) having been dishonored for use of credit instruments, and the term of such sanction has not expired yet.
- (k) in case a director of a company whose shares are issued to the public that has transferred, during the term of office as a director, more than one half of the company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be discharged from the office of director.

In the event that any of the foregoing events described in clauses (a), (e), (f), (g), (h), (i) and (j) has occurred to a Director elect, such Director elect shall be disqualified from being elected as a Director.

If any director of a company whose shares are issued to the public, after having been elected and before his/her inauguration of the office of director, has transferred more than one half of the total number of shares of the company he/she holds at the time of his/her election as such; or had transferred more than one half of the total number of shares he/she held within the share transfer prohibition period fixed prior to the convention of a shareholders' meeting, then his/her election as a director shall become invalid.

Clause (k) of paragraph 1 of this Article and the preceding paragraph shall not apply to Independent Directors.

PROCEEDINGS OF DIRECTORS

MEETINGS OF THE BOARD OF DIRECTORS

102. The Board of Directors may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. A resolution put to the vote at a meeting of the Board of Directors shall be carried by the affirmative votes of a majority of the votes cast. Before the Shares are listed on the GTSM, at least five days' prior notice shall be given for any meeting of Board of Directors provided that in the case of urgent

circumstances, a meeting of the Board of Directors may be convened on short notice, or be held any time after notice has been given to every Director or be convened without prior notice if all Directors agree. For so long as the Shares are listed on the GTSM, at least seven days' prior notice shall be given for any meeting of the Board of Directors provided that in the case of urgent circumstances, a meeting of the Board of Directors may be convened on short notice, or be held any time after notice have been given to every Director or be convened without prior notice if all Directors agree.

103. A Director may, or the Secretary or any Officer on the requisition of a Director shall, summon a meeting of the Board of Directors in accordance with Article 102. Notice of a meeting of the Board of Directors shall be deemed to be duly given to a Director if it is sent to such Director in writing, by post, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.
104. Directors may participate in any meeting of the Board of Directors by video conference or other communication facilities by means of which all persons participating in the meeting can see and communicate with each other at the same time, and participation in such a meeting shall constitute presence in person at such meeting.

Quorum at Meetings of the Board of Directors

105. The quorum necessary for the transaction of the business of the Directors shall be more than one-half of the Board of Directors. A Director represented by proxy at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.
106. The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for summoning a general meeting of the Company, but for no other purpose.

Conflict of Interest

107. A Director who has a personal interest, whether directly or indirectly, in the matter under discussion at a meeting of the Board of the Directors shall declare the nature and the essential contents of his interest at the relevant meeting of the Directors. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the

matters under discussion in the meeting of the above, such director shall be deemed to have a personal interest in the matter. A Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.

108. A Director who does anything for himself or on behalf of another person that is within the scope of the Company's business shall declare the essential contents of such behaviour to the general meeting and be approved by Supermajority Resolution. Failure in obtaining such approval shall cause the Director being so interested be liable to account to the Company for any profit realised by any such behaviour if the general meeting so resolves by an Ordinary Resolution within one year from such behaviour.
109. Notwithstanding the preceding Articles, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.
110. Subject to these Articles, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
- 110-1 Without prejudice and subject to the general directors' duties that a Director owe to the Company and its shareholders under common law principals and the laws of the Cayman Islands, a Director shall perform his fiduciary duties of loyalty and due care of a good administrator in the course of conducting the Company's business, and shall indemnify the Company, to the maximum extent legally permissible, from any loss incurred or suffered by the Company arising from breach of his fiduciary duties. If a Director has made any profit for the benefit of himself or any third party as a result

of any breach of his fiduciary duties, the Company shall, if so resolved by the Members by way of an Ordinary Resolution, take all such actions and steps as may be appropriate and to the maximum extent legally permissible to seek to recover such profit from such relevant Director. If a Director has, in the course of conducting the Company's business, violated any laws or regulations that causes the Company to become liable for any compensation or damages to any person, such Director shall become jointly and severally liable for such compensation or damages with the Company and if any reason such Director is not made jointly and severally liable with the Company, such Director shall indemnify the Company for any loss incurred or suffered by the Company caused by a breach of duties by such Director. The Officers, in the course of performing their duties to the Company, shall assume such duties and obligations to indemnify the Company in the same manner as if they are Directors.

Chairman to Preside

111. The Directors shall, by a resolution, establish rules governing the procedure of meeting(s) of the Directors and report such rules to a general meeting, and such rules shall be in accordance with these Articles and the Applicable Public Company Rules.
112. A committee appointed by the Board of Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairman of the meeting.
113. A committee appointed by the Board of Directors may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority vote provided that a quorum of a majority of such members is present and in case of equal votes, the chairman of the meeting shall have no casting vote.

CORPORATE RECORD

Minutes

114. The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:
 - (a) all appointments of officers made by the Board of Directors;
 - (b) the names of the Directors present at each meeting of the Board of Directors; and

- (c) all resolutions and proceedings at all general meetings, meetings of the Board of Directors, and meetings of committees formed under Article 99 hereof.

DIVIDENDS, BONUS AND RESERVE

- 115. If the company shows a profit for a given year, one to 10 percent of the profit shall be appropriated as employee remuneration. No more than one percent of the profit shall be appropriated as directors' remuneration. However, if the company has accumulated losses, profits shall not be appropriated until the loss has been made up. Employee remuneration shall be in the form of stock or cash. The subject for receiving the remuneration is set out by the Board of Directors or its authorized person(s). The allocation of employee and director remuneration shall be determined by a Board of Director resolution, where two-thirds or more of the directors are present, and at least half of those present agree to the resolution. Such Board resolution shall be reported at the shareholders meeting.

Unless the resolution needs to be ratified again at the shareholders meeting according to Article 69 (a), the company can adjust the distribution according to the distribution ratio detailed below. The proposal for the ratio shall be drafted by the Board of Directors and proposed at the shareholders meeting. The proposal must be approved via general resolution to be valid:

- (1). Tax payments;
- (2). Making up for previous losses;
- (3). Deposit 10% as a legal serve (however, this does not apply if the accumulated legal reserve has reached the company's total capital); and
- (4). Where necessary, setting aside or reversing special reserve.

The Board of Directors shall make proposals for the allocation of the remaining profit (based on the amount after items one to four above have been deducted, and with the initial non-allocated profit added) and distribute the profit based on a shareholders meeting resolution.

Any remaining profit can be allocated as a dividend. The company is in the initial stages of industry development, and the corporate life cycle is in a positive growth stage. To respond to future operational expansion plans, and taking into account the dividend balance and shareholders' rights, the

dividend shall be allocated to shareholders in the form of cash or newly issued stocks. This reflects shareholders apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid, in a combination of both cash and stock, or in the form of a bonus. The actual issuance ratio authorized by the Board of Directors is in accordance with the Company Act and other public company regulations. Finance, business, and management factors are considered before making the allocation. However, a dividend allocation shall not be less than 10% of the remaining profit, and the cash dividend shall not be less than 10% of the total available dividend amount.

116. The Directors may, before recommending distribution of any dividend or bonus, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors be applicable for meeting contingencies, or for meeting the deficiencies for implementing dividend distribution plans or for any other purpose to which those funds may be properly applied and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit. The Directors may also, without placing the same to reserve, carry forward any profit which they decide not to distribute.
117. Any dividend, interest or other monies payable in cash in respect of the shares may be paid by wire transfer to the Members or by cheque sent through the post to the registered address of the Member in the Register of Members.
118. In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of the shares may be paid to the holder first named in the Register of Members, or to such person and to such address as the joint holders may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.
119. Subject to any rights and restrictions for the time being attached to any class or classes of shares, all dividends shall be declared and paid according to the amounts paid on the shares.
120. The Board may, subject to approval by the Members by way of Ordinary Resolution or, in the case of Article 69 (a), Supermajority Resolution and subject to these Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members in proportion to the number of shares held by them, and such dividend may be paid in cash,

shares or, subject to Article 120-1, wholly or partly in specie. No unpaid distribution shall bear interest as against the Company.

- 120-1 Subject to the provisions of Article 120, the Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution, subject, however to obtaining the prior consent of any Member to whom it is proposed to make a distribution in specie and a valuation of the assets for distribution from the an ROC certified public accountant, prior to the Directors fixing the value of the assets for distribution. The Directors may make cash payments to some Members on the footing of the value so fixed in order to adjust the rights of Members. Without limiting the foregoing generality, the Directors may vest any such specific assets in trustees on such terms as the Directors think fit and may issue fractional shares.

ACCOUNTS AND AUDIT

121. The Board of Directors shall cause proper books of account (including, business reports, financial statements and proposals for distribution of profits or losses) to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books of account shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions. Such books of account shall be kept for at least five years from the date they are prepared.
122. The Board of Directors shall submit business reports, financial statements and proposals for distribution of profits or losses prepare by it for the purpose of annual general meeting of the Company for ratification by the Member as required by the Applicable Public Company Rules. After ratification by the annual general meeting, the Board of Directors shall distribute copies or make a public announcement of the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or loss, to each Member.
123. For so long as the Shares are listed on the GTSM, the Board of Directors shall keep copies of the yearly business report and financial statements at the office of its Shareholders' Service Agent before ten (10) days of the annual general meeting and any of its Members is entitled to inspect such documents during normal business hours of such Agent.

CAPITALISATION

124. Subject to Article 69 (a), the Board of Directors may capitalize any sum outstanding to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in proportion to their shareholding by way of dividend in the form of new shares and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event, the Board of Directors shall do all acts and matters required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit such that Shares shall not become distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the interested Members into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

SHARE PREMIUM ACCOUNT

125. The Board of Directors shall in accordance with Section 34 of the Companies Law establish a share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share.
126. There shall be debited to any share premium account on the redemption or purchase of a share the difference between the nominal value of such share and the redemption or purchase price provided always that at the discretion of the Board of Directors such sum may be paid out of the profits of the Company or, if permitted by Section 37 of the Companies Law, out of capital.

AUDIT COMMITTEE

127. The Company shall establish an Audit Committee. The Audit Committee shall comprise solely of Independent Directors and the number of committee members shall not be less than three. One of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members.

128. Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the Board of Directors for resolution:

- (a) adoption of or amendment to an internal control system;
- (b) assessment of the effectiveness of the internal control system;
- (c) adoption of or amendment to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others;
- (d) any matter relating to the personal interest of the Directors;
- (e) a material asset or derivatives transaction;
- (f) a material monetary loan, endorsement, or provision of guarantee;
- (g) the offering, issuance, or Private Placement of any equity-type securities;
- (h) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
- (i) the appointment or discharge of a financial, accounting, or internal auditing officer;
- (j) approval of annual and semi-annual financial reports; and
- (k) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

With the exception of item (j), any other matter that has not been approved with the consent of one-half or more of all Audit Committee members may be undertaken upon the consent of two-thirds or more of the members of the Board of Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Directors meeting.

128-1. Subject to the condition that the Board of Directors does not or is unable to convene a meeting of shareholders, any one Independent Director of the Audit Committee may, for the benefit of the Company, call a general meeting when it is deemed necessary.

COMPENSATION COMMITTEE

129. The Board of Directors shall, in accordance with the Applicable Public Company Rules, establish a Compensation Committee comprised of at least three members, one of which shall be the Independent Director. The professional qualifications of the members of the Compensation Committee, the responsibilities, powers and other related matters of the Compensation Committee shall comply with the Applicable Public Company Rules. Upon the establishment of the Compensation Committee, the Board of Directors shall, by a resolution, adopt a charter for the Compensation Committee in accordance with these Articles and the Applicable Public Company Rules.
- 129-1 The compensation to be proposed by the Compensation Committee referred in the preceding Article shall include the compensation, stock options and other incentive payments payable to Directors and Officers of the Company.

TENDER OFFER

130. Within seven days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Public Company Rules, the Board of Directors shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:
- (a) The types and number of the shares held by the Directors and the Members holding more than 10% of the outstanding shares in their own names or in the names of other persons;
 - (b) Recommendations to the Members on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefor;
 - (c) Whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any; and
 - (d) The types, numbers and amount of the shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the outstanding shares held in their own names or in the name of other persons.

NOTICES

131. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to the Member at his address as appearing in the Register of Members, or to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic mail number or address such Members may have positively confirmed in writing for the purpose of such service of notices. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands as their representative in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
132. Any notice or other document, if served by (a) post, shall be deemed to have been served at the time when the letter containing the same is posted, or, (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient, (c) courier service, shall be deemed to have been served at the time when the letter containing the same is delivered to the courier service or (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail. In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

INFORMATION

133. The Board of Directors shall keep at the office of its Shareholders' Service Agent in the ROC copies of the Memorandum of Association, the Articles, the minutes of every meeting of the Members, the financial statements, the Register of Members and the counterfoil of corporate bonds issued by the Company. Any Shareholder of the Company may request at any time, by submitting evidentiary document(s) to show his/her interests involved and indicating the scope of interested matters, an access to inspect, transcribe and to make copies of the Memorandum of Association, the Articles and accounting books and records. The Company shall procure that the Shareholders' Service Agent in the ROC provides such Shareholder with the requested access.

- 133-1 The Board of Directors or other authorized conveners of general meetings may require the Company or its Shareholders' Service Agent in the ROC to provide it or them with a copy of the Register of Members.

FINANCIAL YEAR

134. The financial year end of the Company shall be 31st December in each year but, subject to any direction of the Company in general meeting, the Board of Directors may from time to time prescribe some other period to be the financial year, provided that the Board of Directors may not without the sanction of an Ordinary Resolution prescribe or allow any financial year longer than twelve months.

WINDING UP

135. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Member in proportion to the number of the shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of shares issued upon special terms and conditions.
136. If the Company shall be wound up the liquidator may, subject to Article 70, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as it deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, subject to Article 70, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the contributories as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

AMENDMENT OF ARTICLES OF ASSOCIATION

137. Subject to the Companies Law and these Articles, the Company may at any time and from time to time by Special Resolution alter or amend these Articles and/or Memorandum of Association with respect to any objects, powers or other matters contained therein, in whole or in part.

REGISTRATION BY WAY OF CONTINUATION

138. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

139. So long as the Shares are listed on the GTSM, the Company shall appoint a litigious and non-litigious agent pursuant to the Applicable Public Company Rules to act as the Company's responsible person in the ROC under the Securities and Exchange Law of the ROC. The Company's litigious and non-litigious agent shall be a natural person and have a residence or domicile in the ROC.



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Regulations Governing Shareholders' Meeting

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Document Name	Regulations Governing Shareholders' Meeting	Version	D

1. Objectives:

These Regulations are duly enacted to assure a sound governance system for the Company's shareholders' meeting, wholesome superintendence functions and intensify managerial performance.

2. Scope:

These Regulations are applicable to the event where the Company convenes a shareholders' meeting.

3. Powers and responsibilities:

The shareholders' meeting shall be duly convened by the Financial & Accounting Department which shall take overall charge of affairs to convene shareholders' meeting.

4. Definitions:

Nil.

5. Contents of operation:

- 5.1 These Regulations are duly enacted in accordance with the Company's Articles of Incorporation and laws and ordinances concerned to assure a sound governance system for the Company's shareholders' meeting, wholesome superintendence functions and intensify managerial performance.
- 5.2 The Company shall duly convene meetings according to these Regulations unless otherwise prescribed in laws and ordinances concerned or the Articles of Incorporation.
- 5.3 The shareholders' meeting of the Company shall be duly convened by the Board of Directors unless otherwise prescribed in laws and ordinances concerned or the Articles of Incorporation.
- 5.4 The Company shall have the notices to shareholders' meetings, blank paper for proxies, issues to be acknowledged, to be discussed, issues for election or discharge of directors and other instruction papers produced into electronic files and promulgated through the Market Observation Post System (MOPS) thirty days in advance of a regular meeting of shareholders or fifteen days in advance of a temporary (extraordinary) meeting of shareholders. The Company shall further have the

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shareholders' meeting agenda books, supplementary data of the meeting produced into electronic files and submitted to the website(s) promulgated by the competent authorities of the government got readily available to shareholders and displayed at the Company and the Company's agent for stock affairs twenty-one days in advance of a regular meeting of shareholders or fifteen days in advance of a temporary (extraordinary) meeting of shareholders. Besides, the Company shall further make the shareholders' meeting agenda books, supplementary data of the meeting readily accessible to shareholders, displayed in the Company and its shareholder services agent as well as fifteen days in advance of the shareholders' meeting, and to be handed out on-the-spot of the shareholders' meeting.

- 5.5 Subject to consent by the counterparts, the notices and promulgation of the Company shall bear the subjects of the meeting and may be served by electronic means.
- 5.6 The major issues regarding election or discharge of directors, amendment of Articles of Incorporation, dissolution, merger, division or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act of the Company or other major issues which could not be suggested by means of occasional (ex tempore) motions as regulated in the Articles of Incorporation shall be expressly enumerated in the subject issues of the meeting and shall not be suggested in the occasional (extempore) motions process.
- 5.7 A shareholder who holds over 1% of the total issued shares of the Company may pose a suggestion in writing but only for one issue. An issue more than one covered in such suggestion shall not be covered into the agenda. In the event that an issue suggested by a shareholder which should not be entered as an issue as promulgated in the Articles of Incorporation, the Board of Directors shall not enter it as an issue for the meeting.
- 5.8 The Company shall promulgate the suggestion, the location and period to accept suggestions from shareholders before the date to suspend stock transfer prior to convening of a regular meeting of shareholders. The period to accept suggestions shall not be less than ten days in minimum.
- 5.9 An issue suggested by a shareholder shall not exceed the maximum of three hundred Chinese characters. An issue suggested by a shareholder exceeding three hundred Chinese characters shall not be entered as an issue. A shareholder who submits a suggestion shall attend the shareholders' meeting and participate in discussion of that issue either in person or through a proxy.



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- 5.10 The Company shall keep the suggesting shareholders informed of the results to accept or reject their suggestions prior to the date to serve notice for the meeting and shall have the accepted suggestions expressly entered into the notices to the meeting. On suggestions offered by shareholders which are not entered into the issues, the Board of Directors shall explain during the shareholders' meeting the reasons why they are not accepted.
- 5.11 The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any shareholder shall not invalidate the proceedings at that meeting.
- 5.12 A shareholder may, for each shareholders' meeting, issue the proxy (power of attorney) in the form printed and provided by the Company, expressly bearing the scope of the authorized powers to authorize a proxy to attend a shareholders' meeting on his or her behalf.
- 5.13 A shareholder may issue only one proxy (power of attorney) and may authorize only one proxy. The proxy (power of attorney) shall be submitted to the Company five days in advance of the meeting. In case of a duplication case of proxy, the proxy shall be accepted on the first come first served basis unless the preceding proxy received is declared withdrawn.
- 5.14 In the event that a shareholder intends to attend a shareholders' meeting in person after submitting his or her proxy (power of attorney) to the Company, he or she shall serve a notice to the Company in writing to withdraw the proxy two days preceding the date scheduled for the meeting. In the event that the withdrawal is overdue behind schedule, only the voting power balloted by the proxy shall be accepted.
- 5.15 The arena to convene a shareholders' meeting shall be, pursuant to the Company's Articles of Incorporation and subject to approval by the GreTai Securities Market (GTSM), in a location inside the territories of the Republic of China convenient to shareholders to attend the meeting. A shareholders' meeting shall start at a time not earlier than 9:00 a.m. or beyond 3:00 p.m.. The opinions of the independent directors shall be taken into adequate consideration regarding the time and location of the shareholders' meeting.
- 5.16 The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

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The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

The Company shall provide a sign-in book wherewith the present shareholders or the proxies (powers of attorney) (hereinafter collectively referred to as shareholders) may sign in for presence. Or the shareholders present in person may submit sign-in cards instead of signing on the book.

- 5.17 The Company shall hand over to present shareholders the agenda book of the shareholders' meeting, annual report, participation certificates, statements of speech, voting ballots and other documents of the meeting, along with election ballots in the event that directors are to be elected in the shareholders' meeting.
- 5.18 Present shareholders shall attend a shareholders' meeting based on their participation certificates, participation sign-in cards or other presence certificate(s). The Company shall not ask shareholders to show any other certificates. A shareholder who solicits a proxy (power of attorney) shall also get ready identity certificate ready for verification.
- 5.19 In case a government or judicial (corporate) person is a shareholder, the representative(s) thereof shall not be limited to one person. When a juristic (corporate) person is authorized to be a proxy to attend a shareholders' meeting, it may appoint only one representative to attend the meeting.
- 5.20 In the event that a shareholders' meeting is convened by the Board of Directors, such shareholders' meeting shall be chaired by the Chairman. In the Chairman's absence or unavailability to exercise his responsibilities and powers, the Vice Chairman shall act in place. If the Company has no Vice Chairman or if the Vice Chairman is unavailable to perform the duties as well, the Chairman shall, in advance, appoint a director to act in his place. In absence of such appointment by the Chairman, one director shall be elected from among themselves to act in the place.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director



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that serves as chair.

- 5.21 A shareholders' meeting convened by the Board of Directors, Chairman shall be chaired, and it is advisable that attended by a majority of the total director seats of the Board of Directors and at least one seat of the Audit Committee being attended, and any other function committee member being attended. Such situation of attendant shall be recorded on the meeting minutes.
- 5.22 In the event that at a shareholders' meeting is convened by the convener beyond the Board of Directors, the shareholders' meeting shall be chaired by that convener. In case of two or more conveners, one among the conveners shall be elected from among themselves to chair the meeting.
- 5.23 The Company may appoint the retained Attorney(s)-at-Law, Certified Public Accountant(s) or other people concerned to attend the shareholders' meeting as an observer.
- 5.24 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.
- The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to the Articles of Incorporation or the Company Act, the recording shall be retained until the conclusion of the litigation.
- 5.25 The presence by shareholders in a shareholders' meeting shall be calculated on the grounds of the number of shares represented by the present shareholders. The number of shares represented by the present shareholders shall be calculated based on the sign-in book or the submitted presence cards added with the number of shares represented by the voting powers exercised in electronic means.
- 5.26 The chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than half of the total number of issued shares, the chair shall declare the meeting adjourned. In the event that the shareholders' meeting is indispensable, the Company shall convene a shareholders' meeting in accordance with



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the Articles of Incorporation.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to the regulations; all shareholders shall be notified of the tentative resolution and prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting.

- 5.27 In the event that a shareholders' meeting is convened by the Board of Directors, the agenda shall be fixed by the Board of Directors. The shareholders' meeting shall be duly held based on the scheduled agenda which shall not be changed unless resolved by the shareholders' meeting.
- 5.28 In the event that a shareholders' meeting is convened by a person beyond the Board of Director, the provision set forth in the preceding paragraph is applicable *mutatis mutandis* to the process.
- 5.29 The chairperson shall not promulgate adjournment of the meeting until the issues arranged in the agenda mentioned in the two preceding paragraphs (including occasional (extemporaneous) motions). In the event that the chairperson violates the regulations of the shareholders' meeting by promulgating adjournment of the meeting unlawfully, other members of the Board of Directors shall promptly help the present shareholders elect another person by a majority vote of the voting powers held by the present shareholders as the new chairperson to continue the meeting process.
- 5.30 Where a shareholder proposes an amendment or occasional (extemporaneous) motions, the chairperson shall grant him or her opportunities for adequate explanation and discussion. When the issue is deemed to be up to the extent for balloting, the chairperson may promulgate discontinuance of discussion to start balloting for decision.
- 5.31 A present shareholder who intends to speak out shall fill out the floor note, expressly indicating highlights of the speech, shareholder account number (or participation certificate code) and name of the shareholder. The chairperson shall fix the order of speech floor.
- 5.32 A shareholder who fails to speak up after having given the floor note is deemed as having not

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spoken out. In case of a discrepancy between the contents of actual speech and the entry on the floor, the contents of actual speech shall be acknowledged.

- 5.33 Each shareholder shall not speak for a same issue twice, or over five minutes each time unless agreed upon by the chairperson. In the event that a shareholder speaks against requirements or goes beyond the scope of the subject issue, nevertheless, the chairperson may stop his or her speech.
- 5.34 While a present shareholder speaks up, other shareholders shall not speak to interfere with the speech unless agreed upon by the chairperson or the speaking shareholder. Otherwise the chairperson shall stop such interfering speech.
- 5.35 Where a juristic (corporate) person shareholder assigns two or more representatives to attend a shareholders' meeting, only one among them shall be appointed to speak up for a same issue.
- 5.36 After a present shareholder completes speech, the chairperson may reply in person or through a designee.
- 5.37 A decision in a shareholders' meeting shall be resolved based on the number of the represented shares.
- 5.38 In the resolving process in a shareholders' meeting, the number of shares held by shareholders who are not entitled to vote shall not be counted.
- 5.39 On an issue discussed in a shareholders' meeting, a shareholder who is likely to get involved in conflict of interests shall not participate in the voting process, nor shall he or she vote as a proxy for another shareholder.
- 5.40 The aforementioned number of shares not entitled to the voting power shall not be counted into the number of votes of present shareholders.
- 5.41 Except for the chairman being deemed appointed of a general meeting as proxy under Article 5.43 or prescribed in the Company's Articles of Incorporation, when a person is authorized by two or more shareholders simultaneously, his or her voting power shall not exceed 3% of the number of

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total issued shares of the Company as the voting powers. The voting power in excess, if any, shall be discarded.

- 5.42 Each share hereof is entitled to one voting power unless otherwise prescribed in the Company's Articles of Incorporation.
- 5.43 While a shareholders' meeting is convened by the Company, voting powers may be exercised in writing or by electronic means. In the event that the voting power is exercised in writing or by electronic means, the method of voting power shall be expressly entered into the notices to the shareholders' meeting. A shareholder who exercises voting power in writing or by electronic shall be deemed to have appointed the chairman of the general meeting as his proxy to vote his shares at the general meeting only in the manner directed by his written instrument or electric document. On the occasional (extemporaneous) motions or amendment of the initial issue, nevertheless, such shareholder who exercises voting power in writing or by electronic means is deemed to have abstained.
- 5.44 A shareholder who exercises voting power in writing or by electronic means as mentioned in the preceding paragraph shall have his or her intent expressed in writing to the Company two days prior to the date scheduled for the meeting. In case of duplication in expression of the intent, it shall be managed on the first come first served basis unless the preceding expression is declared withdrawn.
- 5.45 In the event that a shareholder intends to participate in the shareholders' meeting in person after having exercised voting power in writing or by electronic means, he or she shall withdraw the expression of the intent in a means same as the exercise of voting power in writing or by electronic means at least on two days preceding the date scheduled for the shareholders' meeting. In case of an overdue withdrawal, the voting power in writing or by electronic means shall govern. In the event that a shareholder who exercises voting power in writing or by electronic means and, meanwhile, authorizes a proxy with proxy (power of attorney) to attend the meeting, the voting power exercised by the proxy shall be acknowledged.
- 5.46 Unless otherwise provided for in the Company Act and Company's Articles of Incorporation, decisions in the shareholders' meeting shall be resolved by a majority vote of the present shareholders in the meeting. During the voting process, the chairperson or his or her designee

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shall announce the total number of balloting powers represented by the present shareholders and voting by each case. After the meeting, key in the results of agree, disagree and waived on the MOPS.

- 5.47 An issue is deemed to have been duly resolved if no objection is heard in response to inquiry by the chairperson toward all present shareholders. The decision so solved is equally valid as a decision duly resolved through balloting process. A shareholder who objects such a decision shall duly vote through balloting in accordance with the preceding paragraph. Other than those issues already entered into the agenda, other issues or an amendment or a substitution posed by a shareholder shall be duly seconded before being discussed.
- 5.48 Where a same issue is accompanied by an amendment or a substitution, the chairperson shall consolidate that issue into the initial issue to fix the subsequence of balloting. When one of such issues is resolved, other issues are deemed to have been vetoed. No voting process is required.
- 5.49 The personnel to monitor and to tally ballots shall be designated by the chairperson. The monitor shall come out among shareholders.
- 5.50 Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
- 5.51 In the event that director(s) is(are) elected in a shareholders' meeting, the election shall be duly handled in accordance with the election regulations enacted by the Company. The election outcome shall be announced on-the-spot, including the names of those elected as directors and the numbers of votes with which they were elected.
- 5.52 The election ballots for election mentioned in the preceding paragraph shall be duly signed and tightly sealed up by the monitor before being put into careful custody and shall be archived for a minimum of one year, but shall be archived till the litigation is concluded in the event that a shareholder lodges litigation to withdraw the decision in accordance with the Company's Articles of Incorporation.

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- 5.53 Minutes of shareholders' meeting shall be duly worked out, duly signed and affixed seal by the chairperson and shall be served to all shareholders within twenty days after the meeting. The minutes may be worked out and handed out in electronic means.
- 5.54 Minutes of shareholders' meeting could be key in to Market Observation Post System (MOPS) for issuing.
- 5.55 Minutes of shareholders' meeting shall bear the month, date, year, place of the meeting, the chairperson's name, the method of resolution, the progress and highlights of the meeting and shall be archived in the Company throughout the period while the Company exists.
- 5.56 Regarding the method of resolution mentioned in the preceding paragraph, in the event that a decision is resolved without an objection in response to inquiry by the chairperson toward all present shareholders, the minutes shall expressly remark "The issue is unanimously resolved by all shareholders present in the meeting without an objection in response to inquiry by the chairperson toward all present shareholders". If using the method of balloting, the minutes shall expressly remark the method of balloting, the number of voting powers and ratio of the voting power.
- 5.57 On the number of shares solicited by a shareholder and the number of shares represented by proxies, the Company shall, on the very day when the shareholders' meeting is convened, duly work out the statistical table based on the specified format and expressly disclose at the site of the shareholders' meeting.
- 5.58 In the event that the decisions resolved involve major messages promulgated by law, the Company shall have the contents of such decisions transferred to the website designated by the competent authorities of the government.
- 5.59 The staff in charge of shareholders' meeting shall bear identity certificates or an arm-band.
- 5.60 The chairperson may direct the discipline guards or security guards to help maintain a sound order of the shareholders' meeting. The discipline officers or security guards shall, while maintaining the order of the meeting, wear identity certificates or arm-bands reading "discipline officers".
- 5.61 In the event that loudspeaker equipment is provided for the shareholders' meeting site, the

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chairperson shall stop anyone who speaks up not with the equipment provided by the Company.

- 5.62 In the event that a shareholder violates the regulations of the meeting and defies regulation by the chairperson, or obstructs the progress of the meeting and defies correcting order, the chairperson may order the discipline officers or security guards to dispel such shareholder out of the shareholders' meeting site.
- 5.63 During progress of a shareholders' meeting, the chairperson may fix a time as appropriate for a recess. Up on occurrence of *force majeure*, the chairperson may order temporary suspension of the meeting and announce the time to resume the meeting as the actual situations may justify.
- 5.64 In the event that the site for the shareholders' meeting cannot be continually used until the scheduled issues (including occasional (extemporaneous) motions) are concluded, the meeting may be relocated elsewhere as appropriate to continue the process of the shareholders' meeting as resolved in the shareholders' meeting.
- 5.65 A shareholders' meeting may be deferred or resumed within five days after adjournment of the meeting announced by the chairperson in accordance with the Company's Articles of Incorporation.
- 5.66 These Regulations Governing Shareholders' Meeting and amendment hereof shall be enforcement after approved by the shareholders' meeting.

6. References:

Nil.

7. Forms concerned:

Nil.

8. Appendices:

- 8.1 Contents of inspection

Operating vouchers

1. Sign-in book of shareholders.



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2. Minutes of shareholders' meeting.



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Revise History				
Version	Owner	Review	Release Date	Release Explain
A	Tsai Hsing-fang	Chang Sheng-shih	110637	First Release
B	Tsai Hsing-fang	Chang Sheng-shih	130416	In order to comply with the FSC revised 「Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies」 dated July 6, 2012
C	Chen Yu Wen	Tsai Hsing-fang	140623	In order to conform to the needs of commercial practice
D	Wu Ching-chen	Huang An-pang	150612	In order to conform to the needs of commercial practice
E	Fu RueiI-Fang	Huang,Mei-Fang	190412	In order to conform to the needs of commercial practice



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1. Objectives:

These Regulations are duly enacted in an attempt to safeguard shareholders' interests, assure sound and wholesome endorsements/guarantees related financial management so as to minimize business operation risks.

2. Scope:

Unless otherwise prescribed in laws and ordinances concerned, these Regulations are applicable to all practices of the Company in external endorsements/guarantees.

3. Powers and responsibilities:

These Regulations are duly enacted and amended by the Financial and Accounting Department exactly in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".

4. Definitions:

- 4.1 "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4.2 "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.
- 4.3 Where a public company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

5. Contents of operation:



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- 5.1 The term “endorsements/guarantees” as set forth herein denotes the following business operation:
- 5.1.1 Financing endorsements/guarantees, including:
- (1) Bill discount financing.
 - (2) Endorsement or guarantee made to meet the financing needs of another company.
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
- 5.1.2 Customs duty endorsement/guarantee: An endorsement or guarantee for the company itself or another company with respect to customs duty matters.
- 5.1.3 Other endorsements/guarantees: Endorsements or guarantees beyond the scope of the above two subparagraphs. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.
- 5.2 The Company may grant endorsements/guarantees for the following targets:
- 5.2.1 Targets for the Company’s endorsements/guarantees:
- (1) A company or firm in business transaction with the Company.
 - (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
 - (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- 5.2.2 Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.



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5.2.3 Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other such endorsements/guarantees may be made free of the restriction set forth in 5.2.1~5.2.2.

5.2.4 The term “capital contribution” as set forth herein denotes shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.

5.2.5 Credit line limits for endorsements/guarantees:

- (1) Unless agreed upon by the shareholders’ meeting, the total amount of endorsements/guarantees granted by the Company for other firms shall not exceed 100% of the Company’s net worth as shown through the Company’s latest financial statements duly certified or audited by the Certified Public Accountant. Unless agreed upon by the shareholders’ meeting, the aggregate total amount of endorsements/guarantees granted by the Company and all its subsidiaries for other firms shall not exceed 100% of the Company’s net worth as shown through the Company’s latest financial statements duly certified or audited by the Certified Public Accountant.
- (2) Unless agreed upon by the shareholders’ meeting, the amount of endorsements/guarantees granted by the Company for any single enterprise shall not exceed 100% of the Company’s net worth as shown through the Company’s latest financial statements duly certified or audited by the Certified Public Accountant. Unless agreed upon by the shareholders’ meeting, the aggregate total amount of endorsements/guarantees granted by the Company and all its subsidiaries for any single enterprise shall not exceed 100% of the Company’s net worth as shown through the Company’s latest financial statements duly certified or audited by the Certified Public Accountant.



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(3) Where the Company renders endorsements/guarantees for business transaction, the amount of endorsements/guarantees granted by the Company for any single target shall not exceed the total amount of business transactions concluded by and between both sides during the twelve months prior to granting of endorsements/guarantees and shall not exceed 50% of the Company's net worth as shown through the Company's latest financial statements duly certified or audited by the Certified Public Accountant. The term "amount of business transactions" as set forth herein denotes the amounts of either purchases or sales, whichever is the higher in amount.

5.3 Policymaking process and authorization levels:

5.3.1 Whenever the Company is required to render guarantee or endorsement for negotiable instruments to meet business needs, after adequate discussion and assessment by the departments concerned, the suggestion may be submitted to the Board of Directors for final decision beforehand. To meet a need of timeliness, nevertheless, the Board of Directors may authorize the Chairman to proceed with endorsements/guarantees within the specified credit line limits and to report to the latest board of directors meeting for retrospective acknowledgement. The term "specified credit line limits" as set forth herein denotes: The credit line limit authorized to the Company and its subsidiaries for overall endorsements/guarantees toward a single enterprise under 5.2.1 shall not exceed 10% of the Company's net worth.

5.3.2 In case of a substantial business need where the Company is required to render endorsements/guarantees beyond the aforementioned credit line limits where the case proves to meet the requirements under these Regulations, it calls for a decision duly resolved by the Board of Directors through a majority vote and the Company's directors should jointly guarantee the excess beyond the limit. These Regulations should be amended to be acknowledged by the shareholders' meeting retrospectively. In the event that the shareholders' meeting disagrees, the shareholders' meeting should report to the Board of Directors with a request that the part of excess should be deleted within the specified time limit. If the Company has duly set up independent directors, upon



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discussion in the board of directors meeting mentioned in the preceding paragraph, the Company should take adequate consideration of the opinions of the independent directors. Their opinions, both pros and cons, and the reasons should be expressly entered into the minutes of the board of directors meeting.

5.3.3 If the Company has duly set up independent directors, whenever the Company intends to render endorsements/guarantees for another party, the Company should take adequate consideration of the opinions of the independent directors. Their opinions, both pros and cons, and the reasons should be expressly entered into the minutes of the board of directors meeting.

5.3.4 Where the Company has set up the Audit Committee in accordance with the Articles of Incorporation, an act for major endorsements/guarantees shall be subject to consent by a minimum of one-second of all Audit Committee members and be submitted to the Board of Directors for final resolution. In the event that such a case does not pass approval by over one-second of the total Audit Committee members, the case may be granted directly if it is resolved by a two-thirds majority vote in the Board of Directors. Such fact should be expressly entered into the minutes of the board of directors meeting. The terms “entire Audit Committee members” and “entire directors” as set forth herein shall be duly calculated based on the numbers of Audit Committee members and directors actually serving on the post.

5.4 When the Company renders endorsements/guarantees externally, the case should be reviewed and handled through the following procedures:

5.4.1 The Company shall, before granting endorsement or rendering guarantee to another party, conduct prudential assessment whether the target satisfies the requirements under these Regulations and laws and ordinances concerned. The Financial Department shall further assess the indispensability and rationality of the target endorsements/guarantees, conduct credit investigation over the target beneficiaries, with review in detail about the Company’s operating risks, financial standing, impact upon the shareholders’ equity, whether collateral should be obtained and the values of the provided



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collateral, thereafter, should assemble the opinions of departments concerned within 「Application Form of Endorsement and Guarantee」which approved by the responsibilities director, and to submit the final result of assessment to the Board of Directors for the final decision beforehand. Board of Directors may, as well, authorize the Chairman to render endorsements/guarantees within the specified credit line limit before reporting afterward to the latest board of directors meeting for retrospective acknowledgement.

- 5.4.2 The Financial Department shall set up a Memorandum (Ready-to-Check) Book to enter details about the targets of endorsements/guarantees, amounts, the dates while the Board of Directors resolves or the Chairman conducts, date of endorsements/guarantees and the matters subject to prudential assessment mentioned in the preceding paragraph.
- 5.4.3 While rendering endorsements/guarantees externally, the Company may request that the beneficiary company of endorsements/guarantees to provide collateral.
- 5.4.4 In the event that a target of endorsement/guarantee is a subsidiary of the Company with net worth below one-second of the paid-in capital, the Company should take subsequent control measures, e.g., the Company should frequently watch that subsidiary's financial standing, business operation and credit status after the endorsements/guarantees. If that subsidiary has provided collateral, the Company should closely watch the change in collateral. In case of a significant change, it should be reported to the Chairman forthwith and take countermeasures as appropriate and as instructed. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.
- 5.4.5 In case of a change in situation where the endorsements/guarantees rendered by the Company turn from satisfaction to requirements into inconsistency or the amount of endorsements/guarantees becomes in excess of the requirements due to a change in the ground of calculation, the Financial and Accounting Department should work out improvement programs to be approved by the



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Chairman so that the excess will be deleted within the specified time limit. The improvement program should be submitted to the Audit Committee and the corrective action (remedial measure) should be completed within the specified time limit.

5.5 Custody of registered specimen seals and the procedures:

5.5.1. For negotiable instruments, the special registered specimen seals should be put under custody by specially assigned personnel and shall not be used to affix on or to issue negotiable instruments only according to the procedures specified by the Company. Such custodians shall be assigned by the Chairman and a change of a custodian shall be made only by the Board of Directors.

5.5.2 When the Company renders guarantee for an overseas company, the letter of guarantee issued by the Company shall be signed by the Chairman authorized by the Board of Directors.

5.6 Procedures to control over endorsements/guarantees rendered by a subsidiary:

(1) Where a subsidiary of the Company intends to render endorsements/guarantees to others, that subsidiary should duly enact Regulations Governing Endorsement & Guarantee Operations in accordance with the laws and ordinances concerned and should duly implement endorsements/guarantees according to the Regulations.

(2) Where a subsidiary of the Company renders endorsements/guarantees to others, that subsidiary should submit the supporting documents to the Company to be approved by the Company's Board of Directors beforehand except a endorsements/guarantees case within the specified credit line limit which may be implemented through the subsidiary's chairman and be reported to the Company's latest board of directors meeting for retrospective acknowledgement..

(3) The Company's subsidiaries shall work out and submit to the Company the itemized statements of endorsements/guarantees rendered in the preceding month on a monthly basis to assure a sound control over endorsements/guarantees.



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5.7 The Company's internal auditors shall, on a quarterly basis at least, audit the Endorsement & Guarantee Procedures and the implementation thereof, work out documented records. Whenever a major default is found, it should be reported to the Audit Committee in writing.

5.8 Full disclosure of information:

(1) The Company shall promulgate and declare the balances of endorsements/guarantees rendered by the Company and its subsidiaries in the preceding month on or before the 10th day of every month.

(2) The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

(2.1) Whenever the balances of endorsements/guarantees case rendered by the Company and its subsidiaries reach over 50% of the net worth shown through the Company's latest financial statements.

(2.2) Whenever the balances of endorsements/guarantees case rendered by the Company and its subsidiaries toward a single enterprise reach over 20% of the net worth shown through the Company's latest financial statements.

(2.3) Whenever the balances of endorsements/guarantees case rendered by the Company and its subsidiaries toward a single enterprise reach over NT\$10 million and the aggregate of the endorsements/guarantees, investment of a long-term nature in and capital lent out reaches over 30% of the net worth shown through the Company's latest financial statements.

(2.4) Whenever the amount of endorsements/guarantees newly increased by the Company and its subsidiaries reaches over NT\$30 million and reaches over 5% of the net worth shown through the Company's latest financial statements.



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(3) Where a subsidiary of the Company is not a public company of the Republic of China and where that subsidiary has any fact subject to promulgation, declaration required under 5.8(2), the promulgation and declaration shall be conducted by the Company instead.

(4)The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

5.9 Penalty clauses: The Company's managerial officers and personnel in charge who violate these Regulations shall receive due penalty in accordance with the Company's Personnel Rules as the actual requirements may justify.

5.10 Supplementation of Laws and Ordinances Concerned: Any matters insufficiently provided for herein shall be subject to laws and ordinances concerned.

5.11 Enforcement and amendment:

5.11.1 These Regulations shall be put into enforcement after being resolved in the Board of Directors, reported to and agreed upon by the shareholders' meeting. Where a director objects with record or written declaration, the Company should submit the objection to the shareholders' meeting for discussion. This same principle is equally applicable to an event of amendment

5.11.2 After the Company duly sets up independent directors, in case of 5.11.1 which is submitted to the Board of Directors for discussion, the Company should take adequate consideration of the opinions of the independent directors. Their opinions, both pros and cons, and the reasons should be expressly entered into the minutes of the board of directors meeting.



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- 5.11.3 Where the Company has set up the Audit Committee in accordance with the Articles of Incorporation, enactment or amendment of these Regulations shall be subject to consent by a minimum of one-second of all Audit Committee members and be submitted to the Board of Directors for final resolution.
- 5.11.4 In the event that a case under 5.12.3 does not pass approval by over one-second of the total Audit Committee members, the case may be granted directly if it is resolved by a two-thirds majority vote in the Board of Directors. The minutes of the board of directors meeting should also expressly remark the decision resolved in the Audit Committee.
- 5.11.5 The terms total Audit Committee members under 5.11.3 and the aforementioned total directors shall refer to those actually serving during the tenure of office.

6. References:

- 6.1 Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

7. Forms concerned:

- 7.1 Memorandum (Ready-to-Check) Book.
- 7.2 Application Form of Endorsement and Guarantee.

8. Appendices:

- 8.1 Nil

Attachment :

1. Nil.



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Important notes:

1. Nil.



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Document Name	Procedures for Election of Directors	Version	B

Procedures for Election of Directors

Document No	W-FA-I-014	Release Date	150612
Document Name	Procedures for Election of Directors	Version	B

1. Objectives:

These Procedures are duly enacted to assure that the Company's directors should be elected through fair, just and open procedures.

2. Scope:

These Regulations are applicable to elect the Company's directors.

3. Powers and responsibilities:

The election affairs of the Company's directors shall be duly convened by the Financial & Accounting Department.

4. Definitions:

Nil.

5. Contents of operation:

- 5.1 These Procedures are duly enacted in accordance with the Company's Articles of Incorporation and laws and ordinances concerned to assure that the Company's directors should be elected through fair, just and open procedures.
- 5.2 Unless otherwise prescribed in law or Articles of Incorporation, the Company's directors shall be duly elected in accordance with these Procedures.
To review the academic qualifications 、 experience and the Article 30 of Company Act of the directors, the Company shall not add any other certificates, and in order to elect suitable directors, the Company shall provide the review results to shareholders.
- 5.3 The Company shall elect directors with due consideration of the overall layout. The members of the Board of Directors should possess the diversification, and shall consider the operations to develop multi-functions, including two standards as below:
- 5.3.1 Basic conditions and values: sex 、 age 、 nationality and culture etc. °
- 5.3.2 Professional knowledge skill: professional backgrounds(such as law, accounting, industry, financial, marketing or technical) 、 professional skill and industry experience etc.

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The Company shall elect directors with due consideration of the overall layout and deployment of the Board of Directors. The members of the Board of Directors should possess the expertise, skills and elegance required to perform the duties. The overall capabilities are enumerated below:

- 5.3.3 Capability in due judgement for business operation.
- 5.3.4 Capability in accounting and financial analyses.
- 5.3.5 Capability in business management.
- 5.3.6 Capability in dealing with crisis.
- 5.3.7 Expertise in industries.
- 5.3.8 Outlook in international markets.
- 5.3.9 Leadership.
- 5.3.10 Capability in policymaking process.
- 5.4 The qualification requirements and election process of the Company's independent directors shall be pursuant to the requirements set forth in the Company's Articles of Incorporation and laws and ordinances concerned.
- 5.5 The Company's directors shall be duly elected through accumulated balloting system. Each share of the Company is entitled to the electing powers equivalent to the number of directors to be elected which may be used to elect one candidate or to allot to several candidates.
- 5.6 The Board of Directors shall prepare election ballots in the number equivalent to the number of directors to be elected, with entry of the weight numbers. The election ballots shall be distributed to shareholders in the shareholders' meeting. The names of the voters may be entered with the present certificate codes printed on the ballots instead.
- 5.7 Where the Company has set up independent directors in accordance with the Articles of Incorporation, both independent directors and non-independent directors shall be elected in one

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package. The numbers of independent directors and non-independent directors should be calculated separately based on the quota fixed in the Company's Articles of Incorporation. The candidates who win more ballots of the election powers shall be elected by order. In the event that two or more candidates win the same election powers and go beyond the specified quota, those candidates winning the same election powers shall be determined through lot-drawing process. In the event that a candidate is absent, the chairperson shall draw lot on his or her behalf.

- 5.8 Before starting of the election process, the chairperson shall designate certain numbers of monitors and tally staff out of shareholders to implement the respective duties. The ballot box shall be produced by the Board of Directors and shall be opened by the monitor to be inspected to public before the balloting process.
- 5.9 Where the candidates come out shareholders, the voters shall enter onto the boxes of candidates on the ballots the names of the candidates' accounts and their account codes. If a candidate comes beyond shareholders, the voters shall enter the names and identity certificate codes of the candidates. In the event that the government or juristic (corporate) person shareholder is a candidate, the box of the account name of the candidate on the ballot may enter the name of the government or juristic (corporate) person or may enter the name of the government or juristic (corporate) person and names of representatives thereof. In case of several representatives, the names of those representatives should be respectively entered.
- 5.10 An election ballot becomes null and void if meeting any of the situations below:
- 5.10.1 Not using the election ballot produced by the Board of Directors.
- 5.10.2 Where a blank election ballot is cast into the ballot box.
- 5.10.3 Where the election ballot bears illegible wording or has been tampered with.
- 5.10.4 Where the name of the candidate's account and his or her account code are found inconsistent with the Register (Roster) of Shareholders in case of a candidate as a shareholder; or where the name, identity certificate code proves inconsistent in case of a candidate not as a shareholder.
- 5.10.5 Where an election ballot bears other unnecessary wording in addition to the account name (name) of the candidate or the shareholder account code (identity certificate code) and the assigned

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number of election weights.

- 5.10.6 Where the name of candidate entered is found same as another shareholder's and there is no shareholder code or identity certificate code provided for identification.
- 5.10.7 Where the election ballot is not cast into the ballot box.
- 5.10.8 Where the total number of the cast election powers exceeds the total number of the election powers specified and held.
- 5.11 The ballots shall be opened on-the-spot after completion of the balloting process. Based on the outcome of the election, the list of elected directors shall be announced by the chairperson on-the-spot, including list and the total number of the election powers. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to the Articles of Incorporation or the Company Act, the recording shall be retained until the conclusion of the litigation.
- 5.12 For the directors successfully elected, the Board of Directors will issue Notice of Successful Election.
- 5.13 These Procedures, and amendment hereof, shall come into enforcement after being resolved in the shareholders' meeting on June 27, 2011.

6. References:

Nil.

7. Forms concerned:

Nil.

8. Appendices:

8.1 Contents of inspection

Operating vouchers

1. Election Ballot



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2. The list of elected directors

5. Stockholding of directors



英屬蓋曼群島商立凱電能科技股份有限公司
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Stockholding of directors

1. Number of shares for all directors in the list of shareholders

Position	Number of shares in the list of shareholders for book closure
All directors	1,170,661

Note: 1. Date of book closure February 11, 2020.

2. The company's number of shares of its paid-in capital is 241,573,654 shares in February 11, 2020.

3. The regulations for the numbers of shares required to be held do not apply in accordance with the number of shares of directors' supervisors of the company and Article 2 of the implementation regulations.

2. Number of shares held

Position	Name	Number of shares in the list of shareholders for book closure
Chairman	Sheng-Shih Chang	1,170,661
Director	Jaime Che	-
Director	Chi Kei Ching	-
Independent director	Wei-Min Shen	-
Independent director	Hsuan Wang	-
Independent director	I Yun Chang	-
Independent director	Chien-Hsiu Lee	-